

‘Only if someone dies, is the power kept on for 24 hours’

Albania is once again facing a dark winter. The country has already been suffering power cuts lasting a couple of hours a day for the past seventeen years. Drought, increased power consumption and political maladministration are the factors underlying the electricity problems that have now mushroomed into a national crisis.

| By Anke Truijen



Photo: Aldo Pavan/Corbis.

In the long high street of Albania’s capital, Tirana, an old man sits on a stool between two burning candles. That is the only way of casting light on his fruit and vegetables since the power failed in the district. The old man: ‘It will take about an hour before the lights come back on.’ These days he knows by heart the schedule when power supplies are available.

The rest of the street is blacked out, too. Only the shops and cafes with a generator outside have any lighting. The sound of the running generator roars out above the traffic noise. Further down the road there are two shopkeepers and three customers in a darkened shop. It takes a minute or so before the generator outside springs into life and bathes the shop in the dull light of the emergency lamps. The shopkeeper sighs and switches the stereo system and the air conditioning back on, which have cut out for the umpteenth time with the sudden power cuts.

Albania has suffered electricity problems for many years. It seems that people have become accustomed to not having 24-

hour power supplies. And not only in the capital Tirana. Villages in remote areas are sometimes without power supplies for hours. The mountain community of Peskopi, to the north and close to the border of Kosovo, is where Zino Kore lives and works. ‘We’ve got a generator for our office, because otherwise we wouldn’t be able to work between eleven and five o’clock, when the power supplies are cut off. There is no electricity at night either. It is only if someone dies that the power is kept on for 24 hours in the district where the bereaved family lives. We sometimes joke that it’s a pity he didn’t live in our district.’ Kore can remember a few occasions when there were power supplies for only two hours in a day.

The power shortage is disastrous to the business sector. Some companies are able to deal with the power cuts by using generators or adjusting their working hours. Small businesses seem to find it more difficult. Book seller Uly Zaju says that he has suffered a 35% loss in the past year owing to the lack of electricity

in his office supplies shop. 'I own a 100 kW generator. Without that, I would have been forced to close down long ago! And of course I don't sell anything if people are unable to work because of a power cut. I'd be better off selling candles and generators', he laughs.

In the harbour town of Durres, 25 km from Tirana, there are hardly any power cuts during the whole of the summer, says an employee of Hotel Adriatic. 'The summer is important for us because of tourism – everything has to work during that period! There are power cuts during the winter, but we cover that by using a generator. The hotel is less busy at that time.'

Even the hotel's lift is still working. Zino Kore explains that broken lifts are one of the big problems caused by power cuts: 'The lift in my apartment complex has been broken for months because people have ripped the doors open when they got stuck during a power cut.'

The IMF has expressed concerns about the impact of the power cuts on economic growth owing to rising production costs for goods and services. And foreign investors question the wisdom of investing in a country with power supply problems of this magnitude.

Lost in transition |

The electricity problems began just under 20 years ago. The death of the communist leader Enver Hoxha in 1985 heralded a new era for Albania. Under his Stalinist regime (1944-1985) the country was isolated from the rest of the world. The economy had much to contend with during that period. The Communist system collapsed at the beginning of the 1990s. Like many other countries, the transition to a democracy and a market-driven economy was not a



Photo: Peter Turnley/Corbis.

parallel to the transition and the growing political instability. But nobody addressed the possibility of shortages. Albania was, after all, an exporter for some countries. The power cuts at that time were absorbed by means of political crisis management. No long-term investments were made in new power plants or transmission lines. Albania is now paying the price for that: the daily power cuts have mushroomed into a national crisis.

Albania depends on hydropower for 95% of its supplies, representing a total capacity of 1670 MW. The country's geographical location and the mountainous landscape are ideal for that purpose. Provided of course that there is enough rainfall: these power plants are dependent on the climate. Like other dry years in the past, this year's dry summer has led to shortages in the reservoirs. Most of the dams are found in the North along the

needs 6,800 GWh. Albania tries to make up the deficit by importing from Macedonia, Kosovo, Greece and Bulgaria. Bulgaria has been obliged for EU membership reasons to close down its nuclear power plant, which has decreased its exports to Albania and other Balkan countries. But owing to rising energy prices imports are by no means always the most attractive option for the relatively poor Albania.

