



The Challenger

OCTOBER 2021 – DECEMBER 2021 ISSUE 15

COVER PHOTO: ARMEND NIMANI

Helping Kosovo economy recover in a greener and more sustainable way

↳ **BITS AND PIECES**
Our M&E Specialist reflects on the unique way MFK monitors and evaluates its projects, and Mitsunori Ogasawara, Charge d'Affaires a.i., Embassy of Japan, shares his appreciation for Kosovo beauty and its potential as a tourist destination.

↳ **INTERVIEW**
A comprehensive Interview with MFK Energy Director on our interventions in the energy efficiency field in Kosovo; what worked best so far and lessons learned from SEEK Program.

BITS AND PIECES



↓ QUARTERLY EDITORIAL
GENTA AGAJ
 MONITORING AND EVALUATION SPECIALIST

HOW DO WE MONITOR AND EVALUATE OUR PROJECTS?

MFK has brought impactful change to people's lives. The Women in Energy initiatives transformed the lives of 415 women entrepreneurs who have received grants from us, 26 women who have received associate degrees in STEM fields, and almost 100 women who have participated in internships with energy institutions.

Currently, we're offering energy efficiency subsidies to over 1000 households in Kosovo, while also providing heat meters to 14,000 households connected to Prishtina's district heating. Our work with publicly available government air quality, energy, and judicial datasets, has led to grants to 14 organizations that have provided data-driven solutions.

Entering the last year of implementation, we have become more conscious of the impact that our projects are leaving. Therefore, we are not just measuring processes and outputs—we have become more interested in measuring medium—to long—term outcomes.

So, what makes MFK's M&E different?

MFK's M&E works in a diverse ecosystem of MFK staff, international consultants, civil society organizations, and public institutions. As we collaborate with these partners, we continuously ensure that we apply MCC's transparent, accountable and evidence-based approaches in collecting and reporting our data. We also engage in data quality reviews and work with independent MCC evaluators to measure our impact.

At MFK, we expect our projects to continue even after we close. With this in mind not only are M&E staff collecting data for the purposes of our foundation, but we are also thinking of ways we can transfer our lessons learned to Kosovo institutions so that our legacy continues. A powerful example is the Kosovo Energy Efficiency Fund (KEEF), to whom we will be transferring our Subsidies for Energy Efficiency (SEEK) activity; another case is the Municipality of Prishtina and Termokos, to whom we will be transferring our District Heat Metering Activity called Prishtina HeatSave.

Lastly, the same way we strive to make government data available through our Transparent and Accountable Government (TAG) project, we are also working on making our own data publicly available. As I write this piece, we are working on tools that support publishing the progress of our main indicators, datasets from our surveys, and other M&E key documents on our website. Through this transparent process, our partners, beneficiary institutions, and the public can use our data and best practices for their purposes.

↓ A WORD FROM:
MITSUNORI OGASAWARA,
 CHARGE D'AFFAIRES AD
 INTERIM, EMBASSY OF JAPAN
 IN KOSOVO

UNDISCOVERED DESTINATION

Kosovo has been developing in many ways. In Prishtina, new buildings, new shops, and new restaurants emerge at every corner and attract many people. Despite the pandemic this trend never stops. But despite its development, Kosovo faces various challenges.

Japan established its Embassy in Kosovo in January 2020 to strengthen our friendly bilateral relationship and to support Kosovo's efforts to address the needs of the people. In fact, we immediately reacted in March 2020 to support Kosovo health institutions by providing PPEs, medication and medical equipment. Although the urgent needs for the pandemic may be over, our support to the health sector will endure.

Besides such a quick response during the initial stages of the pandemic, Japan has been active in many long-term projects in the environmental sector. For example, we have collaborated with the Millennium Foundation to tackle the notorious air pollution problem by supporting capacity development for Kosovo institutions. Another important project is to improve waste management. We have not only donated garbage collection trucks, but also provided support to enhance the entire garbage collection system. Personally, I am very sad to see so many illegal dumping sites throughout a country like Kosovo with so much beautiful scenery in cities, rural areas and mountains.

