



MILLENNIUM FOUNDATION KOSOVO

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Minutes of the 10th Board of Directors' Meeting

Thursday, June 25, 2020 at 12:00 PM

The Board of Directors ("**Board**") of Millennium Foundation Kosovo ("**MFK**") held the 10th regular meeting at the above-mentioned date and time for which notice was given on 22nd of June 2020 in accordance with (i) the Statute of MFK ("**Bylaws**"), and (ii) the Millennium Challenge Threshold Program Grant Agreement 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 Program**").

I. PARTICIPANTS

BOARD MEMBERS:

1. Ardian Arifaj, Alternate for Chief of Staff of the Presidency, Mr. Bekim Çollaku – in person
2. Marigona Berisha, Alternate for Chief of Staff of the Office of Prime Minister Ms. Ardita Dushi – in person
3. Qemajl Murmullakaj, Alternate for the Minister of Justice, Mr. Selim Selimi – in person
4. Jelena Djokic, Civil Society Representative – in person
5. Berat Rukqiqi, President of Kosovo Chamber of Commerce -online
6. Luan Shllaku, NGO/Kosovo Foundation for Open Society - online

BOARD OBSERVERS:

1. Petrit Selimi, MFK Chief Executive Officer (CEO) – in person
2. Sarah Olmstead, MCC Country Director for Kosovo – online
3. Shqipe Neziri Vela, MCC Development Assistance Specialist - online

CHAIRPERSON OF BOD: Ardian Arifaj, Alternate for Chief of Staff of the Presidency

BOARD SECRETARY: Arta Krasniqi, MFK Legal Advisor – in person

OTHER PARTICIPANTS:

1. Anila Statovci Demaj, MFK Director of Administration and Finance
2. Agron Bektashi, MFK Environmental and Social Performance Specialist

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II. OPENING OF THE MEETING AND DETERMINATION OF QUORUM

The Chairperson of the Board Mr. Ardian Arifaj opened the meeting at 12:00 pm and in consultation with the MFK Secretary of the Board Ms. Arta Krasniqi, determined the existence of the quorum since at the meeting were present three (3) governmental board members and three (3) non-governmental board members.

The Board Chair gave the floor to the MFK CEO Mr. Petrit Selimi to provide introductory remarks prior commencing with the topics of the agenda. Mr. Selimi informed Board members that prior the meeting, the MFK organized a brief Board Orientation Session for new board members who joined recently which was delivered by MFK Legal Advisor and Board Secretary. The purpose of this orientation session is to provide the new Board members with an overview of the Kosovo Threshold Program and key requirements underpinning successful implementation of the Threshold Program, including the critical role that MFK and its Board of Directors play.

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

III. APPROVAL OF THE AGENDA

The Chairperson of the Board presented the agenda and invited board members to propose any additional agenda items. Since no new items were proposed by board members, the Chairperson called for a vote by the Board members. The agenda was approved unanimously by all six (6) Board members present at the meeting.

IV. DISCUSSION OF AGENDA ITEMS

1. Confirmation of approval of the minutes of 8th Board meeting

The Chairperson of the Board explained that the minutes of the last 8th Board meeting held on November 25, 2019 were sent to the Board for their review and approval. The Board unanimously confirmed the approval of the minutes of the 8th Board meeting.

2. Ratification of Board decision dated June 5, 2020 approving the QDRP 9

Mr. Selimi informed the new Board members that as a result of frequent changes in the Government in the last months, MFK was not able to convene a regular 9th Board meeting in two occasions, due to a lack of quorum, therefore, in accordance with the MFK bylaws, MFK Board on June 5, 2020 approved the 9th Quarterly Disbursement Request Package (QDRP) by means of email voting.

Therefore, in accordance with the bylaws and the Board practices, all motions passed by the Board through electronic communications (email voting) shall be ratified by the Board in the subsequent meeting. Therefore, Mr. Selimi requested the Board members to ratify this decision on the record. All Board members unanimously voted in favor to ratify the decision taken via email.

