



Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria –Vlada-Government
Ministria e Mjedisit dhe Planifikimit Hapësinor
Ministarstvo Sredine i Prostornog Planiranja
Ministry of Environment and Spatial Planning

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| REPUBLIKA E KOSOVES-REPUBLIKA KOSOVA-REPUBLIC OF KOSOVA QEVERIA E KOSOVES - VLADA KOSOVA - GOVERNMENT OF KOSOVA MINISTRIA E MJEDISIT DHE PLANIFIKIMIT HAPËSINOR MINISTARSTVO SREDINE I PROSTORNOG PLANIRANJA MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING | | | |
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Memorandum of Understanding

Between

Ministry of Environment and Spatial Planning (MESP) of
the Government of the Republic of Kosovo

and

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

This Memorandum of Understanding (MOU) between the Ministry of Environment and Spatial Planning (MESP) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH sets to take the joint work and initiatives towards sustainable waste management in Kosovo further and to contribute to reaching Kosovo's sustainability objectives by developing the base for a circular economy in line with Kosovo's Law on Waste (Law No.04/L-060), the EU framework directive (Directive 2008/98/EC) and in the spirit of the Aarhus Convention.

Co-financing agreement for the Performance Based Grant Scheme

Purpose

The purpose of this MoU is to define the financial contributions of the Ministry of Environment and Spatial Planning (MESP) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH which are planned for the implementation of the Performance Based Grant Scheme (hereafter "PBGS") to enhance sustainable municipal services in Kosovo.

Background

MESP and GIZ have engaged over the last years in a fruitful partnership in developing Kosovo's municipal solid waste sector, mainly through the Clean Environment Race (CER). Here, basic local governance structures were introduced to enable municipalities to extend services, increase fee collection and eliminate illegal dumps.

Furthermore, the Government of Kosovo, notably the Ministry of Local Government (MLGA), has developed a Performance Based Grant Scheme (PBGS) with the objective to recognize the need for local good governance to develop sustainable services. The PBGS is conceived to serve as a suitable and systemic mechanism aimed at incentivizing municipal solid waste management performance.

The PBGS is thus based on best practices: MESP's Clean Environment Race (CER) supported by German Development Cooperation (GDC) and MLGA's Performance Based Grant Scheme (PBGS) supported by Helveta's Decentralization and Municipal Support Project (DEMOS¹). MLGA and DEMOS have already allocated 4.5 mil € each for four years and have begun disbursement in the beginning of 2018.

The PBGS targets all 38 municipalities of the Republic of Kosovo, in line with the spirit of the Paris Declaration and the Busan Partnership Agreement²: ownership by the government; enhancing alignment to government policies; increasing harmonization among donors and managing for results. The rules and set-up of the PBGS with focus on sustainable solid waste management shall be developed participatory and agreed jointly.

The PBGS fund is core element of an integrated approach to capacitate municipalities for better service delivery. Its purpose intends to incentivize municipal performance in service

¹ DEMOS targets "Transition towards a democratic, decentralized state in which municipalities exercise socially inclusive governance and provide effective services responding to citizens' priorities and needs" by incentivizing good governance procedures through the Performance Based Grant Scheme (PBGS). Similar to CER, municipalities had been requested to fulfill access criteria (AC) and excelling in performance indicators (PI) and received non-performance based TA. In contrast to CER municipalities won non-earmarked capital investment grants.

² The Paris Declaration (2005) and the Busan Agreement is a practical, action-oriented roadmap to improve the quality of aid and its impact on development. It gives a series of specific implementation measures and establishes a monitoring system to assess progress and ensure that donors and recipients hold each other accountable for their commitments. The Paris Declaration outlines the fundamental principles for making aid more effective, while the Busan Agreement states that wherever possible, donors must use local institutions and procedures for managing aid (<http://www.oecd.org>).

delivery and to provide funds for infrastructure investments. It shall consist of various merged financial resources from Ministries and donors. MLGA and DEMOS have already allocated 4.5 mil € each for four years and have begun disbursement in the beginning of 2018. The IPA 2018 Action Document of EU foresees a delegated agreement to GIZ which includes 3.5 mil € for municipal capital investments to improve waste management services.