Indeed, Kosovo has a lot of beauty and potential as a tourist destination, as Ambassador OKAMURA emphasized with a bottle of Kosovo wine at the UN Security Council in 2016. Before the pandemic, around 2,000 Japanese citizens visited Kosovo annually. All Japanese visitors whom I accompanied during these years have said that they want to return to Kosovo; across the board, their understanding of the country changed dramatically in a positive way after their visit.

But despite this potential, what is missing is a touristic information map (in English). Currently, when a tourist wants to visit a particular destination, Kosovans often generously offer themselves as guides. Such hospitality is wonderful and more than welcome. However, this may not be sustainable when more tourists come to Kosovo. Japan has supported Kosovo to complete a comprehensive cadastral map, which is now available on the geoportal. So with a touristic map, more foreign visitors can easily enjoy every inch of Kosovo and appreciate its real beauty. That is one of my priorities as I don't want Kosovo to remain an undiscovered destination.

↓ FAVORITE NUMBER
10K

Approximately 10,000 euros is the average grant amount per household provided through the Subsidies for Energy Efficiency in Kosovo (SEEK) Program. MCC and MFK are helping families across Kosovo with energy efficiency solutions, keeping their homes warmer, costing them less money, and reducing Kosovo's climate footprint.

↓ DEVELOPMENT NEWS



MCC PART OF COP26 CLIMATE SUMMIT

The biggest and most important climate-related conference, the 26th United Nations Climate Change Conference, kicked off on Oct 31, 2021, in Glasgow. This summit is regarded as humanity's last and best chance to secure a livable future amid dramatic climate change; world leaders are calling for more action – and ambition – to set out new commitments for curbing greenhouse emissions and adapting to the impacts of a warming planet.

Millennium Challenge Corporation (MCC) is among the leading global agencies participating in COP26. MCC is a leader among government foreign assistance agencies and recognizes that climate change, poverty and economic growth are tightly linked.



EUROPEAN INVESTMENT BANK TO END ALL LOANS TO OIL AND GAS FIRMS

The European Investment Bank (EIB), the lending arm of the EU, has vowed to stop lending to high-polluting companies that want to finance low-carbon projects. This would mean, for example, the EIB will no longer finance an oil company's wind energy project. All recipients of EIB loans will be required to create decarbonisation plans. The decision is likely to affect about 50 companies and public sector bodies, who comprise about 10% of the recipients of EIB loans. The EIB is taking a different approach to banks, which will be required to meet international standards of transparency if they want to benefit from EIB loans.



ALBANIA AND KOSOVO SIGN AGREEMENT TO ESTABLISH JOINT POWER EXCHANGE

Kosovo's transmission system operator (KOSTT) and its Albanian counterpart (OST) have signed an agreement on the establishment of the Albanian Power Exchange – ALPEX. KOSTT and the Energy Community Secretariat believe that this agreement enables new opportunities for producers and consumers. Dirk Buschle, Deputy Director of the secretariat, said the agreement paves the way for the smooth integration of Albania and Kosovo into the pan-European market coupling.



THE LARGEST WIND FARM IN KOSOVO GOES ON STREAM

The construction of a 102.6 MW wind farm in Bajgora has been completed. Germany's Notus Energy reports that the wind farm, with 27 turbines supplied by General Electric, has started feeding electricity into the grid. The project was developed by SoWi Kosovo, a joint venture between Israeli renewable energy company Enlight and its German and Kosovar partners. The construction of the wind farm, located in the municipality of Mitrovica, was backed with a EUR 58 million loan from the European Bank for Reconstruction and Development (EBRD), with Erste Bank and NLB Group also participating in the financing.

