

FOREIGN ASSISTANCE

Millennium Challenge Compact

Between the

UNITED STATES OF AMERICA

and KOSOVO

Signed at Washington September 12, 2017

with

Annexes



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966
(80 Stat. 271; 1 U.S.C. 113)—

“ . . . the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

KOSOVO

Foreign Assistance

*Millennium Challenge Compact
signed at Washington
September 12, 2017;
Entered into force September 12, 2017.
With annexes.*

MILLENNIUM CHALLENGE ACCOUNT THRESHOLD PROGRAM

GRANT AGREEMENT

BETWEEN

**THE UNITED STATES OF AMERICA,
ACTING THROUGH THE MILLENNIUM CHALLENGE CORPORATION**

AND

**THE REPUBLIC OF KOSOVO,
ACTING THROUGH THE PRESIDENT OF THE REPUBLIC OF KOSOVO**

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THRESHOLD PROGRAM GRANT AGREEMENT

This THRESHOLD PROGRAM GRANT AGREEMENT (this “*Agreement*”), dated September 12, 2017, is made between the United States of America, acting through the Millennium Challenge Corporation (“*MCC*”), and the Republic of Kosovo (“*Kosovo*”), acting through the President of the Republic of Kosovo (the “*Government*,” and, collectively with MCC, the “*Parties*” and each, individually, a “*Party*”).

RECITALS

WHEREAS, MCC has authorized a program to provide assistance under Section 616 of the Millennium Challenge Act of 2003, as amended, to selected candidate countries that have demonstrated a commitment to strengthening good governance, economic freedom and investments in people in order to assist such countries to become eligible for a Millennium Challenge Compact (the “*Threshold Program*”);

WHEREAS, MCC has selected Kosovo as eligible for the Threshold Program; and

WHEREAS, the Parties wish to implement the program described herein to achieve the goals and objectives described herein (as such program description and objectives may be amended from time to time in accordance with the terms hereof, the “*Program*”);

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Program Goal. The goal of this Agreement is to assist Kosovo to become eligible for a Millennium Challenge Compact by supporting the implementation of critical institutional and policy reforms that address binding constraints to economic growth in Kosovo (the “*Program Goal*”). MCC’s assistance will be provided in a manner that strengthens good governance, economic freedom, and investments in the people of Kosovo.

Section 1.2 Project Objectives. The Program consists of the projects described in Annex I (each, a “*Project*” and collectively, the “*Projects*”). The objective of each of the Projects (each, a “*Project Objective*” and collectively, the “*Project Objectives*”) is as follows:

(a) The objective of the Reliable Energy Landscape Project is to reduce the current gap between energy demand and supply by lowering energy use through piloting household investments in energy efficiency, switching to cost-effective non-electricity sources of heating, and reducing barriers to independent power producer (“*IPP*”) entrants to the market; and

(b) The objective of the Transparent and Accountable Governance Project is to improve the public availability and analytical use of judicial, environmental, and labor force data by civil society, business, and the Government, thus promoting data driven decision-making.

ARTICLE 2.

PROGRAM FUNDING

Section 2.1 Program Funding.

(a) MCC hereby grants to the Government, subject to the terms of this Agreement, an amount not to exceed forty-nine million United States dollars (US\$49,000,000) (the “**Grant**”) to support implementation of the Program, as such Program is described in greater detail in Annex I.

(b) The Grant will be disbursed from time to time (each, a “**Disbursement**”) in accordance with the terms of this Agreement, including any conditions to disbursement contained in this Agreement.

(c) The Grant will be allocated as described in Annex III, or as otherwise agreed in accordance with this Agreement.

Section 2.2 Interest. Unless MCC agrees otherwise, to the extent that any interest or other earnings may accrue on the Grant before such funding is used for a Program purpose, the Government will pay or transfer such amounts to MCC, in accordance with this Agreement.

Section 2.3 Government Resources; Budget.

(a) The Government will provide all funds and other resources, and will take all actions, that are necessary to carry out the Government’s responsibilities and obligations under this Agreement.

(b) The Government will use its best efforts to ensure that the amount of the Grant that it receives or is projected to receive in each of its fiscal years is fully accounted for in its annual budget.

(c) Unless the Government discloses otherwise to MCC in writing, the Grant will be in addition to the resources that the Government would otherwise receive or budget for the activities implemented under the Program.

Section 2.4 Use of the Grant.

(a) The Government will ensure that the Grant and any assets or services funded by the Grant, in whole or in part, will be used solely in furtherance of this Agreement and the Program.

(b) The Government also will ensure that no Grant funding will be used for any purpose that would violate United States law or policy, as specified in this Agreement or as further notified to the Government in writing by MCC, including but not limited to the following purposes:

(i) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(ii) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(iii) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health or safety hazard, as further described in the “MCC Environmental Guidelines” posted at www.mcc.gov (the “**MCC Website**”) or otherwise made available by MCC to the Government (“**MCC Environmental Guidelines**”) (to the extent applicable to the Threshold Program and as may be further instructed by MCC from time to time); or

(iv) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.5 Taxes.

(a) Unless the Parties agree otherwise, the Government will ensure that the Grant is free from the payment or imposition of any existing or future taxes, duties, levies, contributions or other similar charges (but not fees or charges for services that are generally applicable in Kosovo, reasonable in amount and imposed on a non-discriminatory basis) (“**Taxes**”) of or in Kosovo (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Kosovo). Specifically, and without limiting the generality of the foregoing, the Grant will be free from the payment of (i) any tariffs, customs duties, import taxes, export taxes and other similar charges on any goods, works or services introduced into Kosovo in connection with the Program; (ii) sales tax, value-added tax, excise tax, property transfer tax and other similar charges on any transactions involving goods, works or services in connection with the Program; (iii) taxes and other similar charges on ownership, possession or use of any property in connection with the Program; and (iv) taxes and other similar charges on income, profits or gross receipts attributable to work performed in connection with the Program and related social security taxes and other similar charges on all natural or legal persons performing work in connection with the Program except in the case of this clause (iv): (A) natural persons who are citizens or permanent residents of Kosovo; and (B) legal persons formed under the laws of Kosovo (but excluding the Accountable Entity and any other entity formed for the purpose of implementing the Government’s obligations hereunder).

(b) MCC and the Government understand that this Agreement is an arrangement as contemplated by Article 1 of the *Agreement for Economic and Technical Cooperation between the Government of the United States of America and the Government of the Republic of Kosovo, signed at Pristina on March 29, 2012* (“**Economic and Technical Cooperation Agreement**”) and, as such, the terms of the Economic and Technical Cooperation Agreement apply, including with respect to Taxes and other charges that may apply in Kosovo.

(c) The Government and MCC may enter into one or more agreements setting forth the mechanisms that the Government will use to implement the tax exemption required by this Section 2.5. Such mechanisms may include exemptions from the payment of Taxes that have been granted in accordance with applicable law, refund or reimbursement of Taxes by the Government to MCC, the Accountable Entity or to the taxpayer, or payment by the Government to the Accountable Entity or MCC, for the benefit of the Program, of an agreed amount representing any collectible Taxes on the items described in this Section 2.5. The Parties understand that an agreement pursuant to this Section 2.5(c) may be entered into by the Government without the need for further action by the Government (including any parliamentary action), or satisfaction of any additional domestic requirements of Kosovo.

(d) If a Tax has been paid contrary to the requirements of this Section 2.5, the Government will refund promptly to MCC (or to another party designated by MCC) the amount of such Tax in United States dollars or the currency of Kosovo within 30 days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing (whether by MCC or the Accountable Entity) that such Tax has been paid.

(e) The Grant, including any proceeds thereof or Program Assets, may not be applied by the Government in satisfaction of its obligations under this Section 2.5.

ARTICLE 3.

GOVERNMENT REPRESENTATIONS AND OBLIGATIONS

Section 3.1 Government Representations. The Government hereby represents to MCC that the information provided to MCC by or on behalf of the Government in the course of reaching this Agreement is true, correct, and complete in all material respects.

Section 3.2 Government Responsibilities.

(a) Principal Responsibility. The Government is responsible for overseeing and managing the implementation of the Program.

(b) Accountable Entity. With the prior written consent of MCC, the Government hereby designates an entity to be established as a foundation in accordance with the Law on Freedom of Association in Non-Governmental Organizations to be known as Millennium Foundation Kosovo to implement the Program and to exercise and perform the Government's right and obligation to oversee, manage and implement the Program, including without limitation, managing the implementation of the Projects, allocating resources and managing procurements. Such entity will: (i) be referred to herein as the "**Accountable Entity**"; (ii) have the authority to bind the Government with regard to the Program (including, without limitation, the legal authority to execute contracts, grants, cooperative agreements or other, similar arrangements); and (iii) act in accordance with MCC's "Guidelines for Accountable Entities and Implementation Structures" provided by MCC or posted on the MCC Website (the "**MCC Governance Guidelines**") (to the extent applicable to the Threshold Program and as may be further instructed by MCC from time to time). The designation of the Accountable Entity contemplated by this Section 3.2(b) will not relieve the Government of any obligations or responsibilities hereunder or under any related agreement, for which the Government remains

fully responsible. MCC hereby acknowledges and consents to the designation in this Section 3.2(b). With the prior written consent of MCC, the Government may designate one or more additional entities to implement the Program and to exercise and perform the Government's right and obligation to oversee, manage, and implement the Program. The Parties note that the Government remains ultimately responsible for the performance of the Government's obligations under or in relation to this Agreement.

(c) Policy Performance. In addition to undertaking the specific policy, legal and regulatory reform commitments identified in Annex I, Annex II or elsewhere in this Agreement (if any), the Government will seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the Millennium Challenge Act of 2003, as amended.

(d) Program Assets. Unless MCC agrees otherwise, the Government will ensure that any Program Assets or services funded in whole or in part (directly or indirectly) by the Grant are used solely in furtherance of this Agreement and the Program.

(e) Achievement of Project Objectives. The Government will take all necessary or appropriate steps to achieve the Project Objectives prior to the Completion Date (including, without limitation, funding all costs that exceed the Grant and are required to carry out the terms hereof and achieve such objectives, except as MCC otherwise agrees).

(f) Intellectual Property. The Government grants to MCC a perpetual, irrevocable, royalty-free, worldwide, fully paid, assignable right and license to practice or have practiced on its behalf (including the right to produce, reproduce, publish, repurpose, use, store, modify or make available) any portion or portions of Intellectual Property as MCC sees fit in any medium, now known or hereafter developed, for any purpose whatsoever.

(g) Impoundment; Liens or Encumbrances. The Government will ensure that neither the Grant nor any asset acquired with Grant funding will be subject to any impoundment, rescission, sequestration, liquidation, lien, attachment, enforcement of judgment, pledge, or encumbrance of any kind (each a "***Lien***"), except with MCC's prior written approval. In the event any Lien is nonetheless imposed, the Government will promptly seek the release of such Lien and, if such Lien is imposed by a final non-appealable court order, will pay any amounts due in order to obtain such release; *provided, however*, that the Government will not apply any portion of the Grant funding or any other funds received from MCC (or assets acquired with funds provided by MCC) to satisfy any of its obligations under this Section 3.2(g).

(h) Insurance; Performance Guaranties. The Accountable Entity will ensure to MCC's satisfaction that any assets acquired with Grant funding are insured and will arrange such other appropriate insurance to cover against risks or liabilities associated with the Program and the transactions contemplated thereby, including by requiring Providers or Covered Providers to obtain adequate insurance and to post adequate performance bonds or other guaranties. The Government or the Accountable Entity will be named as the payee (or an additional insured, as the case may be) on any such insurance and the beneficiary of any such guaranty or bonds. The Government or the Accountable Entity will promptly notify MCC of the payment of any proceeds from claims paid under such insurance or guaranty, and will ensure that any such proceeds will be used to replace or repair any lost, stolen, or damaged assets acquired with Grant

funding; *provided, however*, that, at MCC's election, such proceeds will be deposited in an account as designated by or as otherwise directed by MCC.

(i) Autonomy. The Government will ensure that (i) no decision of the Accountable Entity is modified, supplemented, unduly influenced, or rescinded by any governmental authority, except by a non-appealable judicial decision or as otherwise approved by MCC, and (ii) the authority of the Accountable Entity will not be expanded, restricted, or otherwise modified, except in accordance with this Agreement or as otherwise approved by MCC in writing.

(j) Performance Liabilities. No Grant funding or any other funding received from MCC (or assets acquired with funds provided by MCC) may be used to pay any damages, including any indemnification-related payments, incurred or owed by the Government or the Accountable Entity under any agreement between the Government or the Accountable Entity, on the one hand, and any third party.

(k) Publicity. The Government and the Accountable Entity will give appropriate publicity to this Agreement as a program to which the United States of America, through MCC, has contributed, including by posting this Agreement, in English, as MCC may request, on an agreed website, identifying the Grant activity sites and marking assets acquired with the Grant, all in accordance with MCC's "Standards for Global Marking" provided by MCC or posted on the MCC Website (the "**MCC Marking Standards**"); *provided, however*, that any press release or announcement regarding MCC or the fact that MCC is making the Grant or any other publicity materials referencing MCC will be subject to MCC's prior written approval. MCC may post this Agreement on the MCC Website. MCC may also freely use any information it receives in any report or document provided to it with respect to the Program, the Grant or this Agreement.