Article 1

General agreement

The signing parties agree that the PBGS is one suitable mechanism to incentivize municipal solid waste management performance.

The signing parties agree that enhancing the PBGS by adding waste management indicators and financially incentivize local performance will positively guide the development of the sector.

The signing parties agree that both parties are aiming to co-fund the PBGS for a period of three years (starting from 2020 through 2022) while contributions shall be equivalent.

The signing parties agree that funding of MESP shall gradually increase, while funding of GIZ shall gradually decrease.

Article 2

Roles and responsibilities of MESP

MESP agrees to their roles and responsibilities as follows:

- Providing an annual budget for municipal movable or fixed waste management assets. The total budget shall be 3.5 mil € for three years and shall be phased as following:

| | | |
|--------------------|-------------|------------|
| First year (2020) | 466 655 € | (13,333 %) |
| Second year (2021) | 1 166 655 € | (33,333 %) |
| Third year (2022) | 1 866 655 € | (53,333 %) |
- Allocate this budget to performing municipalities according to the technical guidelines of the PBGS, which are currently being drafted and which shall be endorsed by the national Waste Sector Steering Committee.
- Review the priority needs of performing municipalities deriving from their local Solid Waste Management Plans and agree on procurement or construction of assets.
- Negotiate and agree on contribution of municipalities to these assets and stipulate agreements in a Memorandum of Understanding.
- Procure or fund movable or fixed assets and hand over to performing municipalities.

Article 3

Roles and responsibilities of GIZ

GIZ agrees to their roles and responsibilities planned as follows:

- Providing an intended annual budget for municipal movable or fixed waste management assets. The total budget aimed at shall be 3.5 mil €³ for three years and shall be phased as following:

| | | |
|--------------------|-------------|------------|
| First year (2020) | 1 866 655 € | (53,333 %) |
| Second year (2021) | 1 166 655 € | (33,333 %) |
| Third year (2022) | 466 655 € | (13,333 %) |
- Allocating this budget to performing municipalities according to the technical guidelines of the PBGS, which are currently being drafted and which shall be endorsed by the national Waste Sector Steering Committee.
- Reviewing the priority needs of performing municipalities deriving from their local Solid Waste Management Plans and agreeing on procurement or construction of assets.
- Negotiating and agreeing on contribution of municipalities to these assets and stipulating agreements in a Memorandum of Understanding.
- Procuring or funding movable or fixed assets and handing over to performing municipalities.

Article 4 Duration and Modification

This MoU shall become effective upon signature by the authorized officials from the Ministry of Environment and Spatial Planning (MESP), and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. It remains valid until both parties enter into an agreement of cooperation for the actual co-funding of the PBGS; longest though until 31 December 2019.

The allocation and disbursement of the intended co-funding by GIZ is subject to the availability and approval of the EU IPA 2018 grant allocation to GIZ in 2019. No claims can be brought forward to GIZ solely on the basis of this MoU.

This MoU is at will and may be modified by mutual consent of authorized officials from Ministry of Environment and Spatial Planning (MESP), and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

³ Disclaimer: The allocation and disbursement of the GIZ funds is subject to the availability and approval of the EU IPA 2018 grant allocation in 2019.

Matoshi

(Signature)

Fatmir Matoshi

Minister of Environment and Spatial Planning (MESP)



30.10.2018

(Date and place)

Oberhuber

(Signature)

David Oberhuber

GIZ Country Director Kosovo

30.10.2018

(Date and place)

Linden

(Signature)

Alexandra Linden

GIZ Project Leader Sustainable Municipal Services, Kosovo

30.10.2018 Prishtine

(Date and place)