↓ QUARTERLY QUOTE

"MCC and MFK have robust GSI elements across all activities, as it considers GSI as quintessential for achieving reduction of poverty through economic growth. We didn't only add a GSI element to programming, we made GSI a central flagship activity through combining various sub-activities into a program called Women In Energy."
 —Violeta Krasniqi,
 GSI Specialist, MFK

"We know that the energy sector is dominated by men, however MFK's WE Program is a great opportunity and a drive for girls to pursue energy related careers. Thanks to WE, now I know many women who are interested in energy and ready to join this male dominated sector in Kosovo."
 —Blerona Rexhaj,
 WE Intern

"One of the biggest challenges in court is the use of data. Data should have the capacity to heal, the capacity to stabilize, the capacity to sustain the relationships with the public, and move forward."
 —Michael L. Buenger,
 Executive VP and COO,
 National Center for State Courts (NCSC)



If you witness fraud and corruption during your interaction with MFK or the implementing partners report here ↓
mcc.gov/reportfraud

↓ FAVORITE TWEETS



CHARGÉ D'AFFAIRES
NICHOLAS J. GIACOBBE, JR.
 @USAMBKOSOVO

Through @MCCgov @MFKosovo's #WomenInEnergy program, proud to support future generations of Kosovan women leaders who embrace climate change as opportunities for Kosovo to innovate. #TogetherForOurPlanet



PETRIT SELIMI
 @PETRIT

Almost 90% of @MFKosovo #WomenInEnergy Scholars have found jobs in energy sector in Kosovo, upon their return from studies in US, supported by @MCCgov. Read more from Violeta Rexha on how "Women in Energy Scholars are becoming Women in Energy leaders"



MILLENNIUM FOUNDATION RKS
 @MFKOSOVO

Our #WomenInEnergy grantee, the incredible Krusha women's cooperative featured in @Guardian today. In these times of energy crises, we take pride helping them go #solar, in their business of making tasty #ajvar & delivering it across Europe. #WEE is a program supported by @MCCgov



USAID KOSOVO
 @USAIDKOSOVO

#GoingGreen is more than just a trend it is an #energy #environment & #economic force that is fast becoming the norm across the region. A critical component of the #climatechange #greenagenda is the use of small-scale #solarenergy. Check our top 5 benefits of becoming a #prosumer

SUBSIDIES FOR ENERGY EFFICIENCY



↳ **BURIM HASHANI**
ENERGY DIRECTOR
AT MFK

HELPING KOSOVO ECONOMY RECOVER IN A GREENER AND MORE SUSTAINABLE WAY

Subsidies for Energy Efficiency in Kosovo, or SEEK, has been one of the most complex donor interventions in the energy efficiency field in Kosovo. Importantly, with the looming energy crisis across the continent, including in Kosovo, household energy efficiency is becoming a critical measure to lower both electricity consumption and address pollution and climate change. What has worked best so far in the SEEK project?

As the EU is turning attention to the energy crisis it must step up its efforts to promote the "energy efficiency first" principle as the only insurance against price spikes and affordability.

Through SEEK, MCC and MFK are providing financial and technical incentives to encourage households and apartments in multi-apartment buildings to invest in energy efficiency measures. Through subsidies and technical assistance, SEEK aims to reduce energy demand, as well as increase the uptake and competitiveness of the Kosovan energy efficiency service market.

For the first iteration we have pre-selected approximately 500 household beneficiaries, and have hired six construction companies as qualified installers.

In an overlapping process, we have begun the second iteration, which involved modifying our approach based on findings from the first iteration of the program: instead of procuring installers, we are now qualifying the installers through training and ensuring compliance with the Code of Conduct.

As a result, we now have over 52 Qualified Installers from which the 1000 pre-selected households can choose to apply their energy efficiency measures. This is helping move to a more market-based model and reduce dependency on donors or other implementing institutions.

The design for the third iteration will be finalized by the end of this year and implementation will last from March to August 2022.

For the AER package, we have completed Multi-apartment building retrofits while tenders for the remaining 17 will be launched by the end of the year.

