



# MILLENNIUM FOUNDATION KOSOVO

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### Minutes of the 18<sup>th</sup> Board of Directors' Meeting Monday, June 13, 2022, at 11:00 AM via Zoom

The Board of Directors (“*Board*”) of Millennium Foundation Kosovo (“*MFK*”) held the 18<sup>th</sup> regular meeting at the above-mentioned date and time for which notice was given on the 10<sup>th</sup> of May 2022 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. Blerim Vela, Chief of Staff to the President – online
2. Luan Dalipi, Chief of Staff to the Prime Minister – online
3. Mentor Arifaj, Deputy Minister of Economy – online
4. Nita Shala, Deputy Minister of Justice – online
5. Jelena Djokic, Non-government board member representing Academia/Serbian community- online

##### BOARD NON-VOTING OBSERVERS:

1. Petrit Selimi, MFK Chief Executive Officer (CEO) – in person
2. Sarah Olmstead, MCC Country Director for Kosovo – in person
3. Caitlin Reichart, MCC Deputy-Country Director for Kosovo – in person

**CHAIRPERSON OF BOARD:** Blerim Vela, Chief of Staff to the President

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

#### II. OPENING OF THE MEETING AND DETERMINATION OF QUORUM

Chairman of the Board Mr. Blerim Vela (hereinafter the “Chairman”) opened the meeting at 11:07 am. He requested Board Secretary Ms. Arta Krasniqi to confirm the presence of the quorum to convene the meeting. Board Secretary by referring to the requirements stipulated under Section 3.12 paragraph b) (ii) of MFK Statute, confirmed the presence of quorum since in the meeting participated five (5) Board Members out of which four (4) government board members and one (1) non-government board member.

#### III. APPROVAL OF MEETING AGENDA

Chairman presented the agenda for the meeting and invited all board members to declare themselves whether they agree with the content of the agenda and/or if they have any proposals to include in the agenda. All five (5) Board members present in the meeting unanimously approved the proposed agenda without changes to it.

#### IV. DISCUSSION AND APPROVAL OF AGENDA ITEMS

**1. Approval of minutes of 17<sup>th</sup> Board meeting**

Chairman invited Board Secretary to provide a background on the minutes of the last MFK Board meeting. The Secretary explained that the minutes of the 17<sup>th</sup> Board meeting held on March 15, 2022, were prepared and submitted to the Board for their review and comments via email. Consequently, the Chairman called for a vote to approve these minutes. All five Board members present at the meeting approved the minutes of the 17<sup>th</sup> Board meeting by a unanimous vote. After discussions, the following resolution was passed:

**RESOLVED THAT:** Minutes of the 17<sup>th</sup> MFK Board meeting held on March 15, 2022, are approved by the Board and shall be co-signed by the Board Secretary and the Chairman of the Board and published on the MFK website.

**2. Presentation by MCC CD Sarah Olmstead and MFK CEO Petrit Selimi on the overall implementation of the Threshold Program**

The Chairman invited MCC CD Sarah Olmstead to provide an overall presentation on the implementation of the Threshold Program from MCC's perspective. Ms. Olmstead emphasized the importance of having all agenda items considered and voted during the meeting as their approval is critical to the program and if the time is not sufficient, she asked the Board to agree in providing their votes via email.

MFK CEO Petrit Selimi stated that the quarter was very busy with project implementation and visits from MCC counterparts in Washington D.C (Vice President, Legal, Procurement, and Energy) which was beneficial for the MFK team to work closely with their counterparts to ensure proper implementation and closure of projects and activities.

- With regards to SEEK project, the CEO stated that energy efficiency measures have been implemented in more than 600 houses around Kosovo with the remaining 400 houses to be completed by the end of the Threshold Program. The knowledge acquired through this pilot intervention in the residential sector will be transferred to the Kosovo Energy Efficiency Fund.
- On Apartment Building Retrofits for Multi Apartment Buildings in the selected municipalities in Kosovo, MFK CEO raised a concern with regards to the payment of co-funding share by certain municipalities who are not complying with their contractual obligations arising from the Co-Funding agreements MFK has signed with them. These issues are causing delays in the timely implementation of AER activities;
- For District Heating Metering Activity, the CEO stated that the contract with the supplier of goods, installation, and maintenance contractor was signed in April this year, however, due to time limitations for implementation related to the end date of the Threshold Program, MCC has exceptionally allowed an additional two months period of implementing this project until the end of November 2022. Also, he informed the Board about the Tripartite Agreement with the Municipality of Prishtina and Termokos that MFK has signed recently with the primary purpose to allow for the assignment of remaining works to the project beneficiary (Termokos) after November 2022 which financially will be covered through the Municipality funds allocated for DHM activity;
- Women in Energy activities have been concluded with a closing event organized on May 23, 2022, with high-level participation such as MCC Vice President, President of Kosova, U.S Embassy in Kosovo, private sector representatives, etc.;
- Under IPP activity, a green recovery and opportunity window ("GROW") will be launched on June 17, 2022. Such window aims to enhance commercial lending to businesses investing in Renewable Energy/Solar and Energy Efficiency by providing direct technical assistance to businesses and partial credit guarantees to financial institutions through Kosovo Credit Guarantee Fund (KCGF);