(l) Further Assurances. The Government will promptly do and perform such other and further acts, and take all necessary and appropriate actions, including using its best efforts to obtain all necessary approvals and consents to otherwise effectively carry out the obligations of the Government set forth in this Agreement.

ARTICLE 4.

IMPLEMENTATION FRAMEWORK

Section 4.1 Program Implementation Plan. The framework for implementation for the Program will be further elaborated in a set of documents, in form and substance approved by MCC, consisting of: (i) the Detailed Financial Plan; (ii) one or more Procurement Plans; (iii) a Work Plan; and (iv) an Audit Plan (each, an "**Implementation Plan Document**" and, collectively, the "**Implementation Plan**"). The Accountable Entity will submit its proposed Implementation Plan for review and approval by MCC by the timeframes set forth in this Agreement and at least on an annual basis thereafter (or in such other interval as may be required by the Program Guidelines). MCC will review the proposed Implementation Plan and as necessary may request the Government to submit clarifications or adjustments. The Accountable Entity will submit an updated Implementation Plan or updated Implementation Plan Document

during any quarter in which significant changes or modifications are made to a Project or to the Program, or when the Accountable Entity determines that the expected results, targets and milestones for the specified year are not likely to be achieved; *provided, however*, that an updated Detailed Financial Plan will be submitted each quarter and an updated Procurement Plan will be submitted at least every six months. In such instances, the Accountable Entity will submit to MCC for approval a proposed revised Implementation Plan or updated Implementation Plan Document (as applicable) on the same date as the next Disbursement Request is due. The Accountable Entity will ensure that the implementation of the Program is conducted in accordance with the Implementation Plan.

(a) Detailed Financial Plan. Unless MCC agrees otherwise, the Accountable Entity will develop, adopt and implement a detailed financial plan (as approved by MCC) in accordance with the MCC Reporting Guidelines (to the extent applicable to the Threshold Program and as may be further instructed by MCC from time to time) (as supplemented or otherwise modified from time to time, the “**Detailed Financial Plan**”). The Detailed Financial Plan will set forth the funding requirements for each Activity of the Program (including administrative costs) and for each Project, broken down to the sub-Activity level (or lower, where appropriate) and projected both on a commitment and cash requirement basis. Annex III, attached hereto, sets forth the allocation of Grant funding for the Program. Annex III may be modified from time to time by agreement of the Parties in accordance with the terms of this Agreement.

(b) Procurement Plan. The Accountable Entity will develop a procurement plan covering each procurement relating to the Program (each, a “**Procurement Plan**”), and submit such Procurement Plan to MCC for approval before commencing the relevant procurement. Each Procurement Plan will identify, among other things, the method of procurement for the goods, works, or services to be procured. The Accountable Entity will ensure that all goods, works, or services will be procured using the procurement method as approved in each Procurement Plan, and will comply with the method of procurement outlined in such Procurement Plan.

(c) Work Plan. The Accountable Entity will develop, adopt, and implement a work plan, in form and substance satisfactory to MCC, for the overall administration of the Program (the “**Work Plan**”). In addition, the Accountable Entity will develop, adopt, and implement such other work plans relating to the Projects and/or Activities as MCC may request from time to time.

(d) Audit Plan. The Accountable Entity will develop, adopt, and implement a plan, in accordance with the MCC Audit Guidelines (to the extent applicable to the Threshold Program and as further instructed by MCC from time to time), for the audit of the expenditures of the entities that are subject to audit pursuant to the MCC Audit Guidelines (the “**Audit Plan**”). The Audit Plan will be in form and substance satisfactory to MCC and will be developed no later than 60 days before the end of the first period to be audited. Unless MCC agrees otherwise in writing, the Accountable Entity will engage one or more auditors as contemplated in the MCC Audit Guidelines (each, an “**Auditor**”) to undertake the audits contemplated by the Audit Plan.

Section 4.2 Monitoring and Evaluation. The Accountable Entity will develop, adopt, and implement a monitoring and evaluation plan (the “**M&E Plan**”) that will serve as the primary governing document for monitoring and evaluation activities for the Program. The M&E Plan

will be developed and updated in accordance with the “MCC Policy for Monitoring and Evaluation of Compacts and Threshold Programs” provided by MCC or posted on the MCC Website (the “**M&E Policy**”).

Section 4.3 Procurement and Grants.

(a) The Accountable Entity will ensure that the procurement of all goods, works and services required to implement the Program will be consistent with the “MCC Program Procurement Guidelines” provided by MCC or posted on the MCC Website (the “**MCC Program Procurement Guidelines**”) (to the extent applicable to the Threshold Program and as may be further instructed in writing by MCC from time to time). The MCC Program Procurement Guidelines include, among others, the following requirements:

- (i) open, fair, and competitive procedures must be used in a transparent manner to solicit, award and administer contracts and to procure goods, works and services;
- (ii) solicitations for goods, works and services must be based upon a clear and accurate description of the goods, works and services to be acquired;
- (iii) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost-effective and timely basis; and
- (iv) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices will be paid to procure goods, works, and services.

(b) Unless MCC agrees otherwise, the Accountable Entity will ensure that any grant issued in furtherance of the Program (each, a “**Program Grant**”) is awarded, implemented, and managed pursuant to open, fair and competitive procedures administered in a transparent manner acceptable to MCC. In furtherance of this requirement, and prior to the issuance of any Program Grant, the Accountable Entity and MCC will agree upon written procedures to govern the identification of potential recipients, including without limitation appropriate eligibility and selection criteria and award procedures.

Section 4.4 Fiscal Accountability. Unless MCC agrees otherwise, the Accountable Entity will develop, adopt, and implement a manual (as approved by MCC) setting forth the principles, mechanisms and procedures (the “**Fiscal Accountability Plan**”) that will be used to ensure appropriate fiscal accountability and compliance with the “Cost Principles for Accountable Entity Operations” provided by MCC or posted on the MCC Website (the “**MCC Cost Principles**”) (to the extent applicable to the Threshold Program and as may be further instructed in writing by MCC from time to time) for the use of the Grant funding. The Fiscal Accountability Plan will include, among other things, requirements with respect to: (a) budgeting; (b) accounting; (c) cash management; (d) financial transactions (receipts and payments); (e) opening and managing Permitted Accounts; (f) personnel and payroll; (g) travel and vehicle use; (h) asset and inventory control; (i) audits; and (j) reporting. The Fiscal Accountability Plan will be revised periodically, subject to review and approval by MCC.

Section 4.5 Environmental, Gender and other Program Guidelines.

(a) Unless MCC agrees otherwise, the Accountable Entity will ensure that activities undertaken, funded, or otherwise supported in whole or in part (directly or indirectly) by Grant funding comply with the MCC Environmental Guidelines, including the environmental and social performance standards set forth in the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation (as in effect from time to time, the “**IFC Performance Standards**”) that have been incorporated by reference into the MCC Environmental Guidelines (in each case, to the extent applicable to the Threshold Program and as may be further instructed in writing by MCC from time to time). The Accountable Entity also will ensure that the Program complies with all national environmental laws and regulations, licenses and permits, except to the extent such compliance would be inconsistent with this Agreement.

(b) Unless MCC agrees otherwise, the Accountable Entity will ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by Grant funding comply with the MCC Gender Policy and the MCC Gender Integration Guidelines (in each case, to the extent applicable to the Threshold Program and as may be further instructed in writing by MCC from time to time).

(c) Unless MCC agrees otherwise, the Government will ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by Grant funding comply with the Program Guidelines (in each case, to the extent applicable to the Threshold Program and as may be further instructed by MCC from time to time).

Section 4.6 Reports.

(a) Periodic Reports. Unless MCC agrees otherwise, the Accountable Entity will provide to MCC the periodic reports required by the “MCC Guidance on Quarterly MCA Disbursement Request and Reporting Package” provided by MCC or posted on the MCC Website (the “**MCC Reporting Guidelines**”) (as applicable to the Threshold Program and as may be further instructed in writing by MCC from time to time), in each case timely delivered and in form and substance satisfactory to MCC.

(b) Additional Reports. In addition to the reports required by Section 4.6(a), the Accountable Entity will provide to MCC within 30 days of a written request by MCC, or as otherwise agreed by the Parties in writing, such other reports or documents as MCC may request from time to time as related to any component of the Implementation Plan, the Fiscal Accountability Plan or in connection with any Activity or Disbursement.

Section 4.7 Records; Accounting; Providers; Access.

(a) Records. The Government will maintain, and will use its best efforts to ensure that the Accountable Entity and any Covered Providers maintain, accounting books, records, documents, and other evidence relating to the Program adequate to show, to MCC’s satisfaction, the use of all Grant funding (collectively, the “**Records**”). The Government will furnish or cause to be furnished to MCC upon MCC’s request originals or copies of all such Records.

(b) Accounting. The Government will maintain, and will use its best efforts to ensure that the Accountable Entity and any Covered Providers maintain, Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government's option and with MCC's prior written approval, other accounting principles, such as those (i) prescribed by the International Accounting Standards Board, or (ii) then prevailing in Kosovo. Records must be maintained for at least five years after the end of the term of this Agreement or for such longer period, if any, required to resolve any litigation, claims or audit findings, or any statutory requirements.

(c) Access. Upon MCC's request, the Government, at all reasonable times, will permit, or cause to be permitted, authorized representatives of MCC, the Inspector General of MCC ("***Inspector General***"), the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Agreement, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect facilities, assets and activities funded in whole or in part by Grant funding.

Section 4.8 Audits; Reviews.

(a) Government Audits. Unless MCC agrees otherwise, the Government will, on an annual basis (or on a more frequent basis if requested by MCC in writing), conduct, or cause to be conducted, financial audits of all disbursements of Grant funding covering the period from signing of this Agreement until the following March 31 and covering each 12-month period thereafter ending March 31, until the Completion Date. In addition, upon MCC's request, the Government will ensure that such audits are conducted by an independent auditor approved by MCC and named on the list of local auditors approved by the Inspector General or a United States-based certified public accounting firm selected in accordance with the *Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities* (the "***MCC Audit Guidelines***") issued and revised from time to time by the Inspector General, which are posted on the MCC Website. Audits will be performed in accordance with the MCC Audit Guidelines and be subject to quality assurance oversight by the Inspector General. Each audit must be completed and the audit report delivered to MCC no later than 90 days after the applicable audit period, or such other period as the Parties may otherwise agree in writing.

(b) Audits of Other Entities. The Government will ensure that MCC-financed agreements between the Government or any Provider, on the one hand, and (i) a United States nonprofit organization, on the other hand, state that the United States nonprofit organization is subject to the applicable audit requirements contained in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, issued by the United States Office of Management and Budget; (ii) a United States for-profit Covered Provider, on the other hand, state that the United States for-profit organization is subject to audit by the applicable United States Government agency, unless the Government and MCC agree otherwise in writing; and (iii) a non-United States Covered Provider, on the other hand, state that the non-United States Covered Provider is subject to audit in accordance with the MCC Audit Guidelines.

(c) Corrective Actions. The Government will use its best efforts to ensure that each Covered Provider (i) takes, where necessary, appropriate and timely corrective actions in response to audits, (ii) considers whether the results of the Covered Provider's audit necessitates adjustment of the Government's records, and (iii) permits independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC will have the right to arrange for audits of the Government's use of Grant funding.

Section 4.9 Required MCC Approvals. Each of the following transactions, agreements and documents will require MCC's prior written approval:

- (a) Any Disbursement and each Disbursement Request;
- (b) Implementation Plan (including each element or component thereof), the Fiscal Accountability Plan and the M&E Plan, and any modification of any of the foregoing;
- (c) Agreements between the Government and the Accountable Entity, and agreements in which any of the following are appointed, hired or otherwise engaged (each of the foregoing, a "**Material Agreement**"):
 - (i) Auditor;
 - (ii) Bank; or
 - (iii) a member of the Accountable Entity's board of directors (including any observer) or any Key Staff of the Accountable Entity (including agreements regarding compensation for any such person);
- (d) Any modification, termination or suspension of a Material Agreement, or any action that would have equivalent effect;
- (e) Any agreement or transaction of the Accountable Entity that is not arm's-length;
- (f) Any pledge of any Grant funding or any Program Assets, or any incurrence of material indebtedness, or any guarantee, directly or indirectly of any indebtedness;
- (g) Any decree, legislation, regulation, charter, contractual arrangement or other document establishing or governing (other than public laws of general application to all public institutions), or relating to the formation, organization or governance of, the Accountable Entity, and any amendment, supplement, modification, repeal or other alteration thereof or thereto (each, a "**Governing Document**");
- (h) Any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change of the Accountable Entity, including any revocation or modification of or supplement to any Governing Document related thereto;
- (i) Any change in character or location of any Permitted Account;

(j) (i) Any change of any member of the Accountable Entity's board of directors, any observer, the chairperson of the board, the composition or size of the board or the filling of any vacant seat on the board, or the replacement of any observer; (ii) any change of any Key Staff of the Accountable Entity or in the composition or size of its management unit, and the filling of any vacant position of any Key Staff of the Accountable Entity;

(k) Any decision by the Accountable Entity to engage, accept or manage any funds in addition to the Grant (including from any donor agencies or organizations) prior to the Completion Date, or to engage in any activities or undertake any duties or responsibilities other than those contemplated under this Agreement or any related agreement or document;

(l) Any agreement, transaction, decision or other action or document for which MCC approval is required under any of the Program Guidelines, including the MCC Program Procurement Guidelines; and

(m) Any decision to amend, supplement, replace, terminate, or otherwise change any of the foregoing documents or arrangements.