What are the key lessons learned so far from MFK activities in the Reliable Energy Landscape Project?

We already have very important lessons learned from both Packages. In HER our initial findings helped us design the second iteration, which seems much more effective and

creates a more competitive process for both the supply (Qualified Installers) and demand (households) sides. Very importantly and as identified in our baseline studies, citizens continue to expect very high levels of grants (over 70%). These expectations are high when compared to the broader European context but are in compliance with the socio-economic levels of the Kosovo population.

We have also identified the Kosovo Energy Efficiency Fund as the successor institution to take over and scale up the program after MFK concludes its work. We will be providing this institution with capacity building, all project documentation, software and a lessons learned package.

Another salient lesson learned is that cumulative energy savings are estimated to be over 50%. However, on a negative note, a shortage of skilled workers and firms is impeding progress. Increasing the number of Qualified Installers would help speed up the implementation process.

One of the most innovative interventions your team has worked on is the new bank guarantee window for energy efficiency and green energy generation. Kosovo Credit Guarantee Fund is the principal beneficiary but private sector banks and other stakeholders are also involved. Tell us, how does this new bank product developed by MFK help both the private sector as well as the efforts for a greener economy?

MFK has been supporting the KCGF to open a new Guarantee Window that will provide guarantees to the banks for the loans given to independent power producers (IPP), auto-producers (A-P) as well as energy efficiency projects.

As an innovative "Blended Finance" project it focuses on supporting the agency in its Business Plan, Risk/Pricing Model, Financial Projections, training on Project Finance, raising the guarantee and counter-guarantee capital with donors and GoK, etc.

Moreover, we have engaged one of the largest US based consulting companies, Tetrattech, to create a substantial pipeline of RE, A-P and EE projects through direct technical support to the private sector on their feasibility studies and bankability, while concurrently working with banks to move more towards a Project Finance approach rather than loans based on high collateral requirements.

This project is expected to unlock financing of an estimated USD 25 million from banks towards green investments by the private sector, while the longer term impact is to accelerate up to USD 500 million of RES market investments.

In the last issue of The Challenger we covered the forthcoming launch of the District Heating Metering activity. How does metering help better efficiency of the local district heating company and what will be the benefits for the end consumer?

As the saying goes, "what is not measured cannot be saved." The control and metering equipment installation in the DH system for individual consumers will enable immediate impact through substantial efficiency gains. This project will help both the corporate upgrade of the DH utility as well as the quality of service for its customers. Each consumer will be able to control their own consumption and heating expenditures; at the same time they will be able to improve their comfort by avoiding overheating or even overpaying in cases when their supply is not satisfactory.

Very importantly, it will also help change customer behavior towards more efficient use of energy, which has a multifold benefit such as energy and monetary savings, cleaner air for local residents, etc.

Gender and Social Inclusion has been at the forefront of considerations in energy activities. Women in Energy and Women in Energy Entrepreneurs are two flagship MFK activities. Do you think these grant programs, internships and scholarships are sustainable? What is their long-term value for society and the economy?

Although at first glance this activity seemed to be one of the smallest components of the MFK program, it has proved to be one of the most impactful interventions. These programs have been instrumental both in terms of the immediate improvement of the energy sector gender inclusion landscape, as well as the long-term value of working to change biases and promote more sustainable inclusion in the Kosovan economy. Over 400 grants for Women-owned business, 28 scholarships for engineering studies in US, and approximately 200 paid internships in the energy sector proved to really address this important issue both on a short-term and sustainable basis. Based on the success of the Women in Energy programs, we have seen other donors and governmental institutions emulate this model.