- On June 15 this week MFK organized a closing event of the Kosovo Open Data Challenge Activity marking the successful closure of Dig Data Challenges that was focused on improving the public availability and analytical use of judicial, environmental, energy, and labor force data while promoting data-driven decision making as part of the Transparent and Accountable Governance Project.

Chairman invited Board members to ask any questions related to the presentation by MFK CEO. Board member Mr. Luan Dalipi reminded the MFK CEO of the Board's request to submit monthly reports on the budget and expenditure report and implementation rate of the Threshold Program also reflected in the minutes of the last Board meeting. On this note, the Chairman requested an assessment from MCC CD and MFK CEO on whether it is realistic to expect full budget utilization by the end of the Threshold Program.

MFK CEO stated that he is optimistic about the full budget utilization until the end of the program. Whereas, MCC CD stated there will be a lot of work to get through especially on the fiscal side and the finance team to make sure that everything is accounted for. Further, she added that she does not have a probable estimate on the full budget utilization, however, both MFK and MCC's goal is to get as close to 100% budget utilization.

### **3. Approval of QDRP 18 for Program Quarter 20 covering the period July – September 2022**

The Chairman of the Board invited the MFK Director of Administration and Finance Ms. Anila Statovci Demaj to present the QDRP18 for Program Quarter 20. Ms. Statovci provided a brief presentation on the QDRP 18 explaining resources needed for program implementation in the upcoming quarter based on the contractual commitments and the current status of projects and activities. She added that the level of commitment is very high since MFK has utilized most of the budget and what remains is a small portion of the budget for services that will be procured during the closure period. Further, she explained that the contracts for Fiscal Agent services and External Audit services will need to be amended to have such services during the closure period, therefore MFK will request from the Board email votes to approve such amendment to the original agreements that we foresee additional costs and term extension.

Chairman invited Board members to vote for approving the QDRP18 presented by MFK DAF. All five (5) Board members present in the meeting voted in favor of approving QDRP 18.

<b>RESOLVED THAT:</b> QDRP 18 is approved by the Board and shall be submitted to MCC for final approval through No-Objection. Disbursement Request Form shall be signed by the Chairman, MFK CEO, and MFK Fiscal Agent after this meeting.”
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### **4. Approval of amendments to the MFK Program Closure Plan (“PCP”)**

Chairman invited MFK DAF to present before the Board the proposed amendments to Program Closure Plan (“PCP”). MFK DAF explained the necessity to update/amend the PCP comes to have a clear plan on how the projects and activities will be closed out on September 30, 2022, except for the DHM Activity for which MCC has exceptionally allowed the implementation until November 30, 2022. In addition, amendments to PCP include retention packages for staff that is deemed critical to closure out the Program such as finance, procurement, and legal.

The Chairman asked from MCC CD for Kosovo whether frequent amendments to PCPs in other MCAs is a practice and the latter explained that this is a common practice. MFK Legal Advisor and Board Secretary also added that the PCP is drafted based on the MCC Program Closure Guidelines which consider the PCP as a living document that can be amended from time to time. As such, she added that additional amendments could be presented to the Board in the upcoming meeting in September 2022.

Chairman invited Board members to vote for approving proposed amendments to MFK Program Closure Plan presented by MFK DAF. All five (5) Board members present in the meeting voted in favor of approving these amendments to MFK PCP.

**RESOLVED THAT:** Proposed amendments to MFK PCP are approved by the Board by unanimous consent and shall be submitted to MCC for final clearance through No-Objection.

5. **Ratification of Board decision dated March 21 2022 taken by email voting approving the following motions:**

*(i) MFK HR Manual; (ii) salary adjustments due to inflation rate in 2021; and (iii) extension of the contract for NIRAS for implementing the Environmental Data Collection Activity*

Chairman invited Board Secretary to present this agenda item before the Board. The Secretary explained that as per the requirements of the MFK Statute and best practices of corporate governance, all decisions taken via email by the Board require ratification in the next meeting. In line with this, the Board needs to ratify the decisions taken via email on March 21, 2022, through which four (4) out of six (6) Board members approved the MFK HR Manual, salary adjustments due to the inflation rate in 2021 and extension of the contract for NIRAS for implementing the Environmental Data Collection Activity.