Section 4.10 Implementation Letters. From time to time, MCC may provide guidance or instructions to the Government in writing on any matters relating to this Agreement, the Grant or implementation of the Program (each, an "**Implementation Letter**"). The Government will use such guidance or instructions in implementing the Program. The Parties may also issue jointly agreed-upon Implementation Letters to confirm and record their mutual understanding on aspects related to the implementation of this Agreement or other related agreements.

ARTICLE 5.

DISBURSEMENT OF GRANT FUNDING

Section 5.1 Disbursement Process.

(a) Disbursement Requests. The Accountable Entity may request Disbursements of the Grant by submitting a written request to MCC substantially in the form of the "Disbursement Request" provided by MCC or posted on the MCC Website (each, a "**Disbursement Request**"), duly completed, not later than 20 days (or such other period of time as may be agreed by MCC) prior to the commencement of each Disbursement Period. Unless MCC agrees otherwise, the Accountable Entity may submit only one Disbursement Request for each calendar quarter (such quarter, or any other period of time as agreed by MCC, the "**Disbursement Period**").

(b) Approval of Disbursement Requests; Release of Proceeds.

(i) Upon receipt of a Disbursement Request, MCC will determine the appropriate aggregate amount of Disbursements permitted for the applicable Disbursement Period based on, among other things: (A) progress achieved under the Implementation Plan; (B) the amount of funds required to complete the activities described in the accompanying Disbursement Request during such Disbursement Period; and (C) the satisfaction, waiver, or deferral of the conditions precedent applicable to the requested Disbursements.

(ii) MCC may, in its sole discretion, reject any Disbursement Request completely, or reject or reduce the amount of any Disbursement requested thereunder, based on among other things: (A) any modification made to, or failure to achieve progress under, the Implementation Plan; or (B) if any condition precedent applicable to the requested Disbursements has not been satisfied, waived, or deferred.

(iii) Subject to MCC's approval of a Disbursement Request, the proceeds of the Disbursements approved thereunder may be transferred, at MCC's sole election: (A) to a Permitted Account; (B) directly to a third party as payment for goods, works, or services received by the Government or the Accountable Entity, as applicable, in accordance with MCC's common payment system (the "**Common Payment System**") or any alternate payment system approved by MCC; or (C) directly to an employee of the Accountable Entity (or to the Government, as reimbursement for authorized expenses of the Accountable Entity); *provided, however*, that any expenditure of such proceeds is authorized by the Government or the Accountable Entity, as applicable, and any related payment complies with the most recently approved Detailed Financial Plan and the standards and procedures set forth in the Fiscal Accountability Plan.

(iv) Unless MCC agrees otherwise, any Disbursement, or financial commitment involving Grant funding may be made, and a Disbursement Request may be submitted, only if the related expense is provided for in the Detailed Financial Plan and sufficient uncommitted funds exist in the Detailed Financial Plan for that object of expense and for the relevant Disbursement Period.

(c) Permitted Accounts.

(i) Any Grant funding to be disbursed to a bank account must be deposited in a bank account (the "**Local Account**") established by the Accountable Entity in the local currency of Kosovo or United States dollars, as agreed by the Parties, at a financial institution acceptable to MCC. With prior MCC approval, the Accountable Entity may establish such other bank accounts as are needed for the purposes of implementing the Program (each such other bank account, together with the Local Account, a "**Permitted Account**"). Before any Grant funding is deposited into a Permitted Account, the Government will ensure that the Accountable Entity enters into an agreement, in form and substance satisfactory to MCC, with the financial institution approved by MCC to hold such Permitted Account (each a "**Bank**"), which sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to such Permitted Account (each a "**Bank Agreement**"). The terms and operation of the Permitted Accounts will be set forth in the Fiscal Accountability Plan and the Bank Agreement.

(ii) Unless MCC agrees otherwise, Grant funding held in a Permitted Account will accrue interest or other earnings in accordance with the applicable Bank Agreement. On a quarterly basis and upon the termination or expiration of this Agreement or the relevant Bank Agreement, the Accountable Entity will ensure the transfer to MCC of any interest accrued on amounts held in a Permitted Account.

(iii) Unless MCC agrees otherwise, no funds will be commingled in a Permitted Account other than Grant funding and accrued interest and earnings thereon. MCC will have the right, among other things, to view any Permitted Account statements and activity directly on-line, and where such viewing is not feasible, the Accountable Entity will provide copies of such statements to MCC upon its request.

(iv) Unless MCC agrees otherwise, if Grant funding is held in any Permitted Account other than the Local Account, the Accountable Entity will ensure that such Grant funding will be denominated in United States dollars prior to release. To the extent that any amount of Grant funding held by the Bank in United States dollars must be exchanged into the currency of Kosovo for any purpose, the Government will ensure that such exchange is consistent with Section 2.5 and the requirements of the Bank Agreement.

Section 5.2 Conditions Precedent to the Initial Disbursement. Unless waived or deferred by MCC in writing, the conditions set forth in this Section 5.2 and the conditions set forth in Section 5.3 must have been met to MCC's satisfaction prior to the initial Disbursement of the Grant:

(a) Legal Opinion. The Government has delivered to MCC a signed legal opinion by counsel acceptable to MCC.

(b) Implementation Plan. The Accountable Entity has developed and adopted the Implementation Plan Documents (other than the Work Plan).

(c) Permitted Account. To the extent that any portion of the Disbursement will be held in a Permitted Account, the Accountable Entity has established the Local Account and any other required Permitted Account.

(d) Fiscal Accountability Plan. The Accountable Entity has developed and adopted the Fiscal Accountability Plan (or an interim version).

(e) Key Staff. Each Key Staff member has been selected and engaged by the Accountable Entity and approved by MCC or if a Key Staff member has not been selected, the Government is actively engaged, to MCC's satisfaction, in ensuring the recruitment for the vacant position.

Section 5.3 Conditions Precedent to Each Disbursement. Unless waived or deferred in writing by MCC, the following conditions must have been met to MCC's satisfaction prior to each Disbursement of the Grant (including the initial Disbursement of the Grant):

(a) Deliverables. The Accountable Entity has delivered to MCC the following documents, in form and substance satisfactory to MCC:

(i) a completed Disbursement Request, together with the periodic reports required under Section 4.6 covering the related Disbursement Period; and

(ii) a certificate from the Accountable Entity, dated as of the date of such Disbursement Request, substantially in the form provided by MCC.

(b) Other Conditions Precedent. MCC has determined in its sole discretion that:

(i) any applicable conditions precedent in Annex II have been duly satisfied, deferred or waived pursuant to the terms of this Agreement;

(ii) the Government's representations set forth in Section 3.1 are true and correct on and as of the date of such Disbursement Request as though made on and as of such date;

(iii) no material breach of any responsibility, covenant or obligation by the Government, the Accountable Entity or any other Government entity has occurred and is continuing under this Agreement or any related agreement or document;

(iv) the activities to be funded with such Disbursement will not violate any applicable law or regulation;

(v) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan related to such Disbursement;

(vi) there has been progress satisfactory to MCC on the M&E Plan (including the targets set forth therein, any related baseline data collection requirements set forth therein or any applicable reporting requirements set forth therein for the relevant Disbursement Period);

(vii) there has been no material negative finding in any financial audit report delivered in accordance with this Agreement and the Audit Plan for the prior year (or such other period as the Audit Plan may require);

(viii) any Taxes paid with Grant funding through the date 90 days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.5; and

(ix) each Key Staff member remains engaged, or if a position is vacant, the Government is actively engaged, to MCC's satisfaction, in ensuring the recruitment of a replacement.

ARTICLE 6.

COMPLETION DATE; TERMINATION AND SUSPENSION

Section 6.1. Completion Date. Unless the Parties agree otherwise, September 30, 2021, is the date by which the Parties estimate that all of the activities related to the implementation of the Program and the achievement of the Project Objectives will be completed (the "**Completion Date**"). Unless MCC agrees otherwise, Grant funding may not be used for expenditures incurred after the Completion Date.

Section 6.2. Termination and Suspension; Expiration.

(a) Either Party may terminate this Agreement without cause in its entirety by giving the other Party 30 days' written notice; *provided, however*, that notwithstanding such termination, this Agreement will continue to be effective with respect to any Activity for which a Disbursement has already been issued or approved by MCC.

(b) MCC may, upon written notice to the Government, immediately suspend or terminate this Agreement or the Grant, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC, as a basis for suspension or termination (whether in writing to the Government or by posting on the MCC Website) has occurred, which circumstances include but are not limited to the following:

(i) the Government fails to comply with its commitments under this Agreement or any other agreement or arrangement entered into by the Government in connection with this Agreement or the Program;

(ii) an event or series of events has occurred that MCC determines makes it improbable that the Program can be performed, that the Project Objectives will be achieved before the Completion Date or that the Government will be able to perform its obligations under this Agreement;

(iii) a use of the Grant or continued implementation of this Agreement would violate applicable law or United States Government policy, whether now or hereafter in effect;

(iv) the Government or any other person or entity receiving Grant funding or using assets acquired in whole or in part with Grant funding is engaged in activities that are contrary to the national security interests of the United States of America;

(v) an act has been committed or an omission or an event has occurred that would render Kosovo ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of the Foreign Assistance Act of 1961 or any other provision of law;

(vi) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Kosovo for assistance under the Threshold Program; and

(vii) a person or entity receiving Grant funding or using assets acquired in whole or in part with Grant funding is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

(c) All Disbursements will cease upon expiration, suspension or termination of this Agreement; *provided, however*, that Grant funding may be used, in compliance with this Agreement, to pay for: (i) reasonable expenditures for goods, works or services that are properly incurred under or in furtherance of this Agreement before expiration, suspension or termination of this Agreement; and *provided, further*, that the request for such expenditures is submitted within 90 days after such expiration, suspension or termination; and (ii) reasonable expenditures

(including administrative expenses) properly incurred in connection with the winding up of the Program within 120 days after the expiration, suspension or termination of this Agreement.

(d) Subject to Section 6.2(c), upon the expiration, suspension or termination of this Agreement: (i) any amounts of the Grant not disbursed by MCC will be automatically released from any obligation in connection with this Agreement without any action from the Government or MCC; and (ii) any amounts of the Grant disbursed by MCC to the Government but not expended before such expiration, suspension or termination of this Agreement, including any amounts in a Permitted Account, plus accrued interest thereon, will be returned to MCC within 30 days after the Government receives MCC's request for such return, and the Government will ensure that such amount will be returned promptly to such account(s) designated by MCC.

(e) At least one year prior to the expiration, or upon termination, of this Agreement, the Parties will consult in good faith with a view to reaching agreement in writing on (i) the treatment of the Accountable Entity after the Program, (ii) the process for ensuring the refunds of Disbursements that have not yet been released from a Permitted Account or committed in accordance with Sections 6.2(c) and (d), and (iii) any other matter related to the winding up of the Program, including the proper disposition of all Program Assets. If the Accountable Entity continues operations after the Completion Date, or following the termination of this Agreement, with sources of funding other than the Grant, the Accountable Entity will cease to use the name and logo that it used during implementation of the Program, except as otherwise agreed in writing by MCC.

(f) MCC and the Government recognize that the effects of the Program will be long-ranging and its impact may not be measurable for several years after the Completion Date. Accordingly, MCC and the Government agree to cooperatively monitor the results and evaluate the impacts of the Program in Kosovo after the termination or expiration of this Agreement.

Section 6.3. Refunds. MCC may reinstate any suspended or terminated portion of the Grant under this Agreement if MCC determines that the Government, or other relevant person or entity, has committed to correct each condition for which the Grant was suspended or terminated.

(a) If any Grant funding, any interest or earnings thereon, or any asset acquired in whole or in part with Grant funding is used for any purpose in violation of the terms of this Agreement, then MCC may require the Government to repay to MCC in United States dollars the value of the misused portion of the Grant, interest, earnings or asset, plus interest within 30 days after the Government's receipt of MCC's request for repayment. The Government will not use Grant funding, proceeds thereof or any other funds received from MCC (assets acquired with Grant funding or with any such other funds) to make such payment.

(b) Notwithstanding any other provision in this Agreement or any other existing agreement to the contrary, MCC's right under this Section 6.3 to obtain a refund will continue during the term of this Agreement and for a period of (i) five years thereafter or (ii) one year after MCC receives actual knowledge of such violation, whichever is later.

ARTICLE 7.

GOVERNING LAW; AMENDMENTS; GENERAL

Section 7.1 Governing Law. This Agreement is an international agreement and as such will be governed by the principles of international law.

Section 7.2 Consultations. Either Party may, at any time, request consultations relating to the interpretation or implementation of this Agreement. Such consultations will begin at the earliest possible date.

Section 7.3 Representatives. For all purposes relevant to implementation of this Agreement, the Government will be represented by the individual holding the position of, or acting as, the President of the Republic of Kosovo, and MCC will be represented by the individual holding the position of, or acting as, the Vice President of the Department of Policy and Evaluation (each of the foregoing, a “**Principal Representative**”). Each Party, by written notice to the other Party, may designate one or more additional representatives (each, an “**Additional Representative**”) for all purposes of this Agreement except for purposes of Section 7.7(a). The Government hereby designates the Chief of Staff of the Presidency, the Chief of Staff of the Prime Minister, and the Chief Executive Officer of the Accountable Entity as Additional Representatives. MCC hereby designates the Deputy Vice President of the Department of Policy and Evaluation as an Additional Representative. A Party may change its Principal Representative to a new representative that holds a position of equal or higher authority upon written notice to the other Party.

