



**MILLENNIUM CHALLENGE ACCOUNT – KOSOVO
MINUTES OF THE 6TH BOARD OF DIRECTORS MEETING**

Friday, April 12, 2024, at 14:00 PM
via Teleconference / Microsoft Teams

The Board of Directors (“**Board**”) of Millennium Challenge Account-Kosovo (“**MCA-Kosovo**”) held the 6th regular meeting at the above-mentioned date and time for which notice was duly given on March 5th, 2024 in accordance with (i) the Statute of MCA-Kosovo (“**Statute**”); (ii) that certain Millennium Challenge Compact, by and between the United States of America, acting through the Millennium Challenge Corporation (“**MCC**”), and the Government of Kosovo (the “**Government**”), dated July 15, 2022 (the “**Compact**”); and (iii) that certain Program Implementation Agreement, by and between MCC and the Government (the “**PIA**”), dated July 15, 2022.

I. PARTICIPANTS

BOARD MEMBERS:

1. Artane Rizvanolli, Minister of Economy – online;
2. Besnik Bislimi, First Deputy Prime Minister – online;
3. Arbërie Nagavci, Minister of Education, Science, Technology, and Innovation – online;
4. Izedin Bytyqi, General Secretary of the Ministry of Environment, Spatial Planning, and Infrastructure – online;
5. Mimoza Krasniqi, Chief Executive Officer of Education Code, Civil Society Representative – online;
6. Adrian Zeqiri, Executive Director of the European Centre for Minority Issues - online;
7. Lulzim Sylja, Managing Partner at Elen Company - online.

NON-VOTING OBSERVERS:

1. Rinor Gjonbalaj, MCC Resident Country Director for Kosovo;
2. Florina Duli Sefaj, Chief Executive Officer, MCA-Kosovo.

OTHERS PRESENT:

1. Caitlin Reichart, Acting MCC Deputy-Resident Country Director for Kosovo – online;
2. Arta Krasniqi, General Counsel/Legal Director, MCA-Kosovo;
3. Burim Hashani, Deputy Executive Director for Programs, MCA-Kosovo;
4. Dritëro Jashari, Deputy Executive Director for Operations, MCA-Kosovo;
5. Elmedina Bajgora, Legal Specialist, MCA-Kosovo.

CHAIRPERSON OF THE BOARD: Artane Rizvanolli, Minister of Economy
BOARD SECRETARY: Arta Krasniqi, General Counsel/Legal Director, MCA-Kosovo

II. OPENING REMARKS

1. Opening of the meeting and determination of quorum

The meeting was called to order at 14:15 PM by Chairperson of the Board, Minister Artane Rizvanolli ("Chair"). The Chair welcomed everyone and expressed appreciation for their attendance, acknowledging the commitment and dedication of the Board members.

Following the opening remarks, the Chair proceeded to ask the Board Secretary, Arta Krasniqi ("Board Secretary"), whether the meeting had quorum to proceed with the meeting. Board Secretary, by referring to the requirements stipulated under Article 3, Section 3.12. (b) (ii) of the Statute, confirmed the presence of quorum with four governmental board members and three non-governmental board members in attendance.

2. Approval of the Meeting Agenda

The Chair informed the attendees that all necessary supporting documents, including the agenda, were made available to everyone prior to the meeting. The Chair invited Board members to propose additional items for the agenda. After a moment for consideration, no additional items were proposed by the Board members. The agenda was then put to a vote for approval. The Board members unanimously approved the agenda as presented.

With the agenda approved, the Chair stated that the meeting would proceed according to the outlined agenda. The Board Secretary noted the approval of the agenda in the minutes and recorded it for the official record.

3. Approval of the minutes of the 5th Board meeting held on December 21, 2023

The Chair informed the attendees that the minutes of the 5th Board meeting held on December 21, 2023, were distributed prior to the current meeting, and assumed that everyone had read them. Accordingly, the Chair requested a vote to approve the minutes, unless there were any comments or corrections to be made. As no comments or corrections were made by Board members, the minutes of the 5th Board meeting held on December 21, 2023, were unanimously approved by all Board members present at the meeting. Therefore, the following resolution was passed:

"RESOLVED THAT: Minutes of the 5th Board meeting held on December 21, 2023, are approved by the Board and shall be co-signed by the Board Secretary and the Chairman of the Board and published on the MCA-Kosovo website."