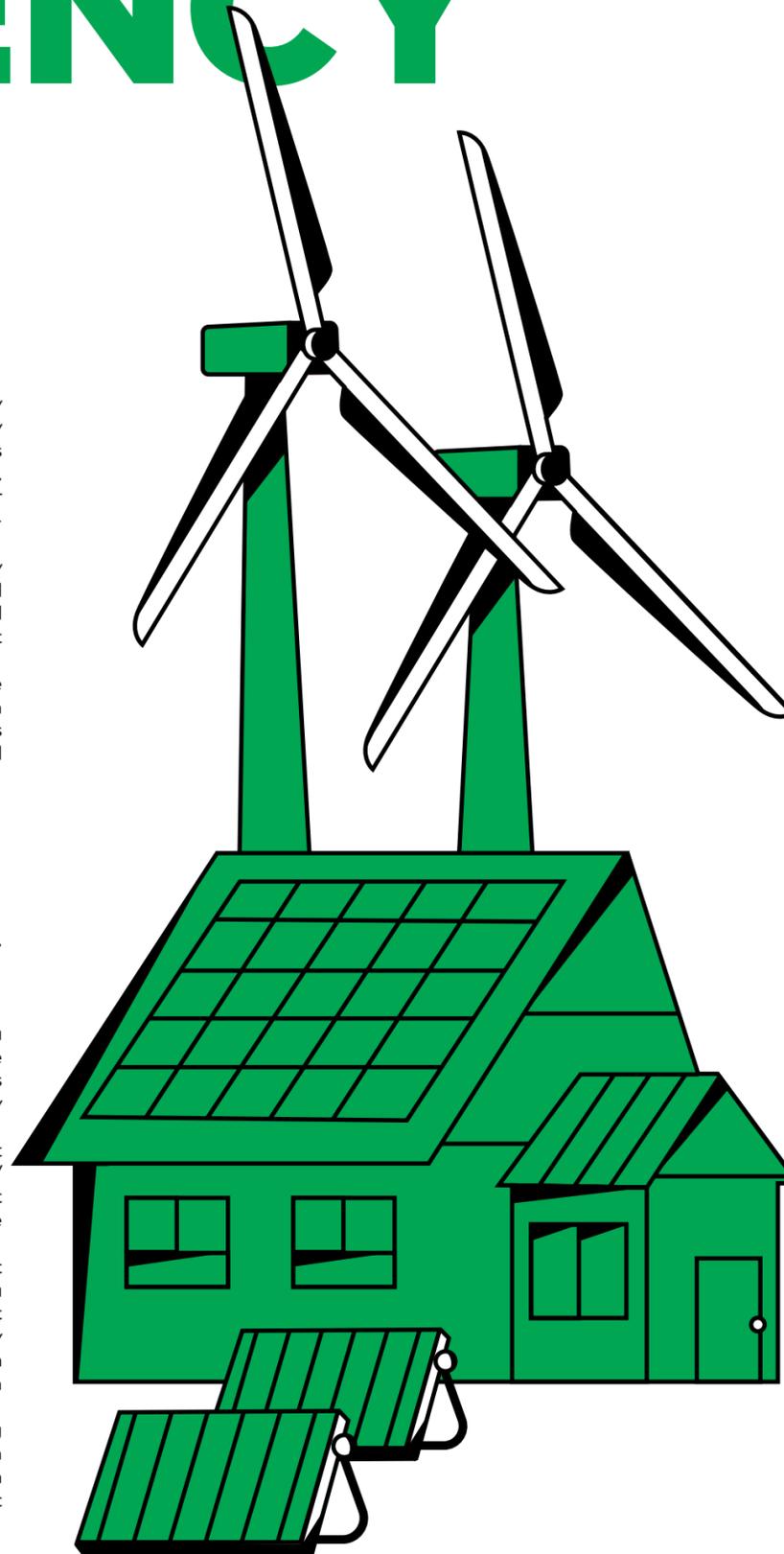
↳ IMPORTANT STATISTICS

- Over 1800 HH Energy Audits
- Over 40 MAB energy audits
- Average energy savings estimated to be over 50%
- Over 50 installers trained and qualified
- Over 200 Grant Agreements signed
- Over 70 HH retrofitted with EE measures
- Grant levels vary from 50% to 90%
- Up to now the average grant amount is around 10.000 €
- 44% is the refusals percentage in the 1st iteration with the two main reasons:
 - The financial offer in total or in certain components is too high
 - Lack of financial resources to co-finance