Section 7.4 Communications. Any document or communication required or submitted by either Party to the other under this Agreement must be submitted in writing and, unless MCC agrees otherwise, in English, to such Party’s Principal Representative, and, if applicable, to such Party’s Additional Representative(s). For this purpose, the address of each Party is set forth below.

To MCC:

Millennium Challenge Corporation

Attention: Vice President, Department of Policy and Evaluation

(with a copy to the Vice President and General Counsel)

1099 Fourteenth Street NW

Washington, DC 20005

United States of America

Facsimile: +1 (202) 521-3700

Telephone: +1 (202) 521-3600

Email: VPPolicyEvaluation@mcc.gov (Vice President, Department of Policy and Evaluation)

VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Presidency of the Republic of Kosovo
Attention: President of the Republic of Kosovo
Mother Teresa Boulevard PN
10000 Pristina
Kosovo
Facsimile: +381 (0) 38 211 651
Telephone: +381 (0) 38 211 650 ext. (200) 12 503
Email: protocol@president-ksgov.net

Section 7.5 MCC Status. MCC is a United States government corporation acting on behalf of the United States Government in the implementation of this Agreement and the Program. MCC and the United States Government assume no liability for any claims or loss arising out of activities or omissions under this Agreement. The Government waives any and all claims against MCC or the United States Government or any current or former officer or employee of MCC or the United States Government for all loss, damage, injury, or death arising out of activities or omissions under this Agreement, and agrees that it will not bring any claim or legal proceeding of any kind against any of the above entities or persons for any such loss, damage, injury, or death. The Government agrees that MCC and the United States Government or any current or former officer or employee of MCC or the United States Government will be immune from the jurisdiction of all courts and tribunals of Kosovo for any claim or loss arising out of activities or omissions under this Agreement.

Section 7.6 No Assurance of Future Assistance. Nothing contained in this Agreement will be construed as creating an obligation on the part of MCC to provide any further funding or assistance, other than the Grant, in relation to any other project or program in Kosovo.

Section 7.7 Amendment.

(a) This Agreement may be amended by written agreement of the Parties. Such agreement will specify how it enters into force.

(b) Notwithstanding subsection (a) of this Section, the Parties agree that the Government and MCC may by written agreement which will enter into force upon signature (i) modify any Annex to this Agreement to, in particular, but without limitation, (A) suspend, terminate or modify any Activity described in Annex I or create a new Activity, (B) add, delete or waive any condition precedent described in Annex II, or (C) modify the designation or allocation of funds among the activities identified in Annex III; or (ii) extend the Completion Date; provided that, in each case, any such modification (A) is consistent in all material respects with the Project Objectives, (B) does not cause the amount of the Grant to exceed the aggregate amount specified in Section 2.1(a), and (C) does not cause the Government's responsibilities or contribution of resources to be less than as specified in this Agreement. Any such modification pursuant to this subsection (b) will not be deemed an amendment of this Agreement pursuant to subsection (a).

Section 7.8 Survival. The Government's obligations under Sections 2.4, 2.5, 3.2, 4.6, 6.2, 6.3, 7.1, and this Section 7.8 will survive the expiration, suspension, or termination of this Agreement.

Section 7.9 Definitions; Interpretation.

(a) Except as otherwise expressly provided herein, capitalized terms used in this Agreement will have the respective meanings given to such terms in Annex IV.

(b) Any reference to the term "including" in this Agreement will be deemed to mean "including, without limitation," except as expressly provided otherwise. Unless the context requires otherwise: (i) each definition of or reference to any agreement, instrument, law, regulation, policy, guideline, or similar document in this Agreement (or any other agreement entered into in connection with this Agreement), unless otherwise expressly set forth herein, will be construed as a reference to such agreement, instrument, law, regulation, policy, guideline, or similar document as it may, from time to time, be amended, revised, replaced, or extended, and will include any agreement, instrument, law, regulation, policy, guideline, or similar document issued under or otherwise applicable or related to such agreement, instrument, law, regulation, policy, guideline, or similar document; (ii) the words "herein", "hereof" and "hereunder," and words of similar import, will be construed to refer to this Agreement in its entirety and not to any particular provision hereof; (iii) all references herein to Articles, Sections, and Annexes I - IV will be construed to refer to the Articles and Sections of, and Annexes to, this Agreement, all of which form an integral part of this Agreement; (iv) any reference to the phrases "Unless MCC agrees otherwise" or "Unless the Parties agree otherwise" in this Agreement will be deemed to be followed by "in writing", except as expressly provided otherwise; (v) any approval right granted to MCC herein will only be satisfied upon the prior written approval of MCC.

Section 7.10 References to MCC Website. Each reference in this Agreement, or any other agreement entered into in connection with this Agreement, to a document or information available on, or notified by posting on, the MCC Website will be deemed a reference to such document or information as updated or substituted on the MCC Website by MCC from time to time.

Section 7.11 Signatures. Signatures to this Agreement and to any amendment to this Agreement (and to any other legally binding international agreement related to this Agreement) will be original signatures appearing on the same page or in an exchange of letters or diplomatic notes. With respect to all other documents arising out of this Agreement and amendments thereto, signatures may be delivered by facsimile or electronic mail and in counterparts and will be binding on the Party delivering such signature to the same extent as an original signature would be.

Section 7.12 Grant Reference. In all notices, requests, reports, or correspondence in connection with Grant funding, the following number should appear on any such document as the grant reference: TR16XKX17001.

ARTICLE 8.

ENTRY INTO FORCE

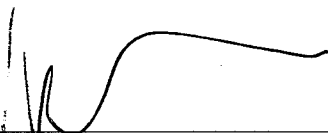
This Agreement will enter into force on the date of signature by the Parties.

SIGNATURE PAGE FOLLOWS ON NEXT PAGE.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed this Agreement.


Done at Washington, DC, this 12th day of September, 2017, in the English language.

FOR THE UNITED STATES OF
AMERICA, acting through THE
MILLENNIUM CHALLENGE
CORPORATION

A handwritten signature in black ink, appearing to be 'J. Nash', written over a horizontal line.

Name: Jonathan G. Nash
Title: Chief Executive Officer (Acting)

FOR THE REPUBLIC OF KOSOVO, acting
through THE PRESIDENT OF THE
REPUBLIC OF KOSOVO

A handwritten signature in black ink, appearing to be 'H. Thaci', written over a horizontal line.

Name: Hashim Thaci
Title: President of the Republic of Kosovo

ANNEX I

PROGRAM DESCRIPTION

Unless the Parties agree otherwise, the assistance provided under this Agreement will be utilized by the Government to support the following Program.

A. SUMMARY OF PROGRAM

The Program includes two Projects and their activities (each, an “*Activity*” and collectively, the “*Activities*”):

1. Reliable Energy Landscape Project.

The objective of the Reliable Energy Landscape Project is to reduce the current gap between energy demand and supply, by lowering energy use through piloting household investments in energy efficiency, switching to cost-effective non-electricity sources of heating, and reducing barriers to IPP entrants to the market.

The proposed Activities under this Project include:

(a) Activity 1.1: Pilot Incentives for Household Investment in Energy Efficiency (“*PIE Activity*”).

This Activity will support an investigation of the types of interventions, incentives, and program modalities that are the most cost-effective, so that these can inform the Government, which can adopt its own programs if desired, potentially through the Kosovo Energy Efficiency Agency’s Energy Efficiency Fund.

(i) *Household Incentives for Energy Efficiency Sub-Activity*. This Sub-Activity is designed to address two root causes of consumer over-use of electricity: (a) the general lack of consumer awareness of energy saving measures and their benefits; and (b) the lack of ability for low-income households to pay for them, through incentive piloting, regulatory support, and technical assistance/capacity building. Grant funding will support:

- Assessing and identifying barriers to household energy consumers adopting energy efficiency measures and developing a behavior change strategy to address these barriers, including engagement with women as primary household energy managers and users. This pilot will include various types of incentives and modality of delivery in order to identify which are the most cost-effective for reducing energy use for all households and particularly those feasible for lower-income households.
- Conducting outreach to consumers and identifying the most cost-effective and affordable measures for each household through energy audits and appropriate design. A formative assessment during the course of the pilot will provide cost-effectiveness data and guide which household-level incentives might be recommended for scale-up by the Kosovo Energy Efficiency Agency’s Energy Efficiency Fund.

- Providing technical assistance which is expected to include: investigating the potential of private energy service companies to serve public infrastructure and industrial/commercial sectors; ensuring the electricity tariff structure incentivizes energy efficiency to the greatest extent possible; and supporting the development of a two-tiered certification program for energy auditors that would create employment opportunities, including in particular for women, while maintaining an appropriate level of technical rigor.

(ii) *Ensuring Equal Economic Opportunities in the Energy Sector Sub-Activity.* This Sub-Activity is designed to address the barriers to the participation of women in the energy sector as employees and entrepreneurs. It will implement a series of proactive measures to leverage and create new opportunities to increase the employment of women, within the energy sector. This Sub-Activity will also support women's entrepreneurship in the energy sector through direct support that could include training and/or additional incentives. The Sub-Activity will seek concrete employment opportunities through entities that will be implementing threshold program activities, and will also partner with educational institutions and universities, government entities, and the private sector to strengthen women's economic opportunities in the sector.

(b) Activity 1.2: District Heating Metering.

This Activity is designed to test the cost-effectiveness of charging households for the energy they use through the district heating system and the responsiveness of households to direct price signals. Grant funding will support:

- Piloting different models to roll out district heating metering in the distribution system of Termokos, the public heating utility in Pristina, in order to gain information on cost-effectiveness of expanding consumption-based metering systems to all Termokos customers. This will entail feasibility work, formative research to design and implement a social and behavior change campaign, and small works.
- Supporting the design of tariffs for consumption based district heating, and assessing the needs of the Termokos billing system to support the transition from spatial billing to billing based on actual consumption.
- Investigating the formation of heat accounting companies or other options to provide related services to building owners and occupants as well as the formation of homeowners associations in larger apartment buildings as a means of encouraging collective decisions regarding energy efficiency.
- Investigating modalities for ensuring long-term sustainability of the district heating system.

(c) Activity 1.3: IPP Project Finance Facilitation.

Given the technical and financial gaps for renewable energy IPPs, this Activity will support technical assistance to bridge project development and financing hurdles faced by small and medium scale renewable energy projects. This Activity will support the development of financial

and technical assistance strategies and the exploration of new tools for potential partners in project preparation and new approaches to implementing commercial finance investments to generate longer-term funding capable of delivering IPP commercialization. MCC technical assistance is anticipated to provide project development support and institutional technical assistance to project sponsors, as well as help identify potential lending and investment partners. Grant funding will support:

- Developing feasibility studies to design the financial and technical assistance strategies.
- Providing technical expertise and administrative support to develop, and secure financing for, bankable projects through a sustainable mechanism.

2. Transparent and Accountable Governance Project.

The objective of the Transparent and Accountable Governance Project is to improve the public availability and analytical use of judicial, environmental, and labor force data by civil society, business, and the Government, thus promoting data driven decision-making.

The proposed Activities under this Project include:

(a) Activity 2.1: Public Access to Judicial Information.

Existing efforts by the Kosovo Judicial Council and Kosovo Prosecutorial Council, with the assistance of the Government of Norway, are targeting improvements to the judicial sector by implementing a case management information system and using that system to improve the administration of justice in Kosovo. This Activity would use data and information created by these and other related efforts and make it available and useful to the public. Grant funding will support:

- Creating an online platform for the public to access their personal case information and statistical data generated by the case management information system, as well as enabling disaggregation and analysis of data by meaningful categories, such as gender, region, or ethnicity;
- Supporting improved quality of judicial decisions for publication;
- Making judicial decisions publicly available through the online platform to encourage wider accessibility and analysis;
- Supporting improvement of communication and outreach by the judiciary and other rule of law institutions.

(b) Activity 2.2: Environmental Data Collection.

This Activity will support Government institutions involved in environmental protection and health, such as the Kosovo Environmental Protection Agency (“*KEPA*”), the Kosovo Hydrometeorological Institute (“*KHMF*”), and the Kosovo Institute of Public Health (“*KIPH*”), to effectively monitor and report on select environmental indicators to a variety of stakeholders,

including the public. The Activity will also strengthen the ability of civil society to interpret the data in order to engage more productively with the Government on environmental and health issues.

There may be other factors that drive KEPA and KHMI's ability to report data and use data for decision making, including incentives (both within the organization and in the environment in which KEPA operates), organizational structures, organizational processes, and staff knowledge. This Activity will discern the root causes of performance gaps as well as the assets and strengths that target organizations can leverage to improve performance. It will analyze factors that prevent data from being shared and used for decision-making. The Activity will address these constraints by working at the institutional level to deal with organizational processes and structures that create openings for data-driven decision making.

Proposed interventions include:

- Supporting a needs assessment of the factors that drive KEPA's ability to report and use data for decision-making, as well as current monitoring, data collection, reporting capacity for air, land and water, gaps in target indicators, and assessment of where other institutions are collecting environmental data;
- Providing support to ensure all equipment that monitors air quality is well placed, functional and communicating data automatically on the indicators of air quality that are currently measured, and ensuring that KEPA is able to keep those assets properly maintained and calibrated;
- Improving KEPA's environmental data management platform and reporting ability, ensuring data is shared regularly and publically in a machine-readable format;
- Supporting a needs assessment of KIPH's data analysis and communication capacity;
- Improving communication and coordination between KIPH, KEPA, and KHMI regarding the frequency, location, elements and parameters of data needs; and
- Improving KIPH's capacity to use environmental data to identify risks, prevent disease and the health consequences of environmental hazards.

