

MFK – Kosovo
MINUTES OF THE 4th BOARD OF DIRECTORS MEETING
27.12.2018

11:30 AM, Millennium Foundation Kosovo, Oassis Conference Room, Prishtina

The Board of Directors (“**Board**”) of Millennium Challenge Account-Kosovo (“**MFK**”) held the 4th meeting at the above-mentioned date and time for which notice was duly given on 17th of December, 2018 in accordance with (i) the Statute of MFK (“**Bylaws**”), and (ii) the Millennium Challenge Threshold between the United States of America, acting through the Millennium Challenge Corporation (“**MCC**”), and the government of Republic of Kosovo (the “**Government**”), executed on 12 September 2017 (the “**Threshold**”). Capitalized terms used but not defined herein shall have the meanings given such terms in the Bylaws or Compact.

I. BOARD MEMBERS

Present in Person:

Valdrin Lluka, Minister of Economic Development
Pranvera Dobruna, Advisor of PM,
Ardian Arifi, Deputy Chief of Staff of President
Tea Bakaj, Advisor of the Minister of Justice
Luan Shllaku, NGO/ Kosovo Foundation for Open Society
Laura Kryeziu, NGO / Leadership and Growth Council – LGC
Berat Rukiqi, Private Sector / Kosovo Chamber of Commerce

Others Present:

Petrit Selimi, Chief Executive Officer (CEO) at MFK
Sarah Olmstead, Resident Country Director (RCD) from MCC
Anila Statovci Demaj, Director of Administration and Finance at MFK
Kastriot Orana, Executive Secretary at MFK
Burim Hashani, Energy Director at MFK
Agron Kelmendi, Governance Director at MFK
Alban Zogaj, Monitoring and Evaluation Specialist at MFK
Violeta Rexha, Gender and Social Inclusion Specialist at MFK
Arta Krasniqi, Legal Consultant at MFK
Rea Kryeziu, Private Sector / Advisor, Kosovo Chamber of Commerce

Chairperson of the Board:

Valdrin Lluka, Minister of Economic Development

Board Secretary:

Anila Statovci Demaj, Director of Administration and Finance at MFK

II. PROCEEDINGS

Meeting called to order at: 11:30AM CET.

The chairman of the board Mr. Avni Arifi was absent and the CEO called to vote for Minister Mr. Valdrin Lluka as interim chair of the board for this board meeting. The board members voted unanimously for Mr. Lluka, Minister of Economic Development as chairman for 4th MFK Board meeting.

The Chairperson Mr. Lluka welcomed the board members by congratulating MFK on MCC's decision for being eligible for compact program. Mr. Lluka emphasized that the Compact Program will give Kosovo another push for energy sector.

The chairman opened the meeting and invited the MFK CEO Mr. Petrit Selimi to present the agenda and individual items of the 4th Board Meeting. CEO, referring to last board meeting request for presentation by program directors presented a larger group in the board meeting for presentation of MFK projects. The attendees presented themselves and their role in MFK.

CEO confirmed that there is quorum of the voting members of the Board and proceeded with the agenda.

Confirmation and written notice of attendance was circulated and signed by seven board members.

The meeting was then duly and legally convened and opened for the transaction of business.

A. Discussion and Action Items¹

1. CEO presented the agenda and called for approval of the following agenda items:

- 1) Approval of Agenda;
- 2) MCC board decision for Compact program;
- 3) Presentation by Program Directors on respective projects;
- 4) Amendments of Procurement Plan no.2;
- 5) Presentation and approval of Monitoring and Evaluation Plan version 2.0;
- 6) Board Executive Committee for delegated approval authority;
- 7) Other
 - a) QDRP
 - b) Update of MFK Statute and
 - c) Awards

CEO called for a vote on agenda which was approved by raising hands unanimously.

RESOLVED, that the Board hereby approved the abovementioned agenda by consensus.

2. CEO presented to MFK Board members regarding the MCC's board of Directors on Compact decision. Kosovo fulfilled two basic conditions, a) passed the Scorecard indicators, including the corruption indicator and b) income level – lower than benchmark which made Kosovo eligible for Compact. CEO informed board members that to ensure the funds are obtained under compact, Government of Kosovo needs to hire a new team of 3 or 4 people who would work with Washington DC in order to identify the projects for consideration under compact. The team has to work in parallel with MFK. Work should be done within 18 months to attract more infrastructure investments and the same constrains analysis in energy will probably be used as the one made in advance of the Threshold program.

CEO emphasized that a team from Kosovo will work with a team from DC. There are several points to assess the feasibility. If all phases are passed successfully, including maintain positive Scorecard, compact could be signed by mid-2020. Detailed inputs should be sent to the producers of these external indicators which are used for the grading of the Scorecard.

RCD presented the chronology of steps. Team in DC with team in Kosovo to discuss the potential projects. MCC has several board touchpoints to assess the proposals that come from Kosovo side.