3. Presentation by MCC Country Director for Kosovo - Sarah Olmstead & MFK CEO - Petrit Selimi on the overall implementation of Threshold Program

Mr. Selimi invited the MCC Country Director for Kosovo Ms. Sarah Olmstead to update the Board members on the current development of the Threshold Program from MCC's viewpoint considering the challenging times with global pandemic COVID-19 situation. Ms. Olmstead emphasized the busy period of the Threshold Program implementation considering the recent delays in implementation due to the Pause of the Program as well as the situation with COVID-19. She noted that the main challenge for MFK will be on how to go forward safely with the implementation of the Program in a way that it protects the staff, the contractors and the beneficiaries and reach the timelines for the successful implementation of the Program. She added that MCC is looking forward to get back to work as well as see the MFK mobilizing and continue with implementation, emphasizing that everyone is very conscious of the challenging situation of global pandemic and its impact.

Further, Mr. Selimi informed the Board that after the lift of the Pause of the Threshold Program by MCC which was caused for political reasons, as well as the COVID-19 pandemic, the MFK Management Unit organized a three-days workshop to prepare the new timelines for the projects.

He emphasized that the nature of the projects which involves a lot of interactions with people i.e the District Heating Metering Activity for which we have projected to install forty-thousand meters in the apartments of Prishtina that are connected through Termokos and which will require a lot of human interaction, as well as the isolation of houses as energy efficiency measures (PIEE Activity) which will take place throughout Kosovo as well as surveys to be carried out, the monitoring and evaluation of the projects on the other side and while dealing with COVID-19 is a challenge itself.

On this note, he mentioned that MCC has developed a plan on how to mitigate the health risks due to COVID-19 which is required to be followed by MFK, its contractors and any sup-contractor, implementing partners to ensure that the work is carried out without risks of being infected and spreading the virus. Further, Mr. Selimi mentioned the end date of the Threshold Program Grant Agreement which is end of September 2021, and due to the delays mentioned earlier, MFK will request an extension of the Program, and we hope that MCC and the MFK Board will endorse such request.

4. Presentation and approval of QDRP 10 for Program Quarter 12, July - September 2020

Mr. Selimi invited the MFK Director of Administration and Finance Ms. Anila Statovci Demaj to present the QDRP 10 for Program Quarter 12, which will cover the July-September period. She delivered a brief presentation for the new Board members, explaining the QDRP tool itself in order to better understand this crucial instrument for disbursement of MCC Grant Funding. Further, she explained that QDRP is a management forecast tool which includes commitment and cash that needs to be approved by the Board and MCC before MFK can commit and process any payments of contractual obligations related to the Program.

Further, she elaborated that QDRP is a sum of several activities which precede it (e.g. Procurement Plan) and upon which it relies (e.g. MCDR cash reconciliation report) and as per the MCC guidelines, it requires a technical review by MCC followed by a Board approval and then be submitted to MCC for No Objection (NO) twenty (20) days prior to the end of each quarter: March 10, June 10, September 10 and December 10 of each year of the Threshold Program.

From the financial overview, where MFK stands with the utilization of the MCC Grant Funding, so far, she informed that Board that to date the MFK has spent 10.26% of the funding. She added that the main implementation phase of the Program which was planned to commence this spring, yet due to the delays with the Pause which has caused uncertainties for the implementing consultants and also the situation with COVID-19, this phase has been postponed for September this year.

Further, she proceeded with presentation of QDRP 10 which covers commitments for the 12th Quarter July – September 2020 and respective needs for payments. In total, the current quarter's Disbursement Request forecast is for commitments is \$7,854,943 and Cash Requirements is \$5,794,284. She presented the Narrative Report giving detailed figures of forecasted commitments and cash requirements for the Reliable Energy Landscape Project and its activities (PIEE, DHM, IPP, WE), Transparent and Accountable Governance Project and its activities: PAJI, EDC, DIG Data, M&E and the Program Administration.

As there were no remarks by the Board members, Mr. Selimi invited Board members to vote for approving the QDRP10 presented by MFK DAF. All six (6) board members present in the meeting approved unanimously the QDRP 10.