In order to foster a constructive relationship with civil society, this Activity will also support civil society capacity building. Media representatives (digital, paper, television and radio), educational, and civil society organizations, will receive trainings on how to interpret, analyze, and present data about environmental pollution. Efforts will be made to ensure participation of women's civil society organizations and those of social minority groups, and to highlight environmental risks of particular relevance to these groups, and will include working closely with municipalities and local governments to use and contribute to data.

(c) Activity 2.3: Kosovo Open Data Challenge

This Activity aims to foster productive partnerships between the Government, private sector, and civil society, support innovation in data use and analysis, and develop a culture of information

sharing and evidence-based decision-making. The Kosovo Open Data Challenge (“**KODC**”) Activity will award grants through a competitive process to individuals or organizations who have innovative ideas about how to use, analyze, and present data to influence and support the Government’s analytical and public communication needs. To ensure the newly available data resulting from the Program and other sources is used to drive decision-making, the KODC Activity will engage, support, and connect local innovators, developers, and solution providers to use open data to help produce tools and analysis that responds to Government needs, thereby creating examples of constructive relationships between the Government, private sector, and civil society. The KODC Activity will support relevant Government entities to creatively share data, formulate their critical needs or questions, which they would like help in answering and identify innovative solutions that would help Government transparency and efficiency. The KODC Activity will also support the Government to implement or plan for implementation of solutions identified as part of the Activity. Through this process, the KODC Activity will in particular emphasize identification of potential inequalities related to gender, ethnicity, region, or other relevant disaggregations, and solution-oriented analysis of data, and adoption of those solutions.

The KODC Activity will award grants through multiple challenge windows in the following areas:

- Time use and Labor Force data with an emphasis on analysis of gender-specific barriers;
- Judicial data; and
- Environmental and energy data.

B. IMPLEMENTATION ARRANGEMENTS

The Program will be implemented through an Accountable Entity (with MCC oversight). The roles and responsibilities of the various entities involved in implementation are set forth below.

1. MCC

MCC will take all appropriate actions to carry out its responsibilities in connection with this Agreement and the Program, including, without limitation, exercise of its approval rights. MCC oversight of the Program is expected to include an MCC country director based in Pristina and an implementation support team from MCC headquarters, as well as MCC-managed consultants, who will work in Kosovo from time to time as necessary to perform their duties.

2. Fiscal Agent

Unless MCC agrees otherwise in writing, the Accountable Entity will engage a fiscal agent (a “**Fiscal Agent**”), who will be responsible for assisting the Accountable Entity with its financial management and assuring appropriate fiscal accountability of Grant funding, and whose duties will include those set forth in the agreement that the Accountable Entity enters into with the Fiscal Agent, which agreement will be in form and substance satisfactory to MCC.

3. Procurement

Based upon an assessment of local capacity and significant experience with donor-led procurements, a procurement unit within the Accountable Entity will manage procurements. A procurement manager who has the requisite skills and experience to manage the procurement processes planned for this Threshold Program (the “**Procurement Manager**”) will be hired by the Accountable Entity. The Procurement Manager will assure that the Accountable Entity adheres to the MCC Program Procurement Guidelines and ensure procurements are consistent with the Procurement Plan adopted by the Accountable Entity pursuant to this Agreement, unless MCC agrees otherwise in writing. MCC may require that the Accountable Entity engage an independent procurement advisor during the term of this Agreement.

4. The Government and the Accountable Entity.

The Government will take all appropriate actions to carry out its responsibilities in connection with this Agreement and the Program. To do so, the Government has designated the Accountable Entity pursuant to Section 3.2(b) to implement the Program and to exercise and perform the Government’s right and obligation to oversee, manage, and implement the Program, including without limitation, managing the implementation of the Projects, allocating resources and managing procurements. Specifically, the Accountable Entity will have operational and legal independence, including, *inter alia*, the ability to (1) enter into contracts in its own name; (2) sue and be sued; (3) establish a bank account in its own name; (4) expend Grant funding; and (5) engage contractors, consultants, and/or grantees.

The internal operations of the Accountable Entity will be governed by the terms and conditions of this Agreement, any related MCC policies and the Governing Documents, which will include bylaws providing further details on the Accountable Entity’s internal operations. The bylaws must be in form and substance acceptable to MCC.

The governance structure of the Accountable Entity will include a board of directors (the “**Board**”) that will have ultimate responsibility for the oversight, direction, and decisions of the Accountable Entity, as well as the overall implementation of the Program. It comprises seven voting members. The Board is initially expected to include the following voting members:

- (a) Chief of Staff of the Presidency;
- (b) Chief of Staff of the office of the Prime Minister;
- (c) Minister responsible for the energy sector;
- (d) Minister responsible for the justice sector; and
- (e) Three non-Government representatives (*e.g.*, representatives from the private sector, civil society, academia, or representatives from non-majority communities).

The members of the Board may be represented by alternates appointed pursuant to the Governing Documents. The non-Government representatives will be selected through an open and transparent process in form and substance acceptable to MCC. Other non-voting observers may

be included as named in the Governing Documents. In addition, the Chief Executive Officer of the Accountable Entity and MCC's resident country director in Kosovo will serve as non-voting observers of the Board. The Accountable Entity may also establish other non-executive and non-supervisory bodies, such as advisory councils or stakeholders committees.

In addition, the Grant will support the compensation of the staff of the Accountable Entity, upon prior written approval by MCC. The Government will ensure an open and competitive recruitment for Program-funded positions within the Accountable Entity. The Chief Executive Officer of the Accountable Entity will report to the Board. The management ("**Management Unit**") of the Accountable Entity will be led by the Chief Executive Officer and will be composed of other specialists and managers and will be primarily responsible for the day-to-day operations and management of the Accountable Entity, including contracting, program management, financial management, reporting, and monitoring and evaluation. The Management Unit will be supported by appropriate additional staff to enable the Management Unit to execute its roles and responsibilities. The Government is encouraged to contribute funds for office space, utilities, generators and related fuel, and the Accountable Entity will be supported by Government-funded staff as needed and provide such other in-kind support as required in the performance of their duties.

The Government will ensure that Government ministries, departments, agencies, and entities cooperate with the Accountable Entity in the implementation of the Program. As needed, the Accountable Entity and such other Government ministries, departments, agencies, and entities will enter into appropriate agreements to memorialize such cooperation and to assure the sustainability and maintenance of any Program Assets.

As needed, the Accountable Entity will enter into contracts, grants, cooperative agreements, or any other, similar arrangements with providers of goods and services in order to carry out the Program.

In addition, in carrying out its obligations pursuant to Section 4.5, the Accountable Entity will develop an environmental and social management system ("**ESMS**") to ensure that the Projects and Activities comply with the MCC Environmental Guidelines including the IFC Performance Standards, as well as with all national environmental laws and regulations, licenses and permits, except to the extent such compliance would be inconsistent with the Program and applicable MCC policies. Specifically, the Accountable Entity will: (a) cooperate with or complete, as the case may be, specifically for the Reliable Energy Landscape Project, a resettlement policy framework ("**RPF**"), together with any ongoing environmental and social impact assessments, and if necessary, undertake and complete any additional environmental and social assessments and analyses, such as environmental and social management plans, environmental and social audits, and resettlement action plans ("**RAPs**") required under the laws of Kosovo, the MCC Environmental Guidelines, or this Agreement, or as otherwise required by MCC, each in form and substance satisfactory to MCC; (b) ensure that environmental and social management plans are developed for relevant activities and all relevant measures contained in such plans are integrated into project design, the applicable procurement documents and associated finalized contracts, in each case, in form and substance satisfactory to MCC; and (c) implement to MCC's satisfaction appropriate environmental and social mitigation measures identified in such

assessments or plans or developed to address environmental and social issues identified during Program implementation.

C. MONITORING AND EVALUATION

This Part C of Annex I summarizes the M&E Plan for this Program. The actual structure and content of the M&E Plan, which may differ from those specified in this Part C of Annex I will be agreed to by MCC and the Government in accordance with the M&E Policy. In addition, the M&E Plan may be modified from time to time as described in the M&E Policy without requiring an amendment to this Part C of Annex I. The M&E Plan will be posted publicly on the MCC Website and updated as necessary.

1. Objective.

MCC and the Government will formulate and agree to, and the Government will implement or cause to be implemented, an M&E Plan that explains in detail how and what MCC and the Accountable Entity will (i) monitor to determine whether the Projects are on track to achieve their intended results (“**Monitoring Component**”), and (ii) evaluate to assess implementation strategies, provide lessons learned, determine cost-effectiveness and estimate the impact of Threshold interventions (“**Evaluation Component**”). The M&E Plan will summarize all indicators that must be reported to MCC on a regular basis, as well as a description of any complementary data to be collected for evaluation of the Program. The M&E Plan will also include any monitoring and evaluation requirements that the Accountable Entity must meet in order to receive Disbursements, and will serve as a communication tool so that staff of the Accountable Entity and other stakeholders clearly understand the objectives and targets the Accountable Entity is responsible for achieving. The results of M&E activities, measured by monitoring data and evaluations, will be made publicly available on the website of the Accountable Entity and on the MCC Website.

The M&E Plan will be finalized within 90 days of the beginning of implementation, after Activity-level work plans have been developed and adopted. In any case, the M&E Plan must be finalized prior to the second Disbursement of the Grant.

2. Program Logic.

The M&E Plan will summarize the clearly defined Project-level logic models, which for each Project illustrate how the Activities and sub-Activities (as necessary) contribute to the Project Objectives. These higher-level logic models will be complemented by lower level logic models at the Project, Activity, and/or sub-Activity levels (as necessary) depending on Program design and implementation. All logic models will clearly summarize the outputs, outcomes, and goal expected to result from the Program. A description of the logic underlying each Project is included below:

Reliable Energy Landscape Project.

The fact that demand for electricity significantly outstrips supply in Kosovo is the identified problem. Household electricity demand is mainly driven by household demand for outputs like lighting, heating, cooling, and cooking. Investments in energy efficiency are made to produce the

same level of output from a reduced number of units of energy input. The Reliable Energy Landscape Project will address two root causes and barriers to investment: the general lack of consumer awareness of energy saving measures and their benefits, and for poor households, the lack of ability to pay for them. The proposed approach to address these root causes involves a mix of awareness raising, incentive piloting (to make investments affordable to the poor), regulatory support, and technical assistance/capacity building.

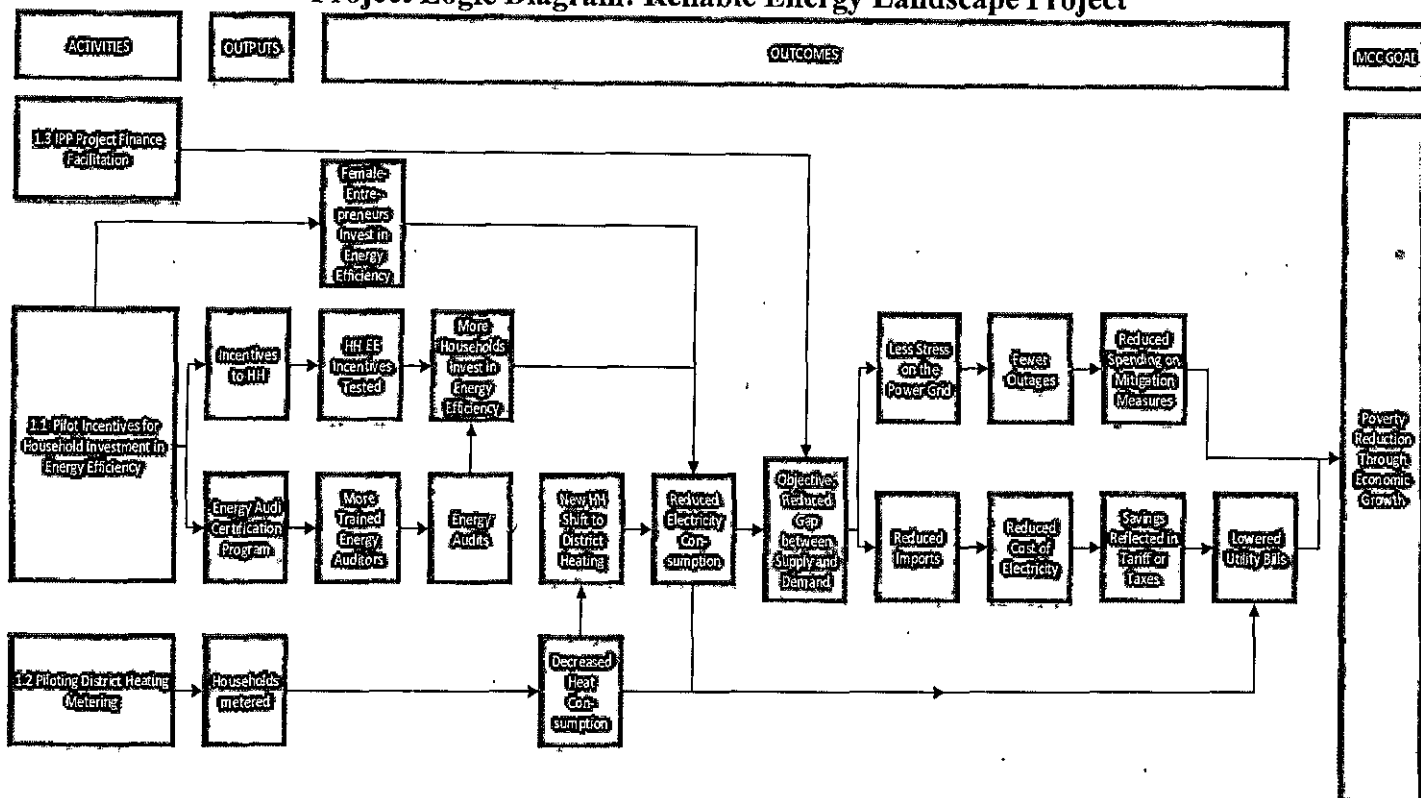
The objective of the Reliable Energy Landscape Project is to reduce the current gap between energy demand and supply, by lowering energy use through piloting household investments in energy efficiency, switching to cost-effective non-electricity sources of heating, and reducing barriers to IPP entrants to the market. As a pilot, this Project also aims to create knowledge. As such, results beyond this objective in the logic are notional and not to be causally claimed by this Project. They are what is logically expected to happen if the pilot were to be scaled.

