



## The Power Recovery Project (P144029)

EUROPE AND CENTRAL ASIA | Albania | Energy & Extractives Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 13 | ARCHIVED on 25-Jun-2021 | ISR45050 |

Implementing Agencies: Ministry of Infrastructure and Energy, Republic of Albania

### Key Dates

#### Key Project Dates

Bank Approval Date: 29-Sep-2014

Effectiveness Date: 30-Jan-2015

Planned Mid Term Review Date: 07-May-2018

Actual Mid-Term Review Date: 07-May-2018

Original Closing Date: 30-Nov-2019

Revised Closing Date: 30-Jun-2021

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective is to improve reliability of power supply and financial viability of the power sector.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components Table

Name

Short Term Complementary Power Import Support:(Cost \$30.00 M)  
Upgrading Distribution Infrastructure:(Cost \$93.00 M)  
Transmission Meter/Data Center Upgrade:(Cost \$20.00 M)  
Supporting Power Sector Reforms and Project Implementation:(Cost \$7.00 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate

### Implementation Status and Key Decisions

The Project is closing on June 30, 2021. Final implementation is underway. Limited activities will continue following the project closing, including the final installation of OSHEE meters data management system, single-phase and three-phase meters, and the testing and completion of the OST SCADA extension to twelve substations.





## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Macroeconomic	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Sector Strategies and Policies	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Technical Design of Project or Program	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Institutional Capacity for Implementation and Sustainability	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate



Fiduciary	--	□ Substantial	□ Substantial
Environment and Social	--	□ Low	□ Low
Stakeholders	--	□ Moderate	□ Moderate
Other	--	□ Moderate	□ Moderate
Overall	--	□ Moderate	□ Moderate

## Results

### PDO Indicators by Objectives / Outcomes

#### Electricity losses per year in the project area

##### ► Electricity losses per year in the project area (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	45.00	22.65	22.61	20.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	31-Dec-2020
Comments:	Latest total distribution losses data for the full year 2020, which slightly missed the 20% target.			

#### Collection rate of distribution company

##### ► Collection rate of distribution company (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	78.00	97.50	95.30	93.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	31-Dec-2020
Comments:	This data is based on OSHEE's report for the latest year 2020, which exceeded the 93% end target.			

#### Reliability of MV level at Tirana area

##### ► Capacity of medium-voltage network (Kilovolt-Ampere(KVA), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	80,000.00	80,000.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020
Comments:	This indicator is based on the new capacity of the Kombinat Substation of 80 MVA (80,000 KVA), which met the end target. This substation was fully completed in May 2021 following coronavirus disruptions.			



Total amount of intercompany arrears				
▶ Total amount of intercompany arrears (Days, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1,200.00	2,014.00	1,290.00	550.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	31-Dec-2020
Comments:	This indicator misses the end target and is based on the 2020 interim data, pending the finalization of the audited financial statements. While the account receivables of KESH/OST to be paid by OSHEE increased by 885 million lek (USD 8.6 million), the revenues of KESH/OST have also increased compared to 2019 (the drought was less severe in 2020). This resulted in an improvement of the indicator in 2020 compared to 2019.			

#### Intermediate Results Indicators by Components

Supporting Power Sector Reforms and Project Implementation				
▶ Debt to Equity Ratio of OSHEE (shown), KESH and OST (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.10	-0.29	-0.31	1.60
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	31-Dec-2020
Comments:	This is based on the 2020 interim data. The 2020 audited financial statements for the OSHEE group are under preparation.			
▶ OSHEE monthly revenues used to pay for energy purchases to KESH and transmission fees to OST (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	40.00	100.00	100.00	100.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020
Comments:	Data based on OSHEE's report for the latest year 2020			
▶ Technical assistance initiated to support power sector reform (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	No	TA to update the Financial Recovery Plan provided.	TA to update the Financial Recovery Plan provided.	TA to update the Financial Recovery Plan provided.
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020
Comments:	This indicator and the end target were revised at the project restructuring initiated in November 2019 to reflect TA activities directly supported under the Project. A number of activities originally planned under this component and elaborated in the Loan Agreement were carried out outside of the Project, including those supported by other development partners.			