An estimated USD 13.5M–14.5M to be available for grants under three Intervention Packages (IPs):
 (1) Household Efficiency Retrofits (HER)
 (2) Apartment Building Efficiency Retrofits (AER)
 (3) Women Energy Entrepreneur (WEE)

SEEK targets

- (i) 1200 household retrofits under HER
- (ii) 25 retrofits of multi-apartment buildings (MABs) in seven municipalities
- (iii) over 400 grants through WEE Program



MFK ACTIVITIES

THE CHALLENGER

ENERGY EFFICIENCY INVESTMENTS BY MFK CONCLUDED IN NOVOBĚRDĚ

Works have been completed for the implementation of energy efficiency measures for Apartment Buildings in the Municipality of Novobërdë, as part of Apartment Building Efficiency Retrofit (AER) activity.

Upon the signing of the agreement between MFK and the Municipality of Novobërdë earlier this year, the municipality committed to work closely with MFK regarding the implementation of the Apartment Building Efficiency Retrofit (AER) by co-financing the project and helping to develop and improve energy efficiency measures throughout the municipality.



JUDICIAL DIGDATA CHALLENGE WORKSHOP CONCLUDES

Millennium Foundation Kosovo (MFK) hosted an interactive virtual judicial data workshop to help applicants understand the challenge, learn about stakeholder priorities, interpret the data available in the judicial system, as well as get acquainted with the application process.

Furthermore, applicants had the opportunity to e-meet and listen to widely known data experts, learn more about the value of open data, and hear from policymakers themselves to gain an understanding of their priorities and constraints.

Michael L. Buenger, Executive Vice President and Chief Operations Officer of the National Center for State Courts (NCSC) was among the judicial data experts who spoke to the interested applicants. Mr. Buenger discussed the importance of focusing on sustainability of outcomes when proposing ideas on the use of data.



INTRODUCING MONITORING AND EVALUATION TOOLS AND ACTIVITIES TO DIGDATA GRANTEES

Millennium Foundation Kosovo (MFK) hosted a workshop with DigData grantees from all three #DigData Challenges; labor force and education, air quality, and energy. This workshop was designed to introduce the grantees to MFK's Monitoring and Evaluation activities, which aim to assess the impact of the data that has been collected and utilized through grantees projects; as well as the way this data is being used by institutions, civil society, private sector, and individuals. Furthermore, the workshop served as an excellent platform to encourage grantees from different challenges to collaborate and share best practices.



MCC AND MFK INTRODUCE CONSUMPTION-BASED BILLING MODEL TO DISTRICT HEAT CONSUMERS

MCC and MFK organized a two-day training for the Energy Regulatory Office, Termokos, and DH Gjakova to introduce consumption-based billing for district heat customers. Currently, district heat is billed based on area (not consumption), which can lead to wasteful habits like leaving heat on full blast and opening windows when it gets too hot. Consumption-based billing will introduce incentives that encourage efficient heating practices for consumers; reduced demand will ultimately enable an expansion of the district heating system to a wider set of consumers.



25 MORE INTERNSHIP POSITIONS OPENED THROUGH WOMEN IN ENERGY

The door is still open for MFK's Women in Energy Internship Program. Another 25 positions are now open. Eligible candidates include women without prior professional experience in the sector and those who have graduated in the last three years with a relevant degree but have been unable to secure employment.