The adoption of energy efficiency investments by consumers should reduce overall electricity demand in Kosovo, thereby reducing the stress on the grid (especially in winter, when demand is very high) leading to a reduction in outages and cost savings for businesses that currently must pay for expensive mitigation measures. Reducing overall demand will also decrease the total number of days each year that demand exceeds supply, when imports of relatively expensive electricity is required. This will reduce the overall cost of electricity, and would be reflected, compared to the counterfactual, in a lower tariff or taxes.

Potential barriers to women's activity in the labor market are a critical cross-cutting risk that might impact the ability to deliver benefits, in particular economic and employment opportunities in a largely male-dominated sector. The proposed approach to addressing this is through designing a set of incentives to boost women's employment and entrepreneurship in the sector, directly tied to the economic opportunities that the project is likely to provide.

The Project logic below also shows the potential supply Activity (IPP Project Finance Facilitation Activity), and how it fits into the Program logic, if we decide to include it in the Program. It directly addresses some of the longer-term outcomes that the Program foresees.

Project Logic Diagram: Reliable Energy Landscape Project



Problem Statement: A core problem causing a lack of reliable electricity supply in Kosovo is that demand significantly outstrips supply.

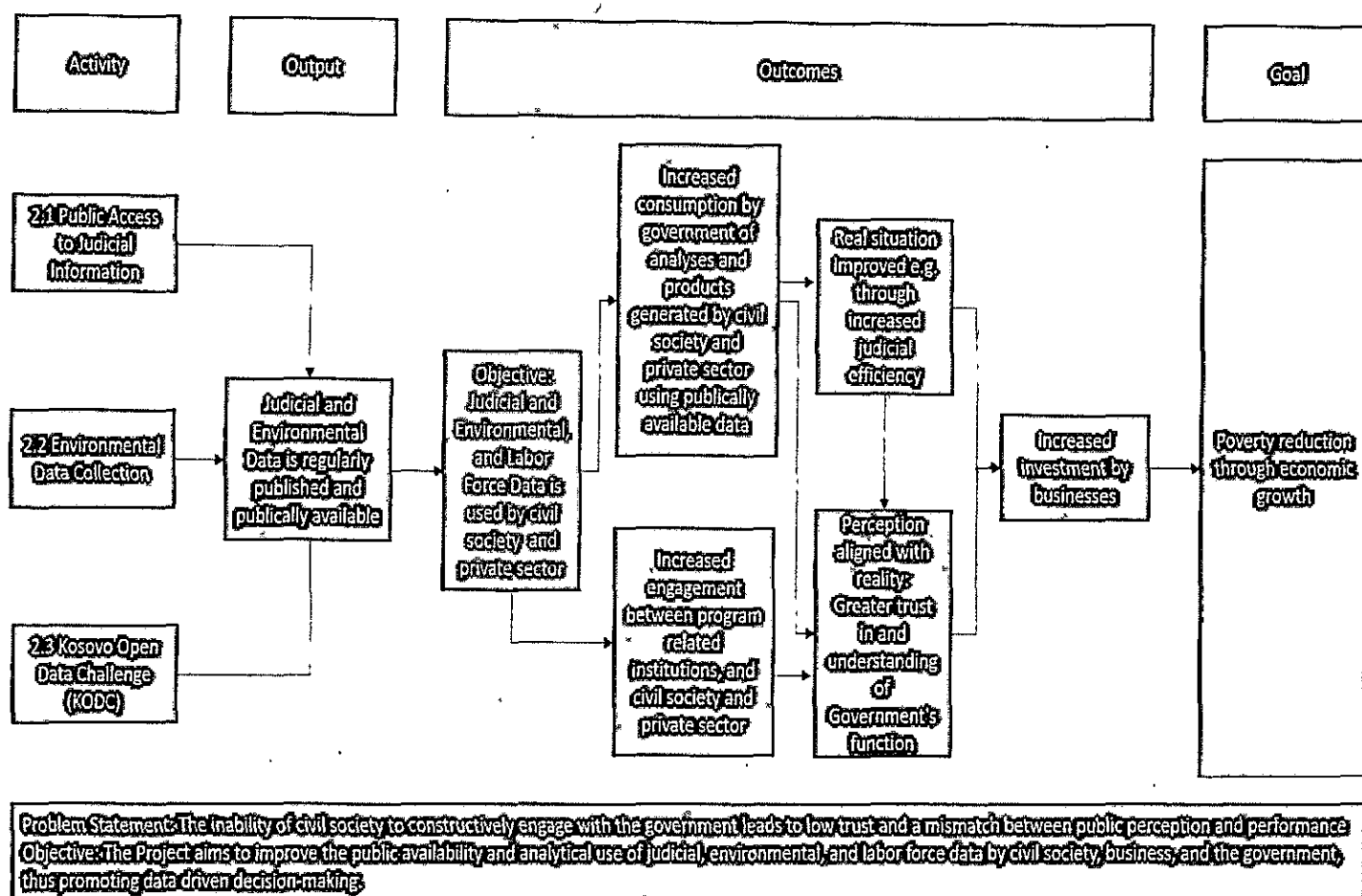
Objective: The objective of the Reliable Energy Landscape Project is to reduce the current gap between energy demand and supply, by lowering energy use through piloting household investments in energy efficiency, switching to cost-effective non-electricity sources of heating, and reducing barriers to independent power producer ("IPP") entrants to the market.

Transparent and Accountable Governance Project

The fact that civil society and non-governmental organizations (“*NGOs*”) cannot engage constructively with the Government due to lack of publically available data and adequate outreach is the identified problem. This leads to a perception of poor government performance, at least part of which is based on reality, and undermines investor confidence. The objective of the Transparent and Accountable Governance Project is to improve the public availability and analytical use of judicial, environmental, and labor force data by civil society, business, and the Government, thus promoting data driven decision-making. This may logically address the inability of civil society to constructively engage with the Government. As a first step, public perception must align with the reality of public performance.

The creation of a public judicial portal will support improved quality and readiness of judicial decisions for publication on the internet, and allow judicial accountability to the public. Regularly produced, machine-readable environmental data on the internet as well as the KODC Activity will make data available to the civil society and NGOs. This will support critical analyses and use of key judicial, environmental, and labor force statistics by the public. There may be an opportunity for Government officials to use these analyses in policy related decision-making. With additional support to the communication capabilities of select ministries and agencies to conduct outreach with civil society, as well as each other, greater trust and collaboration is expected to be fostered between civil society and Government stakeholders to produce creative solutions to respond to Government needs. This should contribute to an improvement in the perception of Government function and improved investor confidence. This theory of change is contingent upon the scale and adoption of the data transparency culture, and therefore the higher order outcomes may be modest.

Project Logic Diagram: Transparent and Accountable Governance Project



Risks and Assumptions

The M&E Plan will also outline key assumptions and risks that underlie the accomplishment of the theory of change summarized in the program logic. However, such assumptions and risks will not excuse any party's performance unless otherwise expressly agreed to in writing by the other party. The known assumptions and risks include:

Reliable Energy Landscape Project: PHE Activity Risks				
Risk Category	Risk Description	Probability	Impact	Risk Mitigation
Results Risk	Tariff rate risk: Tariffs will go up more than household energy bills go down, so households don't save money even if they're using less electricity	Medium	Medium	The Program will work with the regulatory office to continue to consider tariff policies.
Results Risk	Tariff structure risk: A proposed change to eliminate certain features of the current tariff (rising block rates, seasonal differences) remove price signals that incentivize efficiency measures	High	Medium	A concerted public education and outreach campaign will focus on the benefits of investments in energy efficiency.
Results Risk	Behavior change: Adopting efficiency solutions may involve investments or coordination (e.g., forming homeowners associations) that are too difficult	High	Medium	Energy audits should help at least provide information to coordinate around.
Evaluation Risk	The pilots may not give us the information we need to make strong recommendations due to problems with power, timing, etc. of the evaluation activities compared with the implementation.	Low	High	Evaluation (though not independent evaluation) should be built into the activities themselves to ensure that some information comes out as the Program proceeds. Additionally, requirements for close coordination between implementers and independent program evaluators will be built into the contracts.

Reliable Energy Landscape Project: District Heating Metering Activity Risks				
Risk Category	Risk Description	Probability	Impact	Risk Mitigation
Results risk	Tariff risk: Tariff has to go up to discourage people from consuming their present amount of heat. Will behavioral response be such that overall expenditures on heat go down?	Medium	Medium	The Program will work with the regulatory office to continue to consider tariff policies.

Results risk	Behavior risk: A switch to consumption-based billing alone may not affect consumer behavior to reduce use of heating.	High	Medium	Energy auditing to ensure consumers know the benefits of behavior change; marketing to provide social pressure to lower energy consumption.
Sustainability and results risk	Will metering result in both lower household bills for customers and higher profits for Termokos (who must invest in expanding infrastructure)?	Medium	Medium	
Results risk	Saved energy in the district heating system may not actually be able to be used for expansion of the network if demand rises and falls uniformly and the system is at capacity.	Low	Medium	
Sustainability risk	The switch to individual consumption metering may not be cost-effective.	Medium	Medium	The Program will work with Termokos and the regulatory office to consider other billing mechanisms
Results risk	Customers may tamper with meters/heat cost allocators to avoid paying			Designing tamper-resistant systems and working with Termokos to conduct regular maintenance and enforcement of installed systems

Transparent and Accountable Governance Project Risks				
Risk Category	Risk Description	Probability	Impact	Risk Mitigation
Results risk	Users of data provided by the Government will continue to use it in an adversarial fashion, providing a disincentive to the Government to release	Medium	High	Project is explicitly designed to teach and encourage stakeholders to work with the Government in a constructive fashion
Results risk	Delays in CMIS completion may cause delays in implementing the Transparent and Accountable Governance Project	Low	High	Design the project implementation to run in parallel
Results risk	Data will not be available in time to analyze data as part of the KODC Activity	Medium	Medium	If some data is not available, conduct KODC Activity windows with other available data. Work to ensure sustainability of interest and ability of civil society and others in collaborating with government
Political risk	Judges will object to their decisions being published on the internet	Medium	High	Provide judges a standard template for publishing decisions, outreach, and technical assistance.

Political risk	Kosovo Judicial Council and Kosovo Prosecutorial Council may not be willing to press for greater openness in judicial data or use of judicial statistics in performance management.	Medium	Medium	Join with other donors to push for reforms that will have the biggest impact on improvement on judicial functioning.
Sustainability risk	There may not be sufficient resources allocated to KEPA and KHMI to cover their human resource, maintenance, and data management needs in order for the institutions to fulfill their environmental data monitoring and reporting mandate.	Medium	High	Work with KHMI, KEPA, and MESP to use new data to identify priorities in the sector and advocate for necessary resources during budgetary review processes.

3. Monitoring Component

As defined in the M&E Policy, monitoring is the continuous, systematic collection of data on specified indicators to provide indications of progress toward objectives and the achievement of intermediate results along the way. To monitor progress toward the achievement of results of this Program, the Monitoring Component of the M&E Plan will identify (i) the Indicators (as defined below), (ii) the definitions of the Indicators, (iii) the sources and methods for data collection, (iv) the frequency for data collection, (v) the party or parties responsible for collecting and analyzing relevant data, and (vi) the timeline for reporting on each Indicator to MCC. It should be noted that some indicators will continue to be tracked after the Completion Date as necessary.

3.1 Goal, Outcome, Output, and Process Indicators. The M&E Plan will measure the results of the Program using quantitative, objective, and reliable data ("**Indicators**").

The M&E Plan will establish baselines for every Indicator (each a, "**Baseline**"). An Indicator's Baseline should be established prior to the start of the corresponding Project, Activity, and/or sub-Activity. Baselines demonstrate that the problem can be specified in measurable terms, and are thus a pre-requisite for adequate intervention design. The Government will establish Baselines on the selected Indicators or verify already collected Baselines where applicable.

- (a) The M&E Plan will establish a benchmark for each Indicator that specifies the expected value and the expected time by which the result will be achieved ("**Target**").
- (b) The M&E Plan will indicate which Indicators will be disaggregated by gender, income level, and age, and beneficiary types to the extent practical and applicable.
- (c) MCC's Common Indicators (as described in the M&E Policy) will also be included as relevant. These will be denoted by the Common Indicator code.