Following Board's approval of QDRP 10, the Disbursement Request Package was duly co-signed by the Chairperson of the Board and MFK CEO, subject to MCC's final approval through No-Objection.

5. Presentation of annual audit findings for September, 2017 – September, 2019 period;

Ms. Statovci Demaj informed the Board on the content of audit report and its results. In accordance with the Threshold Program requirements, last year, MFK engaged an Independent Auditor which conducted financial auditing, internal controls and compliance mechanisms of MFK for the September, 2017- September, 2019 period.

The Independent Auditor's report resulted in an unqualified opinion whereas no deficiencies in internal controls were identified that could be considered as material weaknesses; moreover, the results of our tests disclosed no instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. Therefore, MFK received an unqualified conclusion. She informed the Board that the Audit Report is currently being reviewed by MCC and we are awaiting their approval.

6. Presentation and approval of Environmental and Social Management Plan (ESMP) and Environmental Health and Safety Operational Manual (OHSOM)

The MFK CEO Mr. Selimi invited the MFK Environmental and Social Performance Specialist Mr. Agron Bektashi to present to the Board the ESMP and OHSOM.

Mr. Bektashi started the presentation by emphasizing the importance of ESMP as a key component of the Pilot Incentives for Energy Efficiency Project (PIEE) in all intervention packages which include: (i) Household Efficiency Retrofits (HER); (ii) Apartment Building Efficiency Retrofits (AER); and (iii) Women Energy Entrepreneur - Technical Assistance and Grant (WEE).

Mr. Bektashi explained that the purpose of the ESMP is to ensure that all potential impacts on the environment as a result of the retrofitting activities under the PIEE project are recognized and understood, and provisions made for the effective management of such impacts. Furthermore, the ESMP provides an overview of all relevant environmental, health and safety, socio-economic and cultural heritage policies, regulations and standards applicable to the PIEE project.

In addition, it supports the integration of social and gender safeguards and standards into this Project and ensures that a basis is established for continual improvement of environmental health and safety management in the future. He stated that the ESMP includes the necessary mitigation measures and options which will be used by qualified installers, contractors and equipment suppliers during the execution of sub-projects and is a tool that will be used in two phases: Pre-Implementation Phase and Implementation Phase.

The second document prepared and presented by Mr. Bektashi was the Environmental Health and Safety Operations Manual. He informed the Board that the main purpose of such Manual is to set documented procedures to be followed by Qualified Installers (Company/Contractor) for ensuring the implementation of health and safety system according to relevant Kosovo Laws. Moreover, the requirements identified in the Operational Manual specify the responsibilities of each party involved in a retrofit project, to ensure that the employees and other relevant parties know, understand and plan for the sub-project specific requirements.

Fundamental importance of these documents is that the Qualified Installer (Company/Contractor) is committed to provide safe work environment for its employees and the public, by setting up and maintaining a Health and Safety program throughout the project implementation and commitment to comply with MCC's and MFK's anti-sexual harassment and other anti-discrimination policies. This applies particularly to employees having direct interactions with beneficiaries.

As there were no remarks by the Board members, Mr. Selimi invited Board members to vote for approving the Environmental and Social Management Plan (ESMP) and Environmental Health and Safety Operational Manual (OHSOM). All six (6) board members present in the meeting approved unanimously the ESMP and OHSOM as presented by MFK ESPS.

7. Presentation of MFK Covid-19 Mitigation Plan;

Due to time limit and many agenda items for Board discussions and approval, Mr. Bektashi was asked to briefly presented the COVID-10 Mitigation Plan. Mr. Bektashi stated that the COVID - 10 Mitigation Plan aims to identify the conditions required for MFK and MCC country teams to assess if, and under what conditions, work may resume or start. Further, it sets forth MCC's requirements and recommendations for COVID-19 risk management. This Plan also provides more specific guidance for MFK-managed Contractors carrying out construction works, or MFK-managed Consultants providing consultancy services, to guide them in developing and implementing adequate COVID-19 Risk Mitigation Plans. As a final note, Mr. Bektashi pointed out that MFK Contractors/Consultant are required to also follow national / local laws and requirements concerning COVID-19.