Internship positions are now available in different municipalities including Istog, Suhareke, and Vushtrri, among others. As such, we encourage women from all over Kosovo to apply for the following positions: Energy Efficiency Officer, Researcher, Social Media Assistant, Electrical Engineer, and Project Assistant.

era dimën

AIR QUALITY PROGRAM CONCLUDING SOON

Air Quality Closure Event 'ERA DIMËN' will take place on December 14th and will mark the successful conclusion of the AIR QUALITY activities across Threshold Program. It will bring together air quality stakeholders, donors, relevant institutions, CSOs, MFK grantees, private sector pioneers, contributors, and media representatives who have been involved in various activities during the implementation phases across our portfolio of projects.

This event will be used as a platform to highlight the suite of Air Quality products and activities delivered by the Millennium Foundation Kosovo and its partnering organizations and ensure their long-term sustainability.

GROW Green Recovery and Opportunity Window

GREEN ENERGY AND OPPORTUNITY WINDOW (GROW)

Green Energy and Opportunity Window (GROW) project will start the implementation soon. In October, MFK signed a contract with Tetra Tech to develop the pipeline for the new green energy guarantee window (GROW), as well as provide technical assistance to support Independent Power Producers to standardize documentation and reach financial close (i.e., through project finance in the form of KCGF-backed loans).



PUBLIC ACCESS TO JUDICIAL INFORMATION

MFK's Public Access to Judicial Information (PAJI) will start implementation in 2022, building upon CMIS project and aiming to take it a step further in providing citizens with access to their judicial cases.

COP26: MCC Climate—Smart Development

MCC is a leader among government foreign assistance agencies and recognizes that climate change, poverty and economic growth are inextricably linked. The countries most impacted by it are also least able to afford its consequences or mitigate its devastating impact.



Finance

MCC looks to catalyze private capital for climate finance, elevating support for critical services and systems essential for sustainable growth and poverty reduction. This includes maintaining a coal free policy across our investment portfolio, supporting countries' nationally determined contributions (NDCs), investing in adaptation and climate resilient infrastructure and focusing on the needs of women and those most vulnerable to climate change.



Energy

MCC's investment in the energy sector is critical to create self-sustaining electrical systems in our partner countries to meet their current and future household and business needs, as well as attract private investment to stimulate economic growth. MCC is working to promote low carbon economic development to support countries in their transition away from fossil fuels.



Nature

MCC invests in projects that allow countries to manage their natural resources more sustainably while creating jobs and unlocking new economic opportunities.



Adaptation, Loss and Damage

MCC invests in programs that work to reduce the vulnerability of communities to the effects of climate change.



Gender

MCC is committed to expanding its efforts to understand and address impacts of climate change on women, vulnerable and marginalized populations in our investments. Given that women, the poor, and other disadvantaged groups live in locations that are often most exposed to climate risks, they can also be part of the solution to supply better management of natural resources and take advantage of new opportunities created by the green economy.



Transportation

MCC's climate—smart investments in transport build sustainable infrastructure that is resilient to climate change while promoting policy and institutional reforms that allow governments to better manage this vital sector. Inefficient housing stock is a big challenge in Kosovo. MFK is financing pilot subsidies to reduce energy consumption & carbon footprint of our homes, helping families save while ensuring communities are greener.

The Challenger

This newsletter is published by **Millennium Foundation Kosovo (MFK)** to inform the public on the projects implemented within Threshold Program, supported by the Millennium Challenge Corporation/ Opinions and other information in this publication are not necessarily reflective of the opinions of MFK, MCC, or other partners in the

Threshold program / **Edited by:** Petrit Selimi, Rina Abazi, Rina Meta, Ryan Sullivan/ **Contributors:** Mitsunori Ogasawara, Genta Agaj, Burim Hashani/ **Cover Photo:** A woman owned holiday resort in Rugova mountains, beneficiary of WEE program, by Armend Nimani/ **Design and Illustrations:** Studio PERMANENT (Nita Salihu Hoxha, Urtina Hoxha, Elvira Thaqi) / **Contact:** MFK, The Governmental Building Migjeni Str 21, Floor 9, 10000 Prishtina, Kosovo / **Email:** office@millenniumkosovo.org