



Power Recovery Project (P144029)

EUROPE AND CENTRAL ASIA | Albania | Energy & Extractives Global Practice |
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 2 | ARCHIVED on 05-Jan-2016 | ISR21992 |

Implementing Agencies: Ministry of Energy and Industry

Key Dates

Key Project Dates

Bank Approval Date:29-Sep-2014

Effectiveness Date:30-Jan-2015

Planned Mid Term Review Date:24-Jul-2017

Actual Mid-Term Review Date:--

Original Closing Date:30-Nov-2019

Revised Closing Date:30-Nov-2019

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

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 | ● Satisfactory | ● Satisfactory |
| Overall Implementation Progress (IP) | ● Satisfactory | ● Satisfactory |
| Overall Risk Rating | ● High | ● High |



Implementation Status and Key Decisions

Project implementation is proceeding well: collections have improved to over 95%; intercompany arrears between power utilities have dropped drastically, as a result of the enforcement of the escrow account under the project; electricity losses have dropped by about 7 percent over the year and sector's liquidity has improved to the point where IPP arrears have been reduced from \$ 100 million a year ago to \$ 5 million in September, while invoices are kept current. The Project Implementation Consultant was selected and contracted on Sep15, 2015; JV-AFC&AFM (thereafter AFC) is fully engaged to support the PMU/PIUs.

Regarding procurement: (i) the Concrete Poles package has been awarded and the contract will be signed by the end of December; (ii) MV-LV Cables and Accessories tender was launched and bid evaluation is under preparation; and (iii) the Billing Commercial System tender was launched on December 10, 2015. The PMU/PIU will issue in January/February, 2016 project component technical specification and bidding documents, procurement and implementation plan for: (i) Meters for distribution; (ii) MV/LV Transformation points for distribution; (iii) 110/20kV substations for distribution; (iv) Metering for MV customers, IPS and MV feeders for transmission and separately the Power Exchange.





Risks

Systematic Operations Risk-rating Tool

| Risk Category | Rating at Approval | Previous Rating | Current Rating |
|--------------------------------|--------------------|-----------------|----------------|
| Political and Governance | -- | ● Substantial | ● Substantial |
| Macroeconomic | -- | ● Moderate | ● Moderate |
| Sector Strategies and Policies | -- | ● Moderate | ● Moderate |



| | | | |
|--|----|------------|------------|
| Technical Design of Project or Program | -- | ● High | ● High |
| Institutional Capacity for Implementation and Sustainability | -- | ● High | ● High |
| Fiduciary | -- | ● High | ● High |
| Environment and Social | -- | ● Moderate | ● Moderate |
| Stakeholders | -- | ● High | ● High |
| Other | -- | -- | -- |
| Overall | -- | ● High | ● High |

Results

Project Development Objective Indicators

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

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | 45.00 | 45.00 | 31.00 | 14.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

▲ Total net injected generation (Megawatt hour(MWh), Core Supplement)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|------------|-------------------|------------------|------------|
| Value | 7145000.00 | 7145000.00 | 7150000.00 | 7850000.00 |

▲ Electricity losses per year in the project area- Technical (Percentage, Core Supplement)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|----------|-------------------|------------------|------------|
| Value | 15.30 | 15.30 | 15.00 | 12.60 |



▾ Electricity losses per year in the project area- Non-Technical (Percentage, Core Supplement)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|----------|-------------------|------------------|------------|
| Value | 29.80 | 29.80 | 16.00 | 1.40 |

▸ Collection rate of distribution company (Percentage, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | 78.00 | 78.00 | 100.00 | 93.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

▸ Reliability of MV level at Tirana area (Percentage, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | 100.00 | 100.00 | 97.00 | 70.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 30-Nov-2015 | 30-Jun-2019 |

▸ Total amount of intercompany arrears (Days, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | 1200.00 | 1200.00 | 45.00 | 550.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

Overall Comments

Intermediate Results Indicators



► Number of medium voltage customers in deregulated market (Number, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00 | 0.00 | 0.00 | 5000.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

► Power sector reforms implemented (Text, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|--|--|
| Value | No | -- | <p>The new Power Law is approved and it is under implementation since May 2015. Regulatory Entity (ERE) is preparing the Bylaws 9Rules and Regulations)</p> <p>The consultant (NordPool) supported by the Bank and Vienna energy secretariat, is working together with Ministry of Energy to establish the proposed power exchange in Albania by the end of 2016.</p> <p>The distribution company is prepared to unbundle the wires from retail supply. The plan for deregulation of MV customers and IPP is under implementation.</p> | <p>The cost recovery tariff mechanism is implemented. New market is functioning and 40% of market is deregulated</p> |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

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

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|----------|-------------------|---|---|
| Value | No | -- | <p>The tender for Billing System is launched; the contract is expected to be signed by mid 2016. The full system will be in operation by the end of 2018.</p> | <p>The new Billing and Management System in Operation</p> |



| | | | | |
|------|-------------|-------------|-------------|-------------|
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |
|------|-------------|-------------|-------------|-------------|