As there were no comments by the Board members, Mr. Selimi invited Board members to vote for approving MFK Covid-19 Mitigation Plan. All six (6) board members present in the meeting approved unanimously the MFK Covid-19 Mitigation Plan as presented by MFK ESPS.

8. Presentation and Approval of MFK Anti-Fraud and Corruption Action Plan

MFK Legal Advisor Ms. Krasniqi presented to the Board the MFK Anti-Fraud and Corruption Action Plan. She explained that the purpose for developing an Anti-Fraud & Corruption Action Plan is to establish an appropriate framework that defines how the staff and management of MFK will join with its Implementing Entities (IEs) towards effective prevention, detection and remediation of fraud and corruption of any description within MFK.

Further, she stated that this document is meant to address all stakeholders involved in the implementation of the Threshold Program and includes MFK Board and staff, Implementing Entities, as well as MFK contractors/consultants engage to provide works, goods and services. She provided a bit of a background that preceded the development of such plan, which is presented in the following:

The initial phase started in December 2018 with MCC Anti-Fraud-Corruption Team visiting Prishtina to deliver a three-day training intervention on fraud and corruption with objective to create awareness amongst all staff members regardless of status and designation in MFK.

The project continued with the establishment of joint MCC/MFK Working Group on Anti-Fraud and Corruption composed of seven (7) members and led by MCC Senior Director on AFC Mr. Christopher P. Williams and MFK Team Leader for Anti-Fraud and Corruption Ms. Arta Krasniqi. The AFC Team independently developed and jointly reviewed the Anti-Fraud and Corruption risk assessment matrixes and finalized it during kick-off meetings which took place in May 2019 in Washington DC.

In December, 2019 the MCC AFC Team together with MFK AFC Team conducted field visits in Prishtina in which case, interviewed all parties involved with Threshold Program starting with MFK Management Unit, Directors, Managers, MFK Board members, Implementing Consultants, Implementing Partners, Beneficiaries, Fiscal Agent, Independent Auditor, Kosovo's Anti-Corruption Agency. The purpose of these discussions was to sensitize contractors about the MFK stance on corruption and the pro-active measures in place to create an anti-corruption culture in the organization, through training, the development and on-going management of an AFC risk assessment matrix, and the AFC AP.

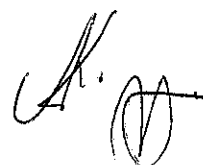
In February, 2020 the MFK Action Plan on Anti-Fraud and Corruption was drafted by MFK AFC Team Leader Ms. Krasniqi, technically reviewed by MCC AFC Team and approved by MCC through No-Objection process.

Ms. Krasniqi emphasized that the AFC Action Plan is anticipated to be updated periodically, should novel AFC risks appear and the need to address and propose new mitigants arises.

After Ms. Krasniqi presentation, MFK CEO Mr. Selimi invited Board members for any questions, remarks and approval of proposed document. As there were no remarks, all six (6) Board members present in the meeting unanimously approved the MFK Anti-Fraud and Corruption Action Plan.

9. Presentation and approval of amended procurement plan

Mr. Selimi presented to the Board the request for amending the Procurement Plan, which is a living document and amendments to it are a normal process that requires Board review and approval. He



provided a background justification, stating that in the previous Procurement Plan, MFK have envisaged to procure two Data Quality Reviews, one for RELP project and one for TAG project.

The initial procurement for Data Quality Review for RELP failed as none of the bidders passing the threshold. As such, MFK is required to re-procure this activity. However, having in mind that there is also a need to procure Data Quality Review for TAG project, it was agreed with MCC coordination to procure both DQRs in one procurement. This will give opportunity for consulting firms to apply and offer their expertise for both activities.