Consequently, the Chairman invited Board members to vote for ratifying the Board decision date 21 March 2022 taken via email. All five (5) Board members present in the meeting voted in favor of ratifying such a decision.

**RESOLVED THAT:** Board decision dated 21 March 2022 taken via email as presented above is ratified by the Board by unanimous consent.

6. **Approval of amendments to the MFK Procurement Plan**

Chairman invited MFK DAF to present before the Board proposed amendments to MFK Procurement Plan. She informed the Board that additional procurement activities include: (i) Services for the THP Closure Process; (ii) Threshold agreement and activities 2017- 2022 - TV production; (iii) SEEK: Behavior Change, Energy Efficiency, and Closing Event; and (iv) Event Management for CMIS workshops and promotional activities. Further, she justified these amendments and the necessity to have procurement activities approved by the Board.

MFK Legal Advisor also added that approval of these amendments at this point by the Board is of critical importance to the Program since as per MCC rules and regulations August 31, 2022, is the last deadline MFK can propose new procurement activities that will cover the closure period.

Chairman invited Board members to vote for approving proposed amendments to MFK Procurement Plan presented by MFK DAF. All five (5) Board members present in the meeting voted in favor of approving proposed amendments to the MFK Procurement Plan.

**RESOLVED THAT:** Proposed amendments to MFK Procurement Plan are approved by the Board by unanimous consent and shall be submitted to MCC for final clearance through No-Objection.

7. **Approval of amendments to MFK HR Manual**

The Chairman of the Board invited MFK DAF to present proposed amendments to MFK HR Manual. She emphasized that the HR Manual has been approved by Board through an email decision dated March 21, 2022, and ratified in this meeting (agenda item no.5).

In line with the request from MCC counterparts in Washington D.C., the HR Manual needed additional revisions mainly about MFK Salary Scale due to inflation rate and market research in Kosovo conducted independently by MCC as well as retention incentive payments that are also covered and updated in the PCP amendments approved above by the Board under agenda item no 4. With regards to the inflation rate, in March this year, the Board approved the salary adjustments due to the inflation rate in Kosovo for the year 2021. In the meantime, MCC Program and Finance Services department has allowed for MFK to implement salary adjustments based on a market assessment they have conducted at their discretion. Based on MCC's input, the HR Manual has been amended and requires also Board's approval.

Chairman requested clarification from MFK DAF on whether the Board is approving the actual increases in salary scale or the possibility to have such increases implemented and whether they will apply retroactively and at what percentage. MFK DAF explained that the Board is approving the regulatory part – the HR Manual through which MFK is allowed to implement such salary increases in the amount of 5.9% which will not apply retroactively but only from the moment this amendment to the HR Manual is approved by the Board and MCC.

Chairman invited Board members to vote for approving the proposed amendments to MFK HR Manual. The Board approved the proposed motion with the following votes: Four (4) votes in favor and one abstention.

**RESOLVED THAT:** Proposed amendments to MFK HR Manual are approved by the Board.

**8. Approval of Sustainability Plan**

The Chairman of the Board invited MFK Monitoring and Evaluation Specialist Genta Agaj to present before the Board the Sustainability Plan. M&E Specialist pointed out that the Threshold Program will end on September 30, 2022, and MFK then will enter the closure period which shall run from October 1, 2022, until 28 January 2023.

This MFK Sustainability Plan serves as a roadmap for both MFK, and the Government of Kosovo (GOK) to promote sustainability of the activities funded by the Threshold Program beyond the Threshold End Date. While MCC's investment only lasted five years, MCC and MFK are working together with the GOK to promote the continuation and sustainability of program interventions into the future.

Specifically, for each Activity/Sub-Activity this document will outline how the Program is defining medium-term (5-year) success for each programmatic component and measures that MFK, with key stakeholders, can take until the end of the Closure Period to best promote the sustainability of program activities, as well as activities that the GOK can carry out to promote the sustainability of results into the future. Finally, this document will outline identified risks to the sustainability of each Activity/Sub-Activity, as well as an analysis of the potential likelihood and impact, and proposed mitigation measures.

As there were no comments from the Board, Chairman invited Board members to vote for approving the proposed MFK Sustainability Plan. All five (5) Board members present in the meeting voted in favor of approving the MFK Sustainability Plan.

**RESOLVED THAT:** MFK Sustainability Plan is approved by the Board by unanimous consent and shall be submitted to MCC for final clearance through No-Objection.