III. QUARTER REPORTS ON PRE-IMPLEMENTATION OF THE COMPACT PROGRAM

The Chair proceeded to the next item on the agenda, which was the Quarter Reports on Pre-Implementation of the Compact Program. The Chair invited MCA-Kosovo CEO, Florina Duli Sefaj, to provide a short presentation for the Board on the overall developments of the Compact Program during this quarter.

No vote was required on this item. Members of the Board were encouraged by the Chair to use this opportunity to raise questions and seek clarifications regarding the presentations.

1. Short presentation on the overall developments of the Compact Program by MCA-Kosovo CEO, Florina Duli Sefaj

MCA-Kosovo CEO, Ms. Florina Duli Sefaj, thanked the Board members for their participation in the meeting and highlighted that this meeting would be the last Board meeting prior to the Entry into Force ("EIF") of the Compact, with its date scheduled for April 30th. She highlighted that details on this would be further provided by Mr. Rinor Gjonbalaj, MCC Resident Country Director for Kosovo. Ms. Florina Duli Sefaj then proceeded to provide a brief update for the Board on the developments at MCA-Kosovo since the last Board meeting held in December last year.

CEO Florina Duli Sefaj reported that all key staff positions at MCA-Kosovo have been filled, except for the Director for Administration and Finance, with recruitment for this position nearing completion. She highlighted the signing of the Implementing Entity Agreement with KOSTT on January 26 as a significant achievement, along with the establishment of ESCorp as a public-owned enterprise ("POE") on March 13, 2024, and noted the work ahead in operationalizing ESCorp. Additionally, she mentioned the submission of the Quarterly Disbursement Request Packages ("QDRP"), respectively QDRP 9 for the Compact Facilitation Funding ("CFF") and QDRP 19 for Compact Development Funding ("CDF") to MCC for approval, the upcoming relocation of staff to new offices, and the successful hosting of MCC counterparts from Washington D.C. for the Implementation Workshop in early March. She concluded by thanking the Board for their support and expressing her commitment to the success of MCA-Kosovo.

Following the CEO's presentation, the Chair invited MCA-Kosovo Deputy Executive Director for Programs, Mr. Burim Hashani for more details on the Programmatic level.

2. Update on Quarter Developments of Compact Projects by Mr. Burim Hashani, Deputy Executive Director for Programs

Mr. Burim Hashani provided detailed updates on the Energy Storage Project, highlighting key milestones and developments. Further, he informed the Board about the Implementing Entity Agreement with KOSTT executed on January 26, 2024 stating that such agreement formalized the cooperation between MCA-Kosovo and KOSTT, detailing parties' responsibilities and the form of cooperation.

He also mentioned the inclusion of the derogation article in the Draft Law on Electricity on February 23, 2024, allowing the ownership of batteries by KOSTT, stating that such step aligns with EU Directives and enables KOSTT to efficiently manage imbalances in the power grid through ownership of Battery Energy Storage Systems ("BESS") for automatic frequency restoration reserves.

In addition, Mr. Hashani informed the Board about the launching of request for market information from BESS design and build companies which took place on February 27, 2024. Further, he highlighted that the purpose of such initiative is to gather information on the latest technologies and parameters of battery energy storage systems to better structure the procurement strategy. Regarding the creation of the POE "ESCorp" on March 13, 2024, by the Government of Kosovo, Mr. Hashani emphasized the mandate of this POE will be to manage and operate around 125MW of BESS capacities, providing energy arbitrage and balancing services, and fulfilling the second programmatic Condition Precedent to EIF.