Transmission Meter/Data Center Upgrade				
► Number of medium voltage customers in deregulated market (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	96.00	96.00	1,000.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020
Comments:	<p>The targets were revised at the project restructuring initiated in November 2019.</p> <ul style="list-style-type: none"> <li>Since Jan 1st 2018, all customers (96 customers) connected in 35 kV distribution network are equipped with new metering system and are deregulated. In practice only 66 customers from total 96 are fully supplied by qualified suppliers; the others (30) are actually supplied by OSHEE with "market base price" approved monthly by ERE. The annual consumption in 2020 was GWh 93.</li> <li>The plan for further deregulation of MV customers is under implementation. The other groups of customers potentially to be deregulated are those connected at MV level (20, 10, 6 kV); there are around 4,000 MV customers with 760 GWh annual consumption in 2020 (of which there are 1,295 MV customers already installed with new meters, 686 by OST and 609 by OSHEE. Their annual electricity consumption was 760 GWh in 2020.)</li> <li>The total deregulated/to be deregulated consumption (including HV, 35kV and MV customers) is estimated at 1666 GWh or 22% of the total electricity supply in Albania in 2020.</li> <li>IBRD and IFC has supported the establishment of the Albanian Market Operator and the Albanian Balancing Market.</li> <li>On May 15, 2019, GoA decided to establish the Albanian Power Exchange (ALPEX) and on September 2019 GoA approved the ALPEX shareholders' structure and procedures for selling the shares. The initial shareholders include OST-Albania and KOSTT-Kosovo. Twelve customers connected in HV are qualified as eligible (non-regulated); the annual consumption in 2020 was GWh 813 which is 11% of total demand (GWh 7590) in Albania.</li> <li>Twelve customers connected in HV are qualified as eligible (non-regulated); the annual consumption in 2020 was GWh 813 or 11% of total demand (GWh 7590) in Albania.</li> </ul>			
► Number of OST meters installed (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1,589.00	1,704.00	2,252.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020
Comments:	Data as of May 2021. The total number of meters contracted to be installed has been reduced to 2,252 (down from 2,328). The remaining uninstalled meters will be kept at OST until a decision is reached for additional installation.			



OST has installed new metering system for 686 MV private commercial customers, 3 IPPs and 1015 MV feeders.  
OSHEE has installed, with its own funds, new metering system for 609 private commercial customers and 98 MV IPPs. OSHEE has a plan for other 154 MV IPPs.

Upgrading Distribution Infrastructure

► Implementation of a new billing and collection management system (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Existing billing system.	The installation is completed and the system is operational.	The installation is completed and the system is operational.	The new Billing and Management System in Operation
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020

► Direct project beneficiaries (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	60,000.00	150,000.00	200,000.00
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020

Comments:

This indicator is below the target partially due to the lower number of distribution lines and associated infrastructure was upgraded under the project (44 out of 55 distribution feeder lines). There are no additional power distribution substations constructed to accommodate the upgrade of the 11 feeder lines, as envisaged at the beginning of this project.  
Tirana area is the main city that benefits from the project; there are more than 120,000 customers in Kombinat area to be supplied by the new Kombinat substation financed under the project. Other cities that benefit from the project are Kavaja, Durres, Vlora, Fushe Kruja, Gjirokastra, Saranda, Lushnja, Fieri, Pogradeci, etc. There are new 120,000 single phase smart meters and 7500 three phase meters installed for low-voltage customers (residential and non-residential) and new metering system for 686 medium-voltage private commercial customers.

□ Female beneficiaries (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	50.00	50.00	52.00

► Impact of citizen engagement on project activities reported and disseminated (Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	Yes	Yes
Date	01-Nov-2019	10-Nov-2020	15-Jun-2021	30-Nov-2020

Comments:

Citizen engagement is centered around OSHEE activities (component 2). On-going activities are summarized below:

**Kombinat substation.** The works in Kombinat substation was completed in May 2021. This activity has good support from the community especially because the cable laying works on the access road was coordinated with replacement of sewage pipes as extra benefit to the community, in addition to securing reliable electricity supply.



**Upgrade of electric distribution network.** All the installation of the distribution transformer cabins and electric cables in Tirana, Fushe Kruje, Lushnje, Pogradec, Vlore have been completed without any issue raised by the communities. The process followed was to directly inform communities about the works in advance and establish direct communication link (in addition to the notification because of construction permit), which enabled good cooperation with communities.

