

The World Bank said it has not yet decided whether to support a planned 500-megawatt coal-fired power plant in Kosovo, the first major energy project in the Balkan country in more than two decades.

Last year, Kosovo's government signed a deal with U.S.-based but London-listed power generator ContourGlobal to build the plant at a cost of around 1 billion euros (\$1.2 billion). Kosovo is struggling with power shortages. Around 90 percent of its electricity is produced in two ailing coal-fired plants that are seen as among the worst polluters in Europe. The World Bank said it was still "finalizing an options study" in the face of booming renewable energy technologies whose costs are declining.

"The pace of technology change in the energy sector is moving fast, especially in renewables, such as solar, wind, and storage, where prices continue to decline," a World Bank spokesperson told Reuters.

"Our analysis is taking into account these developments and we are keeping the government informed."

Initially the World Bank said it would back the project with a loan but more recently said it was turning to cleaner energy projects.

Kosovo has more than 14 billion tonnes of proven lignite reserves, the fifth largest in the world.

If the World Bank pulls out, it remains unclear how the government will proceed. The government earlier said the project was expected to help Kosovo's economic growth rise to 5 or 6 percent in the coming years, from 3.7 percent in 2017.

Environmentalists have complained the plant could lock Kosovo into a future powered by lignite - the dirtiest form of coal.

Source: reuters.com