- (d) Subject to prior written approval from MCC and in accordance with the M&E Policy, the Government may add Indicators or refine the definitions and Targets of existing Indicators.
- (e) The Accountable Entity must report to MCC on monitoring Indicators in the M&E Plan on a quarterly basis using an Indicator Tracking Table (“*ITT*”) in the form provided by MCC. No changes to Indicators, Baselines, or Targets may be made in the ITT until the changes have been approved in the M&E Plan. Additional guidance on Indicator reporting is contained in MCC’s Guidance on Quarterly MCA Disbursement Request and Reporting Package. In the case that the Accountable Entity submits a six-month disbursement request, the ITT must still be submitted quarterly.

Key Indicators that can be reported on at least an annual basis will be included in quarterly monitoring indicator reports, while Indicators that require survey data or a longer time period to track will be tracked for evaluation purposes. The M&E Plan will contain the monitoring Indicators listed in Schedule A to Annex I.

4. Evaluation Component

While good program monitoring is necessary for program management, it is not sufficient for assessing ultimate results. MCC therefore advocates the use of different types of evaluations as complementary tools to better understand the effectiveness of its programs. As defined in the M&E Policy, evaluation is the objective, systematic assessment of a program’s design, implementation, and results. MCC is committed to making its evaluations as rigorous as warranted in order to understand the causal impacts of its programs on the expected outcomes and to assess cost-effectiveness. The Evaluation Component of the M&E Plan may contain three types of evaluation activities as necessary: (i) independent evaluations (impact and/or performance evaluations); (ii) self-evaluation, and (iii) special studies, each of which is further described in the M&E Policy.

- (a) Independent Evaluations. Every Project must undergo a comprehensive, independent evaluation (impact and/or performance) in accordance with the M&E Policy. The Evaluation Component of the M&E Plan will describe the purpose of the evaluation, methodology, timeline, required MCC approvals, and the process for collection and analysis of data for each evaluation. All independent evaluations must be designed and implemented by independent, third-party evaluators. If the Government wishes to engage an evaluator, the engagement will be subject to the prior written approval of MCC. Contract terms must be acceptable to MCC and ensure non-biased results and the publication of results.

For each independent evaluation, the Accountable Entity is expected to review and provide feedback to independent evaluators on the evaluation design reports, evaluation materials (including questionnaires), baseline report (if applicable), and any interim/final reports in order to ensure proposed evaluation activities are feasible, and final evaluation products are technically and factually accurate.

Evaluation: Reliable Energy Landscape Project.

This Project may be evaluated through a combination of impact and performance evaluation methods.

To meet MCC's requirement of an independent evaluation, the independent evaluator cannot influence project design. While the PIE and District Heating Metering Activities are planned to include a formative evaluation, the independent evaluator will have to be a separate entity. However, both the formative and the independent evaluator can share data and MCC M&E staff will provide technical assistance to both aspects.

The evaluation will include a process study, assessing the fidelity of implementation to the original design, and setting the stage for the assessment of results further down the logical chain. Performance evaluation methods may be used to assess results beyond the project objective, making use of quantitative data from the Kosovo energy sector as a whole.

The questions that will guide the design of the evaluation may include:

- Do households consume less electricity as a result of the Project? This links to the following indicators in Schedule A to Annex I: Household Electricity Consumption
- Does a reduction in household electricity demand reduce the incidence of peak demand outstripping electricity supply, and subsequent power outages and import of power? This links to the following indicators in Schedule A to Annex I: Supply & Demand Gap, Load Factor, System Average Interruption Frequency Index, Imported Power.

Evaluation: Transparent and Accountable Governance Project.

This Project is expected to be evaluated through a performance evaluation, incorporating quantitative data where feasible. The evaluation will include a process study, assessing the fidelity of implementation to the original design, and setting the stage for the assessment of results further down the logical chain. The questions that will guide the design of the evaluation may include:

- To what degree does the Government pay attention to or consume analyses done by non-government entities and whether that factors into any policy decision-making? This links to the following indicator in Schedule A to Annex I: Data-driven policy process (judicial & environmental)
- Does the availability and of publically available data change the perception of Government function and performance within the judicial and environmental sectors? This links to the following indicators in Schedule A to Annex I: Public perception based on UNDP Pulse Survey (judicial & environmental), Public perception based on Kosovo Mosaic (judicial & environmental)
- Is there a measureable improvement in judicial efficiency as defined by case processing time and variance? Is it attributable to the intervention? This links to the following indicators in Schedule A to Annex I: Processing Time and Processing Variation

- Does the existence of transparent environmental data create enough political will for the Government to act? This links to the following indicator in Schedule A to Annex I: Reality Improvement (TBD)
- Is there a noticeable change after investment by businesses this intervention? This links to the following indicator in Schedule A to Annex I: Business Investment

The M&E Plan will contain the evaluation Indicators listed in Schedule A to Annex I.

- (b) Self-Evaluation. Following the Completion Date, both MCC and the Accountable Entity will comprehensively assess three fundamental questions: (i) Did the Program meet the Project Objectives; (ii) Why did the Program meet or not meet the Project Objectives; and (iii) What lessons can be learned from the implementation experience (both procedural and substantive). Relevant MCC staff will draft a performance review within six months after the Completion Date to evaluate these fundamental questions and other aspects of Program performance. Each MCC division will be responsible for drafting its own section of the performance review, subject to cross-department review.
- (c) Special Studies. Plans for conducting special studies will be determined jointly between the Government and MCC before the approval of the M&E Plan. The M&E Plan will identify and make provision for any special studies, *ad hoc* evaluations, and research that may be needed as part of the monitoring and evaluating of Program. Either MCC or the Government may request special studies or *ad hoc* evaluations of Projects, Activities, or the Program as a whole, prior to the Completion Date.

The results of all evaluations will be made publicly available in accordance with the M&E Policy.

5. Data Quality Reviews.

Data Quality Reviews (“**DQR**”) are a mechanism to review and analyze the utility, objectivity, and integrity of performance information. DQRs are to cover: a) quality of data, b) data collection instruments, c) survey sampling methodology, d) data collection procedures, e) data entry, storage and retrieval processes, f) data manipulation and analyses and g) data dissemination. MCC requires that an independent entity conduct the DQR, such as a local or international specialized firm or research organization, or an individual consultant, depending on the size of the Program or Project in review. The frequency and timing of data quality reviews must be set forth in the M&E Plan; however MCC may request a DQR at any time. DQRs should be timed to occur before or early enough in the term of this Agreement that meaningful remedial measures (if any) may be taken depending on the results of the review. The methodology for the review should include a mix of document and record reviews, site visits, key informant interviews, and focus groups.

6. Other Components of the M&E Plan.

In addition to the monitoring and evaluation components, the M&E Plan will include the following components:

- (a) Data Collection and Reporting. The M&E Plan will describe the guidelines that will be used to collect data, store, process and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the M&E Plan is at all times accessible and useful to those who wish to use it. The guidelines will take into consideration the requirement and data needs of the components of the Program, identify responsible parties, and will be aligned with existing MCC systems, other service providers, and ministries. The M&E Plan will describe any interim MCC approvals for data collection, analysis, and reporting plans.
- (b) Budget. A detailed cost estimate for all components of the M&E Plan.

7. Responsibility for Developing the M&E Plan.

MCC desires to “[refrain] from requesting the introduction of performance indicators that are not consistent with countries’ national development strategies.”¹ For this reason, primary responsibility for developing the M&E Plan lies with the M&E staff of the Accountable Entity with support and input from MCC’s M&E and economist staff. The M&E Plan must be developed in conjunction with key stakeholders, including the leadership and sector leads of the Accountable Entity, the MCC Resident Country Mission, and other MCC staff (such as Environmental and Social Performance and Gender and Social Inclusion), as well as external stakeholders, as applicable. While the entire M&E Plan must be developed collaboratively, MCC and the Accountable Entity Project/Activity leads are expected to guide the selection of Indicators at the process and output levels that are particularly useful for management and oversight of Projects and Activities.

8. Approval and Implementation of the M&E Plan.

The approval and implementation of the M&E Plan, as amended from time to time, will be in accordance with this Agreement, any other relevant supplemental agreement and the M&E Policy. All M&E Plan modifications proposed by the Accountable Entity must be submitted to MCC for prior written approval. The M&E Plan may undergo peer review within MCC before the beginning of the formal approval process.

9. Post-Program M&E Plan.

As part of the planning process for winding up the Program at the end of the term of this Agreement, MCC and the Accountable Entity will develop a post-Program M&E Plan designed to observe the persistence of benefits created under this Program. This plan should describe future monitoring and evaluation activities, identify the individuals and organizations that will

¹ Busan Partnership for Effective Development Cooperation, Busan Outcome Document, 1 December 2011, p. 5

undertake these activities, and provide a budget framework for future monitoring and evaluation. The post-Program M&E Plan should build directly off the M&E Plan.

SCHEDULE A TO ANNEX I

INDICATORS

Indicators that will be used for monitoring and evaluating the Program and that will be included in the M&E Plan are set forth below. Evaluation indicators are marked with a (*); the remaining indicators are Monitoring indicators:

Result	Indicator Name	Definition	Unit	Baseline	Threshold Target
Project 1: Reliable Energy Landscape Project					
Outcome Indicators					
Savings Reflected in Tariff or Taxes	Tariff Rate	Cost per KWH of Electricity to Consumers	USD	TBD	TBD
Reduced Cost of Electricity	Cost of Electricity	Maximum Allowed/Authorized Revenue	Euro	253,100,000 ²	TBD
Reduced Imports	Imported Power	Quantity of Imports	MWh	TBD	TBD
Reduced Spending on Mitigation Measures	Spending on Mitigation Measures*	Amount Businesses Spend on Electricity Outage Mitigation Measures	USD	TBD	TBD
Fewer Outages	System Average Interruption Frequency Index	Sum of customer-interruptions in a quarter / Total number of customers connected to network in the same quarter. (Unplanned, Distribution)	Number	50.7 (2015) Source: ERO Annual Report 2015, pg. 57	TBD
Less Stress on the Power Grid	Load Factor	The average load/peak load in a specified time period (usually a year)	Percentage	TBD	TBD
Lowered Utility Bills	Electricity Expenditure*	Household Total Electricity Bill	USD	TBD	TBD
Objective: Reduced Gap Between Supply and Demand	Supply & Demand Gap	Demand minus Supply	GWh	TBD	TBD
Reduced Electricity Consumption	Household Electricity Consumption*	Electricity Consumption Per Household in Project Participant Population	kWh	TBD	TBD
Activity 1.1: PIE Activity					
Outcome Indicators					
More Trained Energy Auditors	Energy Auditors	Number of Certified Energy Audit Technicians	Number	TBD	TBD
Energy Audits	Energy Audits	Number of Energy Audits Conducted by project implementer(s)	Number	TBD	TBD

² Source: Consultation Paper, The Tenth Electricity Tariff Review ETR10 (2016-201) Public Electricity Supplier (KESCO) Maximum Allowed Revenues Calculation (Relevant Year 4), February 2016, pg. xiii, Table "PES MAR", Column "ETR9 Actual", Row "FPEE MAR"

Female entrepreneurs Invest in Energy Efficiency	Business Investment in Energy Efficiency (Amount)*	Amount (USD) of Female entrepreneurs Investment in Energy Efficiency	USD	TBD	TBD
	Business Investment in Energy Efficiency (Number)*	Number of Female entrepreneurs Investing in Energy Efficiency	Number	TBD	TBD
More Households Invest in Energy Efficiency	Household Investment in Energy Efficiency	Amount (USD) of Household Investment in Energy Efficiency	USD	TBD	TBD
Household Energy Efficiency Incentives Tested	Incentives Tested	Number of Variations of Incentive Packages Rigorously Tested	Number	0	TBD
Output Indicators					
Incentives to Households	Incentives Provided	Number of households provided incentives	Number	0	TBD
Female Entrepreneurs Invest in Energy Efficiency	TBD	TBD	TBD	TBD	TBD
Energy Audit Certification Program	Energy Audit Certification Program	Two-Tiered Certification Program for Energy Auditors Developed	Date	N/A	TBD
Activity 1.2: District Heating Metering					
Outcome Indicators					
New Household Shift to District Heating	New District Heating Households	Number of Households Using District Heating	Number	TBD	TBD
Decreased Heat Consumption	District Heating Energy Consumption	Decreased Energy Consumption from the District Heating System per Connection	MegaWatt Thermal	TBD	TBD
Output Indicators					
Households Metered	Meters Installed	Number of District Heating Meters Installed in Households	Number	TBD	TBD
Activity 1.3: IPP Project Finance Facilitation					
Outcome Indicators					
TBD	TBD	TBD	TBD	TBD	TBD
Output Indicators					
TBD	TBD	TBD	TBD	TBD	TBD
Project 2: Transparent and Accountable Governance Project					
Result	Indicator Name	Definition	Unit	Baseline	Target
Outcome Indicators (Project Level)					
Increased investment by businesses	Business investment	Increased investment by business as measured by national accounts	Percentage	TBD	TBD