► Implemented Risk management mechanism for weather related power imports (Text, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|----------|-------------------|---|---|
| Value | No | -- | The ToR is prepared and will be cleared and approved. | The Risk Mitigation Mechanisms are established and implemented. |
| Date | -- | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

► Share of meters installed by OST (Percentage, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00 | 0.00 | 0.00 | 100.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

► Debt-to-Capitalization Ratio of OShEE, KESh and OST (Percentage, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | -- | 0.00 | 0.00 | 60.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |



▶ Debt to Equity Ratio of OShEE, KESh and OST (Number, Custom)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | -- | 0.00 | 0.00 | 1.60 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

▶ 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 | 40.00 | 95.00 | 100.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

▶ Direct project beneficiaries (Number, Core)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00 | 0.00 | 0.00 | 200000.00 |
| Date | 03-Jul-2014 | 22-May-2015 | 31-Dec-2015 | 30-Jun-2019 |

▲ Female beneficiaries (Percentage, Core Supplement)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|----------|-------------------|------------------|------------|
| Value | 0.00 | 0.00 | 0.00 | 52.00 |

Overall Comments

Data on Financial Performance



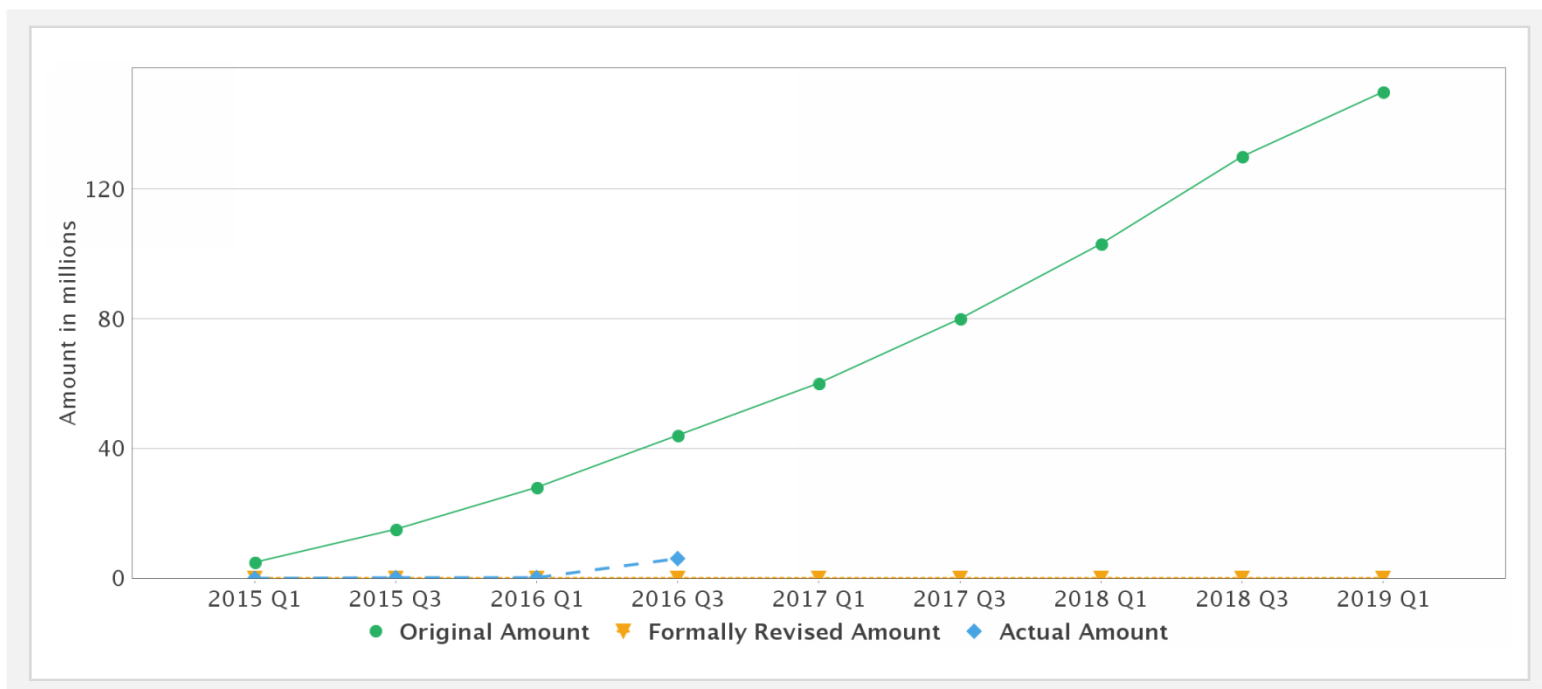
Disbursements (by loan)

| Project | Loan/Credit/TF | Status | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-----------|
| P144029 | IBRD-84290 | Effective | USD | 150.00 | 150.00 | 0.00 | 6.33 | 142.18 | 4% |

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-Nov-2019 |

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.

