



Construction of hydro power plants in Albania is monsty supported by biggest international lenders like IFC and EBRD, private investors from Austria and Italy also have strong presence.

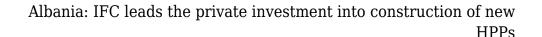
IFC and European public development finance endangers the Lengarica Canyon natural monument and a national park in Albania. In April this year, the European Parliament issued a resolution on Albania calling on the country to abandon development of hydropower projects – large and small – in protected areas, in particular the national parks claim from Austrian based Riverwatch.

Without naming any concrete project, the resolution alluded to the Lengarica hydropower plant and over 40 other plants planned for the Vjosa river basin and contested by environmentalists for their adverse impacts on one of the last remaining untamed rivers in the Balkans. Ironically, the project receives financing from the World Bank's private sector lending arm, IFC and European public development institutions that promote respect for biodiversity in their safeguards.

The history of the Lengarica HPP is symptomatic of the era of the Prime Minister Berisha, whose administration issued hundreds of hydropower concessions without any coordinated approach to their development. In May 2008 Hasi Energji acquired concession for the construction of a 8.9 MW hydropower plant. Four months later, the Albanian government declared the area a part of Hotovë-Dangëllisë National Park. Hasi Energji specialised in food import and exports, likely purchased the concession for speculative purpose and sold the concession to the Austrian company Enso Hydro in 2011. Enso Hydro had to apply for a new environmental permit because the project was already located within the National Park. At first, the Ministry of Environment issued a negative ruling over the permit in October 2011, granting it an approval only three months later.

Since then, the project sponsor attracted public finance support including EUR 6 million in equity from the International Finance Corporation, a EUR 5 million credit from the Development Bank of Austria and a EUR 9.1 million credit and a technical assistance grant from the Green for Growth Fund. The EIB, EBRD, KfW and IFC are some of the largest shareholders in the fund. While environmentalists maintain that the plant will reduce waterflow in the river and inflict damage on the ecosystems of the Hotovë-Dangëllisë National Park, the project sponsor and IFIs maintain that all the adverse impacts can be readily mitigated reads the Riverwatch statements.

As of August 2015, 36 projects were under construction and 76 projects have been put in operation in the past five years. Among them are the Ashta 1 and 2 plants on the Drin river, the first large hydropower complex built since Communist times, which was supported by





the IFC and MIGA. The 278 MW Devoll hydropower project consisting of three HPPs currently under construction by Norwegian Statkraft is the largest hydro concession awarded so far in Albania. Additionally, eight other concessions exceed the threshold of 50 MW of combined capacity. These include a 65 MW concession for 11 plants around the Gostime river, an 87 MW concession for five plants to Turkish Ayen Enerji and a 126 MW concession for eight plants around the Shale river.

Foreign Investors identified through the Riverwatch research come from Austria, Israel, Italy, Norway, Turkey and United Arab Emirates. For historical and geopolitical reasons, Italian companies are most frequent among the foreign investors. SOL spa and Emmecidue Srl have the highest occurrence.

The EBRD and IFC are the top multilateral financiers in the country, financing 8 and 15 projects respectively. Seven of the IFC-financed hydropower plants are within the Gjader cascade project. While the IFC has equity in the Lengarica HPP, it has channelled most of its support through an energy efficiency and renewables credit line to the local Credins Bank. The Bistrica 3 and the Helmes cascade have received IFC financing through this particular financial intermediary.

Environment networks Riverwatch-Euronatur claims that nearly a quarter of the greenfield projects (94) have been planned inside protected areas or with strong influence on these. The project sponsors of the majority of the plants in protected areas have been identified. MDBs have financed 8 of these, including the IFC-supported Lengarica and the EBRD-financed Rapuni 1 and 2 cascade. Out of the many protected areas to be impacted by the greenfield hydro projects, the National Parks stand out. The 51 MW Valbona cascade would impact the Lugina e Valbones National Park, the 29 MW Bushtrice concession would interfere with the Shebenik-Jabllanice National Park and the 126 MW Shale cascade will partially affect the Theth National Park.