Discussions were also held regarding potential support to integrate BESS and renewable energy sources ("RES") in the regulatory framework of the Energy Regulatory Office ("ERO") to implement energy storage in Kosovo. Lastly, Mr. Hashani discussed the Technical Evaluation Report for the Ministry of Environment, Spatial Planning, and Infrastructure ("MESPI") Capacity Building Activity Training Consultant, submitted on March 20, 2024. The report aims to support MESPI in applying international standards and best practices for evaluating RES and BESS projects, providing targeted training and capacity

building for MESPI staff. Mr. Burim Hashani then provided updates on the JETA Project, highlighting progress on the EIF CP beneficiary analysis, in alignment with MCC counterparts and the Energy Skills for Future Activity (“ESFA”) and Inclusive Energy Sector Workforce Activity (“IESWA”), emphasizing the analysis of the energy labor market, potential partner institutions, and gender and minority inclusion efforts.

Mr. Hashani also discussed the American Catalyst Facility for Development (“ACDF”), the third project of the Compact, noting the first outreach event held with private sector companies, financial institutions, and donor agencies on March 19, 2024. Presentations by MCA-Kosovo, MCC and US International Development Finance Corporation (“DFC”) included information on the nature of this project, areas of investment that can be supported through this blended-finance approach and how DFC’s capital can be catalyzed through the MCA-Kosovo/MCC facilitation.

3. Questions and clarifications regarding the updates and presentations

The Chair inquired about the ACDF’s progress, particularly regarding the types of firms and investments showing interest following a recent event. Mr. Burim Hashani explained that while it is early to determine specific interests, the project is open to various green economy projects, not limited to those fully aligned with the Compact objectives, as long as they contribute to the green economy. The Chair highlighted the importance to keep in touch with the Board on this and expressed interest in exploring synergies with regular investment promotion activities, particularly in the energy sector.

The Chair then asked about the Terms of Reference (“ToR”) for the women’s economic empowerment activity, noting the delays in its revision despite being presented as urgent in December 2023. Mr. Burim Hashani informed the Board that revisions are ongoing in close cooperation with MCC, with the final draft expected to be shared after EIF of the Compact. This delay is partly due to internal consensus on delivering the ToR’s after EIF.

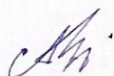
Ms. Florina Duli Sefaj added that the organizational restructuring within MCA-Kosovo, particularly regarding the Grants Director role, is also affecting the timeline for finalizing the ToR for the Women’s Economic Empowerment Activity. This issue was agreed to be discussed further in the meeting when the agenda item on MCA-Kosovo’s organizational structure revision is addressed.

After deliberations, Mr. Lulzim Sylja, non-government Board Member, highlighted the significance of organizing with the Economic Chamber and government institutions to provide detailed descriptions of the opportunities offered by the DFC funds. He emphasized the importance of accelerating potential and opportunities in the energy field. Mr. Sylja mentioned that discussions with Burim Hashani have taken place on this matter, emphasizing the importance of informing everyone about these opportunities.

III. DISCUSSION AND AGENDA ACTION ITEMS

1. Approval of substitute for alternate non-government Board member

The Chair then proceeded to the next point on the agenda, which was the approval of a substitute for the alternate non-governmental Board member. The Chair invited MCA-Kosovo’s General Counsel and Board Secretary, Ms. Arta Krasniqi, to present this agenda item.



Ms. Krasniqi explained that they had received a request from Mr. Adrian Zeqiri, a non-governmental board member, for a change in the alternate Board Member on his behalf. Currently, Shpresa Neziri serves as the alternate Board Member, but it has been recommended that she be replaced by Bardha Hamiti Rexhepi. Ms. Krasniqi noted that, according to MCA-Kosovo bylaws, the Board decides on any changes to the Board composition and the addition of alternate board members – making this agenda item necessary for Board action. She then invited Mr. Zeqiri to provide further context for these changes. Mr. Zeqiri explained that Shpresa Neziri is no longer part of the staff, hence the request for her to be replaced by Bardha Hamiti Rexhepi. After deliberation, the Board unanimously approved the appointment of Bardha Hamiti Rexhepi as the alternate non-government Board member, replacing Shpresa Neziri. Therefore, the following resolution was passed:

“RESOLVED THAT: Bardha Hamiti Rexhepi is appointed as the alternate non-governmental Board Member, replacing current alternate non-government Board member Shpresa Neziri, serving on behalf of Board member, Adrian Zeqiri.”

