

Albania: WB approves loan for energy sector stabilization, settlement with CEZ was the precondition

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World Bank approved a loan to Albania to be used to increase the efficiency of electricity bills collection by consumers, because this country has a big problem with non-payment of electricity bills. In the past year approximately 400,000 customers was excluded from the electricity network due to unpaid debts.

The World Bank and the Government of Albania have yet in August successfully completed negotiations on a 150 million-dollars project that is aimed to the implementation of the reform and rehabilitation of the energy sector.

Two state-owned Albanian companies responsible for electricity generation and distribution registered a loss of 550 million dollars this year due to unpaid bills. Due to poor infrastructure maintenance and widespread theft of electricity, only 58 percent of the energy that enters into the Albanian electricity network reaches the destination.

The World Bank has approved a loan to Albania of 220 million dollars for tax and superannuation in May this year.

To recall, problem solving, which the Albanian Government had with Czech CEZ was one of the conditions that the World Bank provided financial assistance to the Albanian energy sector. In June 2014th, the Energy Community Secretariat announced that it has entered into an agreement in Vienna between the Czech power group CEZ and the Albanian government. As stated, the contract was concluded after more than six months of negotiations, or even 18-month of dispute that began when the Albanian energy regulator, the Energy Regulatory Office (ERE), on 01.21.2013th, withdrawn the license for CEZ's Albanian daughter company, CEZ Shpërndarje, also the sole operator of the Albanian electro distribution system.

In the time of expansion in the Balkans CEZ, after Bulgaria and Romania, came to Albania buying 76% of Shpërndarje, while 24% remained in the ownership of the Albanian state.