

Climate Change

Stories of Impact

This series provides examples of our impact, expertise and lessons learned working with clients and partners.



Removing Market Barriers to Support Clean Energy Development in Albania

IFC is working with local and international Small Hydro Power Plant (SHPP) developers, and local government and finance institutions to develop Albania's renewable energy market, remove existing barriers for investments, and improve related regulatory frameworks.

As a result, the project has already mobilized more than \$256 million in investment into SHPPs.

RESULTS & IMPACT*

- \$256 million has been invested into Small Hydro Power Plants (SHPPs) in Albania.
- 27 new renewable energy plants have been constructed, developing 64 MW of renewable energy, which would avoid 160,000 Mt/year of GHG emissions.
- 3 joint ventures between international companies and local SHPP project developers have been formed thanks to a business-to-business workshop held by IFC and the Albanian Union of Chambers of Commerce and Industry.
- Developed a database of all SHPP projects in Albania, supporting international investors who need information on potential local partners.
- Contributed to major improvements in the regulatory framework of Albania's renewable energy market.
- Created new legal documents to improve the regulatory framework for renewable energy plants.

*As of December 2012

“As an international investor in small hydro power plants, we face a lot of challenging situations in emerging markets like Albania. We are always surprised at how flexible and fast the IFC Advisory Services team has been in acting and reacting to all issues during the project. We are proud to have such partners and are more than satisfied in our cooperation with IFC.”

— Wolfgang Kröpfl, Chief Technology Officer, Enso GmbH.

The Opportunity

Albania is known for its large hydropower potential but has exploited only 35 percent of its total known capacity. Electricity demand in Albania is much higher than current supply, making Albania one of the region's largest electricity importers.

The construction of Small Hydro Power Plants (SHPPs), which are hydro plants with installed capacity of less than 10 MW, can tap Albania's vast renewable energy potential.

However, development of SHPPs has been held back in Albania. Primary factors include lack of technical knowledge by local entrepreneurs, the absence of a supportive regulatory framework, and the absence of innovative financing schemes. Local entrepreneurs, who dominate the SHPP market, cannot borrow from banks due to lack of collateral. In addition, while 17 finance institutions operate in Albania, including several foreign banks, none has developed a dedicated product to finance renewable energy projects.



A Small Hydro Power Plant (SHPP) at Lengarica Canyon, managed by Enso hydro GmbH, an Austrian company, which received advisory services from IFC.

Our Approach

IFC aims to foster the development of the renewable energy market in Albania and remove market barriers by:

- Working with government officials to improve the existing regulatory framework to enable renewable energy companies to develop and construct renewable energy plants.
- Working with renewable energy companies to improve their project design and business plans. For instance, IFC advised Austrian company Enso hydro GmbH on its plan to develop SHPPs in Albania.
- Working with local financial institutions to improve their internal capacity and knowledge of project finance and renewable energy in order to launch a dedicated renewable energy credit product. For instance, IFC advised the Albanian Bank Credins on the development of a dedicated credit line for SHPPs.

The project developed 64 MW of renewable energy, which would avoid 160,000 metric tons of greenhouse gas emissions per year, the equivalent of taking 32,000 cars off the road.

In addition, the Renewable Energy Law, drafted by IFC in cooperation with Albania's Ministry of Economy, Trade and Energy, was passed by the Parliament in May 2013.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

REGION: EUROPE AND CENTRAL ASIA | **COUNTRY:** ALBANIA | **STRATEGIC PRIORITY:** CLIMATE CHANGE, INFRASTRUCTURE | **BUSINESS LINE:** SUSTAINABLE BUSINESS ADVISORY | **CLIENT:** ENSO HYDRO GMBH AND OTHER RENEWABLE ENERGY COMPANIES

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