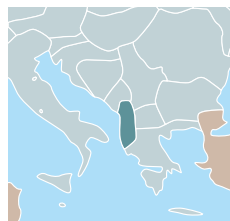




Europe **Albania**



Power Transmission and Distribution Project

Contributing to increased stability and reliability of the power supply system by repairing and reinforcing the country's main transmission and distribution network

[External evaluator]

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Rating

Effectiveness, Impact	b	Overall rating C
Relevance	a	
Efficiency	c	
Sustainability	a	

Project Objectives

To improve the stability and reliability of the power supply system, including reducing technical losses, and promote the efficient management of energy resources by repairing and reinforcing Albania's main transmission and distribution network, thereby contributing to a better living environment and economic development in the project area.

Outline of the Loan Agreement

- Loan amount / disbursed amount: 3,124 million yen / 3,072 million yen
- Loan agreement: December 1996
- Terms and conditions: 2.3% interest rate; 30-year repayment period (including a 10-year grace period); general untied (consulting services: 2.3% interest rate; 30-year repayment period (including a 10-year grace period); general untied)
- Final disbursement date: October 2005
- Executing agency: Albania Power Corporation (KESH)
- Website URL: www.kesh.com.al/

Effects of Project Implementation (Effectiveness, Impact)

Although the total power loss rate stood at 44.6% in 2006, 4% above the targeted rate, the repairs and reinforcements of transmission and distribution facilities under the project lead to the reduction of power loss rates to 33.5% in 2007. The total power loss rate was only 30.2% in the same year in the capital city of Tirana, the area financed by the Japanese ODA loan. According to a beneficiary survey, many households and enterprises experience one or more instances of a power outage or voltage fluctuation per day, and 45% of households and 53% of enterprises said that they often suffer mechanical malfunctions. On the other hand, some respondents noted improvements in the power supply services, due to increased supply of power, more stable voltage, and lower frequency of power outages.

This project has produced certain effects, and its effectiveness is moderate.

Relevance

This project has been highly relevant to Albania's national policies and development needs at the times of both appraisal and ex-post evaluation. The National Development Plan for 1996-1998, placed emphasis on infrastructure development, including the energy sector, and the National Development Plan for 2003-2008, which regards a stable power supply by repairing and reinforcing aging electricity facilities and equipment as the top priority for the energy sector.

Efficiency

Both project period and project cost exceeded the plan; therefore the evaluation for efficiency is low. The actual project period was 136% of planned period mainly because the World Bank and the European Bank for Reconstruction and Development suspended their lending to the project for two and a half years from 1998, citing the deteriorating management of KESH amid social and economic movements in the country (This project was co-financed by six donors). The actual project cost was 152% of the planned cost mainly because it covered additional work that was agreed upon in the project review process following the resumption of the loan.

Sustainability

No major problems have been observed in the capacity of the executing agency nor its operation and maintenance system; therefore, sustainability of this project is high. In terms of technical aspects of maintenance, the executing agency is committed to improving its capacity through regular training. On financial terms, the basis of KESH is somewhat unstable when imports of power increase in dry years. However, because O&M budget allocations for KESH are expected to increase, the O&M of the project will most likely be implemented accordingly.

Conclusion, Lessons Learned, Recommendations

In light of the above, this project is evaluated to be fairly satisfactory.

Power Supply-Demand Balance (GWh)

	2003	2004	2005	2006	2007
Internal generation	4,811	5,395	5,356	5,451	3,813
Imports	916	478	524	605	1,888
Supply	5,727	5,873	5,880	6,056	5,701
Demand	6,389	6,429	6,640	6,465	6,659
Difference	-662	-556	-760	-409	-958

* Figures for 2007 are forecasts.

Source: KESH