

The European Bank for Reconstruction and Development is supporting the modernisation of Korporata Elektroenergjitike Shqiptare, the largest generator of electricity in Albania, with a €218 million loan to support a company restructuring and reform package.

KESH is a state-owned electricity generation company that provides 70 per cent of total domestic generation and is active in the regional energy-generating sector.

Helping KESH modernise and improve its financial standing, as well as building resilience in the face of climate vulnerabilities, is part of the EBRD's strategy to help the countries where it invests to address challenges of energy security and climate change.

The EBRD loan will be sovereign-guaranteed and provide KESH with long-term financing which will reduce costs and increase liquidity. This will free up resources to allow the company to focus on the maintenance of existing assets and the implementation of a long-term investment and modernisation programme.

Under a comprehensive reform package, KESH will also improve its corporate governance and operational efficiency. The implementation of these changes will allow KESH to comply with the requirements of relevant EU regulations in the energy sector. These provisions include the development of a power exchange, regional integration and tariff formation. The EBRD is also providing technical assistance from its own donor funds to help KESH implement climate resilience components in its daily operations and management.

Nandita Parshad, EBRD Director, Head of Power and Energy Utilities, said: "KESH has embarked on a path of comprehensive reform and the EBRD is pleased to support this effort. In particular, we are pleased to help the company move towards best international practices in corporate governance and climate resilience."

Agron Hetoja, CEO of KESH, said: "This is a very important moment for our company today. The EBRD loan will help strengthen our financing structure and allow us to become a leader of reform in the sector. The implementation of our ambitious plan will transform KESH for the benefit of our economy and customers."

Damian Gjikhuri, Albania's Minister of Energy and Industry, said: "This project constitutes another milestone in the reform of the power sector with the aim of providing reliable, green and affordable energy to the Albanian people."

Arben Ahmetaj, Albania's Minister of Finance, said: "The KESH restructuring with the EBRD strengthens both the financing structure and the corporate governance of KESH. It will therefore considerably reduce fiscal risks to Albania."

The EBRD investment is in line with a financial recovery plan developed by the Albanian government and KESH with the World Bank.

To date, the EBRD has invested almost €1 billion in some 70 projects in various sectors of



EBRD provides €218 million loan to Albania's KESH

Albania's economy. Strengthening economic resilience, promoting integration and addressing global and regional challenges are the EBRD's key priorities under the Bank's Strategic Implementation Plan for the period 2016-18.

source: ebrd.com