Activity 2.1: Public Access to Judicial Information					
Outcome Indicators					
Real situation improved	Processing Time (judicial)	Average length of proceedings	Days	TBD	TBD
	Processing Variation (judicial)	Variance in length of proceedings	Days	TBD	TBD
Perception aligned with reality: Greater trust in and understanding of Government's function	Public Perception based on UNDP Pulse survey (judicial)*	Positive public perception about judicial ministry performance as measured by the UNDP Pulse Survey	Percentage	TBD	TBD
	Public perception based on UNDP Kosovo Mosaic (judicial)*	Public perception about judicial government performance as measured by Kosovo Mosaic Survey	Percentage	TBD	TBD
Increased engagement between program related institutions, and civil society and private sector	Number of public meetings (judicial)	Number of public information sessions or meetings held by ROL institutions	Number	TBD	TBD
Increased consumption by government of analyses and products generated by civil society and private sector using publically available data	Data-driven policy process (judicial)*	Percentage of government officials considering judicial analyses in the decision-making process	Percentage	TBD	TBD
Objective: Increased Judicial, Environmental, and labor force data is used by civil society and private sector	Public Data Used (judicial)	Number of analytical articles/ reports generated by domestic civil society and private sector based on the judicial data that has been made public	Number	0	TBD
	Public Data accessed (judicial)	Website traffic (hits) on the public sites for judicial data, per month	Number	0	TBD
Output Indicators					
Judicial and environmental data is regularly published and publically available	Public data availability (judicial)	Number of machine readable datasets publically available (judicial)	Number	0	TBD
Activity 2.2: Environmental Data Collection					
Outcome Indicators					
Real Situation Improved	TBD Reality Improvement (environmental)	TBD	TBD	TBD	TBD

Perception aligned with reality: Greater trust in and understanding of Government's function	Public Perception based on UNDP Pulse survey (environmental)*	Positive public perception about environmental ministry performance as measured by the UNDP Pulse Survey	Percentage	TBD	TBD
	Public perception based on Kosovo Mosaic (environmental)*	Public perception about environmental government performance as measured by Kosovo Mosaic Survey	Percentage	TBD	TBD
Increased engagement between program related institutions, and civil society and private sector	Number of public meetings (environmental ministry)	number of public information sessions or meetings held by environmental ministries	Number	TBD	TBD
Increased consumption by government of analyses and products generated by civil society and private sector using publically available data	Data-driven policy process (environmental)*	Percentage of government officials considering environmental analyses in the decision-making process	Percentage	TBD	TBD
Objective: Increased Judicial, Environmental, and Labor Force data is used by civil society and private sector	Public Data Used (environmental)	Number of analytical articles/reports generated by domestic civil society and NGOs based on the environmental data that has been made public	Number	0	TBD
	Public data accessed (environmental)	Website traffic (hits) on the public sites for environmental data, per month	Number	0	TBD
Output Indicators					
Judicial and environmental data is regularly published and publically available	Public data availability (environmental)	Number of machine readable datasets publically available (environmental)	Number	0	TBD
Activity 2.3: Kosovo Open Data Challenge					
Outcome Indicators					
Result TBD	TBD	TBD	TBD	0	TBD
Output Indicators					
Kosovo Open Data Challenge Grants	KODC Grants Awarded	Number of Grants Awarded	Number	0	TBD

ANNEX II

CONDITIONS PRECEDENT TO DISBURSEMENTS

Applicable to the Program:

1. Prior to the second Disbursement, the Accountable Entity must have developed and adopted a Work Plan pursuant to Section 4.1(c), in form and substance acceptable to MCC.
2. Prior to the second Disbursement, the Accountable Entity will have developed and approved a comprehensive Program-wide ESMS.
3. Prior to the second Disbursement, the Accountable Entity will have developed and approved a comprehensive Program-wide Social and Gender Integration Plan.
4. Prior to the second Disbursement, the Accountable Entity must have developed and adopted an M&E Plan pursuant to Section 4.2, in form and substance acceptable to MCC.
5. Prior to the third Disbursement, the Accountable Entity will have developed and approved an RPF.
6. Prior to the initial Disbursement that includes any payment for physical works under a given Project or Activity, as determined by MCC, the Accountable Entity must have submitted to MCC evidence in form and substance satisfactory to MCC that:
 - (a) The Accountable Entity has developed an Environmental and Social Impact Assessment (“*ESIA*”); an Environmental and Social Management Plan (“*ESMP*”); and/or a RAP (in each case as appropriate), and/or the relevant Government entity has enacted any necessary national legal provisions necessary for timely implementation of property takings required by such RAP, each of which must be in form and substance satisfactory to MCC in accordance with the MCC Environmental Guidelines and IFC Performance Standards; and
 - (b) The Accountable Entity or the appropriate Government entity is implementing the requirements of each ESMS, ESIA, ESMP, Health and Safety Management Plan (“*HSMP*”) or RAP, as appropriate, in all material respects and consistent with the MCC Environmental Guidelines (including the IFC Performance Standards that are incorporated by reference therein).
7. Prior to the initial Disbursement for the Environmental Data Collection Activity, the Ministry of Environment and Spatial Planning (“*MESP*”) will have provided evidence that it has removed the prohibition that prevents KEPA from publishing data in machine readable formats.
8. Prior to the initial Disbursement for the Environmental Data Collection Activity, MESP will have adopted a maintenance and calibration plan, acceptable to MCC, to ensure that air quality sensors owned by KEPA are kept in working order.

ANNEX III
ALLOCATION OF GRANT FUNDING

Kosovo (US\$)	
Reliable Energy Landscape Project	
Activity 1.1 Pilot Incentives for Household Investment in Energy Efficiency	20,700,000
Activity 1.2 District Heating Metering	10,900,000
Activity 1.3 IPP Project Finance Facilitation	2,400,000
Transparent and Accountable Governance Project	
Activity 2.1 Public Access to Judicial Information	4,000,000
Activity 2.2 Environmental Data Collection	3,000,000
Activity 2.3 Kosovo Open Data Challenge	1,300,000
Program Administration and Monitoring and Evaluation	
Program Administration	5,000,000
Monitoring and Evaluation	1,700,000
Program Total	49,000,000

ANNEX IV

DEFINITIONS

The following compendium of capitalized terms that are used herein is provided for the convenience of the reader. To the extent that there is a conflict or inconsistency between the definitions in this Annex IV and the definitions elsewhere in the text of this Agreement, the definition elsewhere in this Agreement will prevail over the definition in this Annex IV.

***Accountable Entity** has the meaning provided in Section 3.2(b).*

***Activity or Activities** has the meaning provided in Part A of Annex I.*

***Additional Representative** has the meaning provided in Section 7.3.*

***Agreement** has the meaning provided in the Preamble.*

***Audit Plan** has the meaning provided in Section 4.1(d).*

***Auditor** has the meaning provided in Section 4.1(d).*

***Bank** has the meaning provided in Section 5.1(c)(i).*

***Bank Agreement** has the meaning provided in Section 5.1(c)(i).*

***Baseline** has the meaning provided in paragraph 3.1(a) of Part C of Annex I.*

***Board** has the meaning provided in paragraph 4 of Part B of Annex I.*

***Common Payment System** has the meaning provided in Section 5.1(b)(iii).*

***Completion Date** has the meaning provided in Section 6.1.*

***Covered Provider** has the meaning given to that term in the MCC Audit Guidelines.*

***Detailed Financial Plan** has the meaning provided in Section 4.1(a).*

***Disbursement** has the meaning provided in Section 2.1(b).*

***Disbursement Period** has the meaning provided in Section 5.1(a).*

***Disbursement Request** has the meaning provided in Section 5.1(a).*

***DQR** has the meaning provided in paragraph 5 of Part C of Annex I.*

***Economic and Technical Cooperation Agreement** has the meaning provided in Section 2.5(b).*

***ESIA** has the meaning provided in paragraph 6(a) of Annex II.*

ESMP has the meaning provided in paragraph 6(a) of Annex II.

ESMS has the meaning provided in paragraph 4 of Part B of Annex I.

Evaluation Component has the meaning provided in paragraph 1 of Part C of Annex I.

Fiscal Accountability Plan has the meaning provided in Section 4.4.

Fiscal Agent has the meaning provided in paragraph 2 of Part B of Annex I.

Governing Document has the meaning provided in Section 4.9(g).

Government has the meaning provided in the Preamble.

Grant has the meaning provided in Section 2.1(a).

GWh means gigawatt-hours.

HSMP has the meaning provided in paragraph 6(a) of Annex II.

IFC Performance Standards has the meaning provided in Section 4.5(a).

Implementation Letter has the meaning provided in Section 4.10.

Implementation Plan has the meaning provided in Section 4.1.

Implementation Plan Document has the meaning provided in Section 4.1.

Indicator has the meaning provided in paragraph 3.1 of Part C of Annex I.

Inspector General has the meaning provided in Section 4.7(c).

Intellectual Property means all registered and unregistered trademarks, service marks, logos, names, trade names and all other trademark rights; all registered and unregistered copyrights; all patents, inventions, shop rights, know how, trade secrets, designs, drawings, art work, plans, prints, manuals, computer files, computer software, hard copy files, catalogues, specifications, and other proprietary technology and similar information; and all registrations for, and applications for registration of, any of the foregoing, that are financed, in whole or in part, using the Grant.

IPP has the meaning provided in Section 1.2(a).

ITT has the meaning provided in paragraph 3.1(f) of Part C of Annex I.

KEPA has the meaning provided in paragraph 2(b) of Part A of Annex I.

Key Staff has the meaning provided in the MCC Governance Guidelines.

KHMI has the meaning provided in paragraph 2(b) of Part A of Annex I.

***KIPH** has the meaning provided in paragraph 2(b) of Part A of Annex I.*

***KODC** has the meaning provided in paragraph 2(c) of Part A of Annex I.*

***Kosovo** has the meaning provided in the Preamble.*

***kWh** means kilowatt-hours.*

***Lien** has the meaning provided in Section 3.2(g).*

***Local Account** has the meaning provided in Section 5.1(c)(i).*

***M&E Plan** has the meaning provided in Section 4.2.*

***M&E Policy** has the meaning provided in Section 4.2.*

***Management Unit** has the meaning provided in paragraph 4 of Part B of Annex I.*

***Material Agreement** has the meaning provided in Section 4.9(c).*

***MCC** has the meaning provided in the Preamble.*

***MCC Audit Guidelines** has the meaning provided in Section 4.8(a).*

***MCC Cost Principles** has the meaning provided in Section 4.4.*

***MCC Environmental Guidelines** has the meaning provided in Section 2.4(b)(iii).*

***MCC Gender Integration Guidelines** means MCC's Gender Integration Guidelines, as such may be posted on MCC's Website from time to time.*

***MCC Gender Policy** means the MCC Gender Policy (including any guidance documents issued in connection with the guidelines) posted from time to time on the MCC Website or otherwise made available to the Government.*

***MCC Governance Guidelines** has the meaning provided in Section 3.2(b).*

***MCC Marking Standards** has the meaning provided in Section 3.2(k).*

***MCC Program Procurement Guidelines** has the meaning provided in Section 4.3(a).*

***MCC Reporting Guidelines** has the meaning provided in Section 4.6(a).*

***MCC Website** has the meaning provided in Section 2.4(b)(iii).*

***MESP** has the meaning provided in paragraph 7 of Annex II.*

***Monitoring Component** has the meaning provided in paragraph 1 of Part C of Annex I.*

MWh mean megawatt-hours.

NGO has the meaning provided in paragraph 2 of Part C of Annex I.

Party or **Parties** has the meaning provided in the Preamble.

Permitted Account has the meaning provided in Section 5.1(c)(i).

PIE Activity has the meaning provided in paragraph 1(a) of Part A of Annex I.

Principal Representative has the meaning provided in Section 7.3.

Procurement Manager has the meaning provided in paragraph 3 of Part B of Annex I.

Procurement Plan has the meaning provided in Section 4.1(b).

Program has the meaning provided in the Recitals.

Program Asset means any assets, goods or property (real, tangible or intangible) purchased or financed in whole or in part (directly or indirectly) by the Grant, including any Intellectual Property.

Program Goal has the meaning provided in Section 1.1.

Program Grant has the meaning provided in Section 4.3(b).

Program Guidelines means collectively the MCC Audit Guidelines, the MCC Cost Principles, the MCC Environmental Guidelines, the MCC Gender Policy, the MCC Gender Integration Guidelines, the MCC Governance Guidelines, the MCC Marking Standards, the MCC Program Procurement Guidelines, the MCC Reporting Guidelines, the M&E Policy, (including any successor to any of the foregoing) and any other guidelines, policies or guidance papers relating to the administration of a Threshold Program, and, in each case, as from time to time published on the MCC Website.

Project or **Projects** has the meaning provided in Section 1.2.

Project Objective or **Project Objectives** has the meaning provided in Section 1.2.

Provider means (i) any entity of the Government that receives or uses Grant funding or any other Program Asset in carrying out activities in furtherance of this Agreement or (ii) any third party that receives at least US\$50,000 in the aggregate of Grant funding (other than as salary or compensation as an employee of an entity of the Government) during the implementation of this Agreement.

RAP has the meaning provided in paragraph 4 of Part B of Annex I.

Records has the meaning provided in Section 4.7(a).

RPF has the meaning provided in paragraph 4 of Part B of Annex I.

***Target** has the meaning provided in paragraph 3.1(b) of Part C of Annex I.*

***Taxes** has the meaning provided in Section 2.5(a).*

***Threshold Program** has the meaning provided in the Recitals.*

***Work Plan** has the meaning provided in Section 4.1(c).*