

Tirana, November 9, 2012

Comments on the draft EBRD country strategy for Albania

The environmental center EDEN is convinced that the EBRD can play a significant role in supporting Albanian sustainable development and the country's integration in the European Union. We believe that the Bank's expertise and funds can be provided for environmental and social friendly projects having in mind the sustainable development concept.

Several examples of previously funded projects show that this is possible. However still the majority of funds go to big scale projects that often harm the environment and social cohesion.

The EDEN center welcomes the draft of the EBRD country strategy for Albania as an appropriate input material for the public discussion on the role of EBRD in Albania. EDEN center takes this opportunity to deliver the following important comments and is happy to take part in the following discussions.

Comments on the text of the draft strategy:

3. Strategic Orientations

3.2 Bank Priorities for the strategy period

- **Promoting Sustainable Energy Policies and Environmentally Sound Investments**

"The Bank will also explore opportunities for carbon market development linked to intermediated financing in the Western Balkans, including in Albania" (page 16)

The bank should not finance any fossil fuel projects due to their lack of development benefits and serious negative impacts on the environment. Furthermore, Albania has ratified the Kyoto Protocol and is committing to lower its CO₂ emissions. Also in the framework of EU adhering Albania needs to respect all of its commitments towards the Kyoto Protocol as a future EU country.

- **Enhancing commercialization, competition and private sector involvement in infrastructure, alongside targeted public projects.**

In commercialization of public utilities, the EBRD must ensure that adequate safeguard measures are in place to protect the poorest sector of the population.

3.3.1 Energy

We appreciate that the bank will continue to support and assist in the improvement of the distribution efficiency, loss reduction and payment collection. This will automatically reduce the levels of loss in the system and of course will decrease import needs.

“The Bank will continue to encourage new investments in the hydropower sector through the organization of high-profile promotional events.” (page 17)

The bank should not finance big hydropower plants (above 10 MW), especially in natural protected areas. The Bank should restrict its lending for hydro-power; they should make conditional financing of hydropower plants on strict compliance with the recommendations of the World Commission on Dams and make sure that:

1. The project does not involve dam, reservoir and resettlement;
2. the project does not affect the water flow regime and wildlife circulation;
3. the project does not affect biodiversity, nor people's water needs;
4. the project does not affect possible investments to rehabilitate and increase efficiency of existing units in the project area;
5. the project is not situated at the protected area (included in IUCN category IV);
6. Small hydro plants (below 10 MW) with derivation channels if the water intake is relatively small and does not negatively affect biodiversity and livelihoods downstream.
7. Not more than 30-50% of rivers in a catchment area are developed with small hydro-power (exact boundary to be determined by experts).

“To promote wholesale gas supply and gasification, the Bank will consider the opportunity to share its experience of financing major regional pipelines if the Trans Adriatic Pipeline (TAP) project and the Ionian-Adriatic Pipeline (IAP) project are chosen as priority and viable routes to be implemented.” (page 17)

We understand that these projects have high regional significance but on the other hand as Albania is missing the needed infrastructure to benefit from gas supply, we would be skeptical that the country would have any important positive impact.

The bank should pay special attention to the following:

Renewable energy

The EBRD should support renewable energy facilities that use local resources (solar, wind, and biomass). We understand that such renewable energy projects might be too small for individual financing at the EBRD, nevertheless we urge the Bank to expand its support renewable energy projects in Albania under its other financing and donor initiatives.

Small wind power farms

We ask the Bank to explore the Albanian potential for the development of small wind power facilities always respecting the protected natural areas/parks.

Solar power facilities

Similarly, we invite the EBRD to look for ways of supporting the installation of PV photovoltaic systems.

Biomass

Due to the presence of agricultural residues, Albania has still untapped potential for biomass. This provides the Bank with further financing opportunities in renewables.

Energy efficiency

Albania has very low efficiency of energy use. The Bank is encouraged to adopt concrete commitments in this area in the next three years as per the suggestion below.

Thermal quality of buildings

The residential sector in Albania consumes over 60 % of electricity production. According to the enerCEE, the insulation of buildings could bring the reduction of one third of energy for heating. The EBRD is asked to take an active role in the promotion and support of energy saving measures in residential as well as public buildings.

Policy Dialogue

“The Bank will continue to assist the Albanian Government in enhancing the regulatory and tariff framework in the renewable energy sector.” (page 18)

We would encourage the bank to support the development of the regulatory framework and introduction of feed in tariffs for different forms of renewable energy facilities connected to the grid. The energy produced should be mainly destined for domestic use.

3.3.1 Infrastructure

“Remaining institutional and framework challenges in the transport sector include the preparation of a sustainable transport study and tolling strategy” (page 18)

As in the commercialization of public utilities, the EBRD must ensure that adequate safeguard measures are in place to protect the poorest sector of the population.

Bank’s operational response

“To advance sustainable transport, the Bank will intensify its focus on increasing the feasibility of railway sector investments and further commercialization and energy efficiency capability in port management. The Bank will support these sectors through policy dialogue initiatives and pilot projects such as the Tirana-Durrës railway line, the detailed design of which is being funded through the WBIF.” (page 19)

We strongly support sustainable transport development and railway rehabilitation in Albania, not only for the Tirana-Durrës region but for the whole country, and especially in the integration with the railway system of neighborhood countries, connecting it better with the region.

Municipal sector:

The Bank should support municipalities in improving public transport, and we strongly support the tram system initiative as transportation mean, although EBRD should ensure that these means of transport will be affordable even by the poorer sectors of the population. Regarding the new multi-modal transport terminal, the Bank should make sure that this terminal is easy accessibly and very well connected with good service of public transportation to Tirana Municipality.

Natural Resources:

The bank should not support the opening of new mining projects of any type. In case it supports the rehabilitation of existing mines, it should ensure that this step will not augment production.

Further recommendations to the Bank:

TAM/BAS Programme

We commend the Bank for promoting TAM targets in the food-processing industry, manufacturing and tourism. Given the chaotic tourism-related development in Albania, we agree that a special TAM initiative is needed.

We note with high satisfaction that support to women entrepreneurs and equal labor opportunities for females will be sought through TAM/BAS, especially in Albania's mountainous Northern area. We would however welcome more concrete indications what companies and activities these programmes would entail.

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