CEO invited board members to be active in this process as MCC will be looking for some mature projects that have feasibility studies, and make economic sense, for project consideration especially in energy sector. This grant will be focused in infrastructure and is more solid project and it is crucial to use things that bring most economic value to Kosovo.

Mr. Luka asked if this team will be covered by MFK, CEO informed that the team will have to be paid by government of Kosovo.

Ms. Laura Kryeziu asked what experts are required in the team and what is the role of new team, will they design the projects?

RCD answered the question by informing for the role of this team, the team has to think critically about the potential projects. She informed that the project design will be contracted out. RCD said that she will send detail explanations about the needs of this team. The team has to ask critical questions about investments, cost-benefit analysis, how it improves growth etc.

Ms. Kryeziu asked regarding Scorecard, how can we help the government on the Scorecard? CEO informed regarding the procedure of collecting the data for indicators. There are independent agencies doing the indicators but it is suggested that GoK hires someone to monitor these indicators of scorecard. Data is crucial for such decisions. Kosovo has not been very good in feeding the data and relevant information to the authors of these indicator producers. There should also be comparative information, anything that compares across countries e.g. compared to Albania, Serbia etc especially since these European experts, authors, may not be experts in all issues. There was a

steady progress in transparency international corruption perception index, but then a drop in sub-indicator control corruption indicator. For Kosovo there are six sub-indicators. Other countries have thirteen.

Ms. Pranvera Dobruna asked what do we start with in preparation for the Compact? Do we use the government Energy strategies, regional energy?

Mr. Luan Shllaku mentioned that we have to be innovative in suggesting and considering projects, by proposing projects that can act to push issues and start a snowball effect of positive changes. To think outside the box, e.g. develop regional shared hydro-capacities in Albania for Kosovo. We have to create and be prepared for 2030 benchmarks on alternative energy resources or how to make Trepca operational or TAP useful in Kosovo and how to keep technological focus despite political issues.

After the discussion CEO Selimi said let's look around at what is available already in order not to start from scratch.

Board Member Mr. Berat Rukiqi informed that he has to leave the meeting. As per MFK bylaws, CEO called for vote to substitute Mr Rukiqi with Ms. Rea Kryeziu. The Board members voted unanimously.

3. Presentation by Program Directors on respective projects

CEO informed the members that there will be three short power point presentations by project lead.

First presentation was on Energy Projects. Director of Energy Program Mr. Burim Hashani presented to Board Members the Energy activities:

- 1) Pilot Incentives for household investment in Energy Efficiency (PIEE)
- 2) District Heating Metering (DHM)
- 3) IPP Project Finance Facilitation (IPP)

Mr. Luan Shllaku asked regarding the budget of the projects. Mr. Hashani informed that the budges are based on Threshold Program agreement.

Mr. Hashani informed regarding the outreach for private sector as well as municipality roadmap. Mr. Hashani informed that RFP for the PIEE Implementer has been published on 10 December 2018, and the submission deadline is on 31st of January 2019, Evaluation of tender proposals is planned to be completed in February 201, and Implementation contract with the wining bidders is planned to be signed in February/March 2019 and RFP for DHM will be published soon. He presented the scope of work and key components of Project Implementation.

Ms. Pranvera Dobruna asked about the nature of program impact, are these energy savings or actually energy efficiency?

Mr. Hashani informed that the project will be only a pilot which intends to show savings but also build a component on behavioral change which can later develop to actual energy efficiency.

Second presentation was on Governance and Transparency Projects. Mr. Agron Kelmendi, Director of Governance in MFK informed the board about the objective of TAG activity is to improve the collection, availability and accessibility of data in open data standards, produced by selected government departments and institutions. He presented the activities of TAG:

- 1) Public Access to Judicial Information Activity
- 2) Environmental Data Collection Activity
- 3) Open Data Challenge Activity

Mr. Shllaku mentioned two things: Firstly, the issue of the centralization on all the available open data on environment, where “there are many cooks”, and secondly the need for more coordination between MESP, KEPA, NIPH and JAICA as all of them are dealing with environment activities. He also emphasized the importance of setting up a clear alarm system.

Mr. Kelmendi informed that this is big investment from MCC on environment in Kosovo and mentioned five indicators to measure air quality.

Mr. Shllaku said that there is a need to have a national central system, and he was discouraged by MESP’s measures, by substituting coal with wood and forbidding selling coal. There is a need to educate more and the system to be able to run regardless of the political leadership at the ministry.

Minister Lluka expressed his concern and inquired about the potential for Gjakova to be included in District Heating project.

CEO Selimi informed Minister Lluka and the board that the DHM is a pilot project that will be completed in Prishtina, but with options of expanding to Gjakova, pending MCC approval and budgetary considerations. Further additions will be possible should there be resources and willingness to adopt lessons learned from this pilot.