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**9. Approval of amendments to Contract with Quality Control Supervising Consultant (“QCSC”) IVT for DHM Activity**

The Chairman of the Board invited MFK Energy Director Burim Hashani to present before the Board the justification for amending the contract with DHM Activity QCSC. MFK Energy Director pointed out that the contract with DHM Implementing Consultant (“Decon”) who was supposed to carry out the supervision of works and installation under DHM Activity is expiring on June 30, 2022. MFK deems that the most viable option for carrying out the supervision of the works under this activity is through an amendment to the contract with the current Quality Control Supervising Consultant (“QCSC”) – IVT.

MFK’s justification is that this task is a natural continuation of previous work carried out by IVT; their team does not need any project introductory/familiarization time, which has positive effects on the effectiveness of resource utilization and assures smooth transitioning into activities under the additional tasks, therefore decreases the required budget; IVT has proposed unique subject-matter expertise, having worked on similar projects in Bulgaria; and their financial offer is reasonable considering that prices are fully loaded and include any international travel, communication, local transportation, office expenses, direct and indirect rates, and profits, etc.

As there were no comments from the Board, Chairman invited Board members to vote for approving the proposed amendments to Contract with Quality Control Supervising Consultant (“QCSC”) IVT for DHM Activity. All five (5) Board members present in the meeting voted in favor of approving this motion.

**RESOLVED THAT:** Proposed amendments to Contract with QCSC “IVT” for DHM Activity that include additional services and term extension of the original agreement are approved by the Board by unanimous consent and shall be submitted to MCC for final clearance through No-Objection.

**10. Approval of term extension and additional services of the contract of Legal Consultant and Board Secretary (MFK Key Staff)**

Chairman invited MFK CEO to present before this Board this agenda item. MFK CEO explained that when MFK was established as the accountable entity for implementing the Threshold Program, the MFK did not foresee in the organigram the legal advisor position as regular staff. Therefore, due to the need for MFK to have legal support within the organization this position was engaged through a procurement process whereby MFK engaged the MFK Legal Advisor through an individual consultancy services agreement.

As it happens, the Legal Consultant position is a Key Staff foreseen under MFK Statute and MCC Guidelines for Accountable Entities, therefore when we engaged her, it required both Board approval and MCC clearance through N-O. Subsequently, she was appointed by the Board as Secretary. With regards to this motion, MFK CEO explained that the continuation of the provision of legal services is considered necessary during the closure of the Threshold Program. As such, MFK proposes to amend her contract by extending the duration until January 28, 2023, and requesting additional services for the closure period which are not foreseen within the existing consultancy service agreement.

Chairman reminded the CEO that this issue was raised also by the current government Board members when they joined the MFK Board of Directors as to why this position is not a regular staff member but an individual consultant taking into consideration that such a position is a key staff.

As there were no more comments from the Board, Chairman invited Board members to vote for approval of term extension and additional services of the contract of Legal Consultant and Board Secretary on the basis that she is a Key Staff as indicated in the bylaws of MFK. All five (5) Board members present in the meeting voted in favor of approving this motion.

**RESOLVED THAT:** Proposed amendments to Consultancy Service Agreement with MFK Legal Advisor and Board Secretary are approved by the Board by unanimous consent and shall be submitted to MCC for final clearance through No-Objection.

***11. Short presentations on the Threshold Program projects and activities***

A brief presentation on each of the following Threshold Program projects and activities was provided to the Board by respective MFK project directors and activity managers to inform the Board of the current status of the implementation during the March-June quarter and upcoming planned activities for the next quarter. The following presentations were submitted to the Board for their information and understanding before the meeting:

- Reliable Energy Landscape Project (PIEE, DHM, IPP) – MFK Energy Director;
  - Pilot Incentives for Household Investment in Energy Efficiency;
  - District Heating Metering Activity;
  - IPP Project Finance Facilitation Activity;
  
- Transparent and Accountable Governance Project:
  - Environmental Data Collection Activity – Activity Manager;
  - Public Access to Judicial Information Activity – Activity Manager;
  - Kosovo Open Data Challenge Activity – Activity Manager;
  
- Women in Energy Activities (Scholarships and Internships Program) – Activity Manager.


**V. ADJOURNMENT**

The chairman, in consultation with other members of the Board, adjourned the meeting at 12:30 pm concluding that all the agenda items proposed by the MFK Management Unit have been discussed and approved accordingly by the Board. In accordance with Section 3.11(c) of the MFK Statute, the minutes of this meeting shall be prepared by the Board Secretary and she will duly submit them to the Board for review and comments. Such minutes will be approved in the next Board meeting which is to be scheduled in the first week of September 2022.

Certified by:

 16.09.2022  
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Arta Krasniqi, MFK Board Secretary

Acknowledged by:

 16 - 9 - 2022  
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Blerim Vela, Chairman of MFK Board of Directors