2. Approval of compensation for non-governmental Board members

The Chair then invited MCA-Kosovo's Deputy Executive Director for Operations, Mr. Dritëro Jashari, to present agenda item: Approval of compensation for non-governmental Board members.

3. Approval of the amendments to the Fiscal Accountability Plan

The Chair then proceeded to the next agenda item, which involved approving amendments to the Fiscal Accountability Plan (“FAP”). Mr. Jashari was called upon again to present this point.

CH.

AP.

Mr. Jashari elaborated on the specific revisions in FAP V2.1. These revisions aimed to update the plan to align it with the MCA-Kosovo Senior Management Structure for Section 9 Approvals. This included aspects such as Delegation of Authority, Expenditure Initiation and Contracting Authority, Contract Performance Acceptance Authority, and Payment Authority.

Additionally, Mr. Jashari explained that the amendments replaced references to the "Program Procurement Guidelines" with the newly approved "MCC AE Procurement Policy & Guidelines." This update also involved adjusting all terminology to align with the new PPG.

Furthermore, references to "MCC Cost Principles – Specific Considerations to Certain Cost" were replaced with "Cost Principles for Government Affiliates." Mr. Jashari clarified that interim documents were substituted with current MCA-Kosovo documents, and the FAP Annexes underwent updates to ensure consistency. In line with these changes, a new section on the Procurement & Grants Plan Package was added to the FAP. Additionally, Section 24 on Travel and Vehicle Use underwent updates to reflect current policies and practices within the organization. Mr. Jashari also informed the Board that MCC had provided No Objection to these FAP amendments. He emphasized the need for Board approval for these amendments to take effect, which was why this agenda item was presented. After opening the floor for questions and receiving none from the Board members, the Chair noted the unanimous approval of the following resolution:

"RESOLVED THAT: Proposed amendments to the Fiscal Accountability Plan are approved."

4. Approval of changes to MCA-Kosovo's Organization's Structure

The Chair then moved to the next agenda item, which involved the approval of changes to MCA-Kosovo's organizational structure. She invited MCA-Kosovo's CEO to present this item and explain the proposed changes. The CEO proposed to the Board the following two changes to the Organization's Structure: (i) removing the Internal Auditor position and (ii) establishing a Grants Director position. The rationale for removing the Internal Auditor was the redundancy in current roles and oversight from MCC and the General National Audit Office. Whereas the need for a Grants Director arose from MCC guidelines for grant approval in certain Compact project activities.

"RESOLVED THAT: the Board partially approved the proposed changes to MCA-Kosovo's Organizational Structure by (i) approving the removal of Internal Auditor position and (ii) rejecting the inclusion of Grants Director position until further clarification is provided to the Board.

5. Update on the inaugural Procurement and Grants Committee Meeting

The Chair then moved on to the next agenda item, which was the Update on the inaugural Procurement and Grants Committee ("PGC") meeting. She invited the Board Secretary to inform the Board about the decisions taken at the PGC meeting held on 27 February 2024.

The Board Secretary explained that this update was mainly to inform the Board about the delegation of certain duties to the PGC, as decided by the Board in a previous meeting. The PGC's first meeting had only one agenda item, which pertained to the MCA-Kosovo office renovation contract which received approval from the PGC. The minutes of the meeting were attached to the supporting documents sent ahead of this meeting, and the Board Secretary remained available for any questions. There were no further questions from the Board members on this agenda item. As it was only informative and did not require any Board approval, the Chair concluded this agenda item.

IV. ADJOURNMENT

Upon the completion of all agenda items, which had been either approved or partially approved, and in the absence of any outstanding matters for the Board's deliberation, the Chair, with the prior consent of the members, adjourned the meeting at 15:10. The Chair announced that the minutes of the meeting will be prepared by the Board Secretary and submitted to the Board for consideration and approval. The minutes would be co-signed by both the Chair and the Board Secretary.

Certified by:


Arta Krasniqi
Secretary of the Board, MCA-Kosovo

Acknowledged by:


Artane Rizvanolli
Chairman of the Board, MCA-Kosovo