As there were no questions or remarks by the Board members, Mr. Selimi invited Board members to vote for approving the proposed Amendment to MFK Procurement Plan. All six (6) Board members present in the meeting unanimously approved the proposed amendment to Procurement Plan.

10. Proposal to establish an Executive Committee

Mr. Selimi proposed to the Board to establish an Executive Committee (EC). An explanatory memorandum was sent to the Board prior the meeting for their consideration. Mr. Selimi stated that the MFK EC is regulated under the MFK Statute and if established, it would help MFK to facilitate decision making between board meetings or in urgent and crisis circumstances. Moreover, the EC would be a helpful hand for the Board do its work in the most efficient way by having a chance to meet more often than the entire Board and convene special meetings as a necessity for a successful implementation of the Threshold Program.

Moreover, if established, the EC would have limited authorizations to approve certain documents such as the QDRP, amendments to procurement plans, implementation plans, audit plans and periodic reports and each approval would have to be sent to the entire Board within seven (7) of EC meeting so that the Board's ultimate oversight role towards MFK Management will be preserved.

In consultation with Ms. Krasniqi (Legal Advisor) on the MFK Statute requirements, Mr. Selimi suggested that a composition of the Executive Committee be as follows (1) one Governmental Board Member (Cos, Presidency – Bekim Çollaku), (2) MFK CEO (as per Section 3.4 of MFK Statute) and (3) one Non-governmental Board Member (CoS Representative Ms. Jelena Djokic).

All (6) six Board Members present in the meeting concurred with the proposal of Mr. Selimi and unanimously established the Executive Committee with three proposed members.

11. Approval of request for extension of Threshold Program term

Mr. Selimi explained to the Board members that based on the recent timelines developed by MFK, it was determined that the end date of the Threshold Program 30 September 2021 is insufficient time, not to technically implement the projects and activities but to collect the necessary data which prove the benefits the Threshold Program for Kosovo.

Based on the new timelines, MFK requested the Board to approve 18 months extension of the Threshold Program which will commence after September 2021. As for program administration, based on the savings, MFK will be covered for more than one year, without having to move/use

any funds from the projects, whereas all implementing consultants will continue to work at a no cost extension,

As there were no questions or remarks by the Board members, Mr. Selimi invited Board members to approve the request for 18 months extension of the Program. All six (6) board members present in the meeting unanimously approved the request for extension as proposed by MFK CEO.

12. Other

12.1 Request for extension of the original contract duration and increase of the original contract value

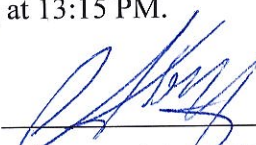
MFK CEO Mr. Selimi requested the Board to approve the extension of the consultancy service agreement the Gender and Social Inclusion individual consultant from 01 July 2020 to 30 September 2021 and increase the original contract value from 1,440.00 Euro to 1,900.00 Euro gross monthly fee as a result of expansion the scope of work of the Individual Consultant. Further, the proposal included changing the name of the activity from “Program for female internships/apprenticeships and Scholarships in energy sector in Kosovo consultant” to “Coordinator for WE Internship and Scholarship Program”.

All six (6) board members present in the meeting unanimously approved the MFK CEO’s request for extension of the consultancy service agreement, expanding the scope of services by increasing the original contract value and changing the name of activity to be managed by the individual consultant.

V. ADJOURNMENT

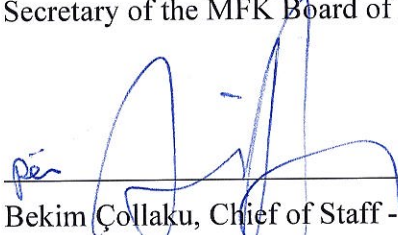
There being no further business to come before the meeting, the Chairperson of the Board adjourned the meeting at 13:15 PM.

Certified by:

 05/08/2020
Arta Krasniqi – MFK Legal Advisor and Board Secretary
Secretary of the MFK Board of Directors



Acknowledged by:


Bekim Çollaku, Chief of Staff - Office of the President of Kosovo
Chairperson of the MFK Board of Directors