On the open Data Challenge Activity Mr. Kelmendi presented process of applications for Dig Data Challenge Call: 24 out of 26 applications received by MFK, passed the eligibility screening, and thus underwent evaluation and scoring. There were 9 finalists selected, 5 Communication and 4 Data Governance. He also mentioned that next calls will be on Environment Data Challenge (2019) and Judicial Data Challenge (2020)

Third presentation was on Gender and Social inclusion projects by Ms. Violeta Rexha, GSI Specialist in MFK. Ms. Rexha informed the board regarding the projects she leads by mentioning MCC policies meant to achieve objectives of gender and social inclusion in all its work in the countries that are benefiting from MCC funds. Ms. Rexha informed that MFK has developed the Social and Gender Integration Plan (SGIP) to systemize and ensure GSI across Threshold projects and activities. The GSI activities within Energy Project are:

1) Internships -- will be offered to women students and recent graduates from relevant universities by providing practical job experience in the energy companies

2) Scholarships - will be offered for women students to upgrade their skills and knowledge in the relevant energy related studies TA and incentives for women entrepreneurs.

3) Women entrepreneurs as energy service providers to increase their activity in the energy sector

4) Women entrepreneurs as user of the energy that could benefit from EE savings and upgrades their businesses through energy solutions

5) “Women in Energy” campaign to inspire and attract young females to careers in the energy sector

Ms. Rexha informed that MFK has just signed the MoU with Des Moines Area Community College on Women in Energy Scholarship Scheme.

Minister Lluka asked if we can include PhD programs in the project of scholarships?

Mr. Shllaku mentioned that the University of Prishtina, faculty of engineering is having big troubles and he is afraid that the engineering departments are closing.

CEO Selimi informed the board that private sector is willing to help our scholarship project and we will consider adding the PhD scholarships.

4. CEO called for Amendments of Procurement Plan no.2;

CEO notified the Board members of the proposal advanced by MFK staff together with MCC, to vote on amendments of Procurement Plan #2.

Mr. Hashani presented on the screen the changes in PP, and informed that the PP was made in cooperation with MCC, MCC consultants and MFK staff.

Chair called for a vote on the amended Procurement Plan #2 which was approved by raising hands unanimously.

RESOLVED, that the Board hereby approved changes of Procurement Plan#2.

5. Presentation and approval of Monitoring and Evaluation Plan version 2.0;

Alban Zogaj, the Monitoring and Evaluation Specialist presented the MFK Monitoring and Evaluation Plan version 2.0. He informed the board members that M&E is a living document. Change of theory of change. Currently we have in monitoring seventy indicators. ITT Reporting. ITT is a public document.

Mr. Shllaku said that it is a perfect document, and a lot of work has been done and smart information would be available and asked for projects to be always presented to the board having in mind highest expected results from the M and E outframe?

Ms. Kryeziu asked how do you see the implementation? Who will do the monitoring, is the MFK staff or outsource?

Mr. Zogaj informed the board that implementing contractors have a component of M&E, but additionally, individual independent company will evaluate the projects, as well as internal evaluation from MFK.

Chair called for a vote on the approval of Monitoring and Evaluation Plan version 2.0 which was approved by raising hands unanimously.

RESOLVED, that the Board hereby approved the MFK Monitoring and Evaluation Plan version 2.0.

6. Board Executive Committee for delegated approval authority

CEO informed that we will skip point 6, as Mr. Avni Arifi was not able to attend this meeting and we will leave it for next board meeting.

7. Others

- a) Ms. Arta Krasniqi presented the main changes of the statute to the board members, and informed that she has received advice from legal office of MCC regarding these changes. Changes relate to ability of Legal Consultant act as a Board Secretary, in line with best practices in other countries MCC operates.

CEO called for a vote on the approval changes in MFK Statute which was approved by raising hands unanimously.

RESOLVED, that the Board hereby approved the changes in MFK Statute.


- b) Ms. Anila Statovci, the Director of Administration and Finance, presented to the board the detailed process of QDRP, highlighting the importance of the support from the Board on this important managerial instrument. The Board was informed that as of 2019, there will be at least for Board meetings scheduled each quarter just before the submission of a QDRP.
- c) CEO informed the board members regarding the awarded contractors for this period and mentioned that now the office is fully completed with staff and consultants.

CEO thanked the board members for their attendance and proactive participation in the meeting.

III. ADJOURNMENT

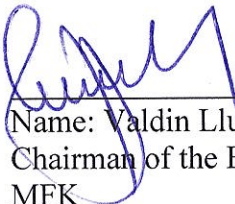
The meeting was adjourned at: 14:10PM

Certified by:



Name: Anila Statovci Demaj
Secretary of the Board
MFK

Acknowledged by:



Name: Valdin Lluka
Chairman of the Board,
MFK