Short Term Complementary Power Import Support

► Complementary Power Purchased (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	EUR 21.7 million	EUR 21.7 million	EUR 21.7 million
Date	03-Jul-2014	10-Nov-2020	15-Jun-2021	30-Nov-2020
Comments:	This indicator was revised to measure short term complementary power import under this project. The original activity (Implemented risk management Mechanism for weather related power imports.) had experienced delay in implementation due to uncertainty of the liberalization of the Albanian Power Market, particularly on which power sector entity would be faced with hydrological risk after market liberalization. In lieu of this activity, the World Bank initiated a bank-executed TA in 2018 on hydrological risk management to inform power utilities, Ministry of Finance, and Ministry of Infrastructure and Energy. Upon this TA completion in 2019, the government and power utilities may decide to implement the selected mechanism during and after the duration of Power Recovery Project.			

Performance-Based Conditions

Data on Financial Performance

Disbursements (by loan)

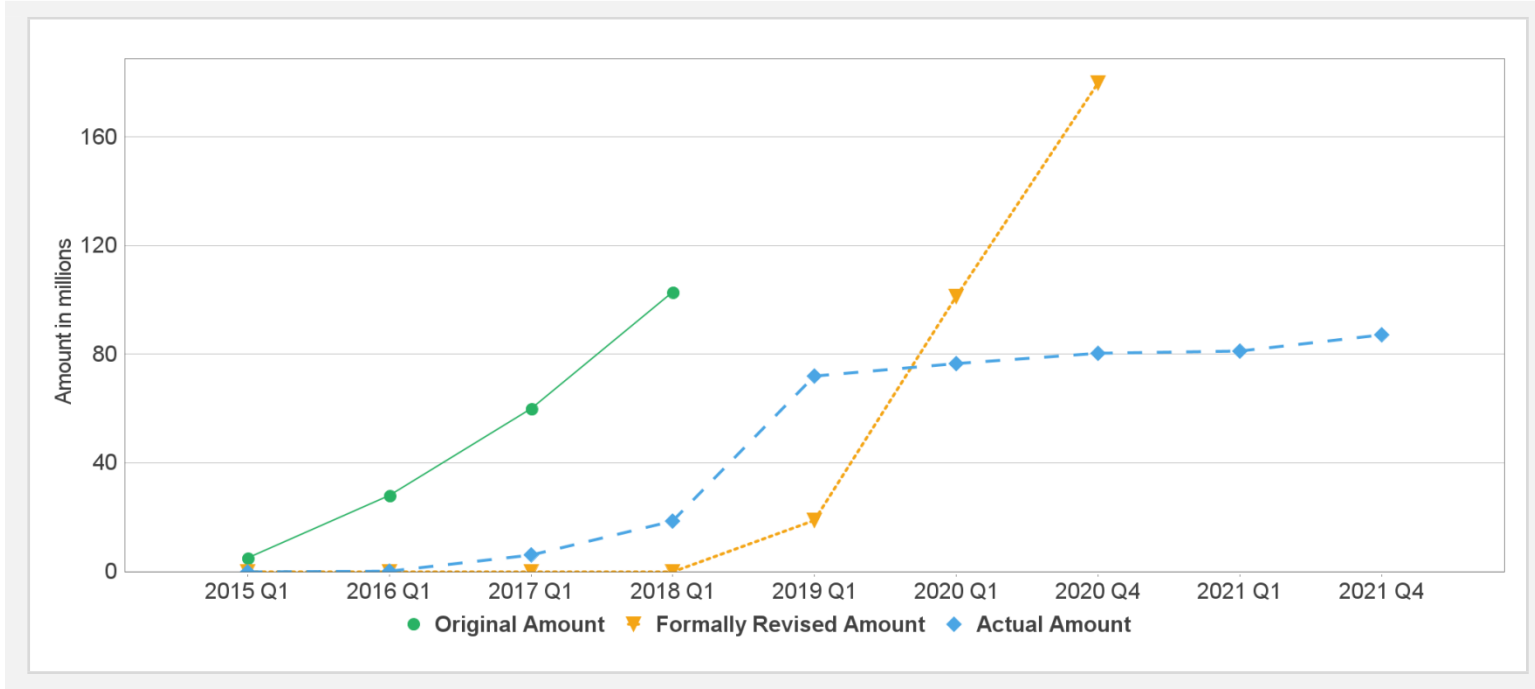
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P144029	IBRD-84290	Effective	USD	150.00	126.38	23.62	87.60	25.23	78%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P144029	IBRD-84290	Effective	29-Sep-2014	03-Nov-2014	30-Jan-2015	30-Nov-2019	30-Jun-2021

Cumulative Disbursements





**PBC Disbursement**

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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**Restructuring History**

Level 2 Approved on 06-Mar-2020 ,Level Approved on 06-May-2020 ,Level Approved on 04-Nov-2020

**Related Project(s)**

There are no related projects.