The transmission lines are heavily burdened by the fact that other countries in the region are also contending with power shortages and having to import. And it is not only the countries making use of the electronic superhighway. Energy traders are taking up more and more space on the network in search of power offering the highest profits. That results in the transmission lines in the region becoming overburdened or filled to capacity, which can prevent the power from getting to the right place on time.

The transmission and distribution networks used to transport the electricity are due for a major overhaul. The transmission lines form a combined network of 400 kV, 220 kV and 110 kV cables that connect up the power plants and interconnectors between Macedonia and Greece. The lines are old and weak and should have a much higher capacity

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smooth one. During the nineties Albania faced two serious political crises, which even led to the country going bankrupt in 1996.

The demand for energy began to increase

river Drin, and are between 20 and 50 years old. They are becoming dilapidated and will need to be repaired in order to maintain production levels.

Albania produces 4,000 GWh per year, but



A steelmill in Elbasan, Albania.
Photo: Michel Setboun/Corbis.



Biçi's meter outside of his house in Koneta.
Photo: Anke Truijen.



A growing number of people in Tirana have airconditioning to get through the hot summer.
Photo: Anke Truijen.

for the large amount of energy they are currently transporting. No less than 10% of the power is lost. In other European countries the average loss is between 2 and 5%. As well as the 10% transmission losses, Albania also suffers 28% 'non-technical' losses. That covers problems such as the theft of electricity, unpaid bills and registration errors, which distort the technical information.

KESH (Korporata Elektroenergetike Shqiptare), the National Electricity Cooperative, is responsible for the production, transmission and distribution of electricity. The organisation has a monopoly on the Albanian electricity

that national production was never going to be enough for our future needs. We should have intervened at that time with new systems and plants, but that didn't happen and now we are four years behind in catching up on the crisis.'

In recent years Albanian families have been able to add luxury appliances to their households. Life under Hoxha was Spartan. Most families owned no more than a small refrigerator, an iron and a television. When the doors to Albania opened at the beginning of the 1990s and the market economy began to take effect, people started to buy larger televisions, washing machines, computers, microwave

ovens, air conditioning units, and so on. Many villages moved to the cities for jobs, and a new business sector began to come about. The demand for electricity rose sharply and, according to Professor Gjergj Simaku, is continuing to do so by 8% a year. Simaku is affiliated as an energy expert to the University of Tirana, and lays the blame for the crisis at the doors of the policymakers who failed to sufficiently consider the issue of power consumption. 'During the nineties the demand for electricity shifted from the industrial sectors to households. The policymakers at that time believed that we could produce enough to meet the rising demand. But these days everything here depends on electricity. Not enough thought is being put into different ways of using and saving electricity. That is why power consumption and the number of consumers have risen so quickly. It is very difficult to change that system at a stroke.'

Mjaft is Mjaft! |

This month saw demonstrations at the gates of the Ministry of Economics, Trade and Energy by activists of the Mjaft! ('Enough') movement. They carried with them black sprayed light bulbs to symbolise the darkness that has descended on their country. The Mjaft! activists have had enough of the electricity crisis and the passive policy of the minister responsible, Genc Ruli. They are calling for his dismissal.

Elisa Spiroplai of Mjaft: 'Ruli claims that it will take at least until 2020 before the crisis is solved. But he is the very person who two years ago accused the government and premier Sali Berisha, who had been promising 24-hour power supplies since the 2005 elections, of

'Every day my first worry is whether my power cable has been severed'

market. Electricity production has been liberalised. The organisation's current director, Gjergj Bojaxhi, claims that the lack of investment in the old network has led to a backlog of a few years, which is making it difficult to absorb the crisis: 'We already knew at the end of the nineties that the old distribution system was supplying beyond its maximum capacity. And we should have realised

ovens, air conditioning units, and so on. Many villages moved to the cities for jobs, and a new business sector began to come about. The demand for electricity rose sharply and, according to Professor Gjergj Simaku, is continuing to do so by 8% a year. Simaku is affiliated as an energy expert to the University of Tirana, and lays the blame for the crisis at the doors of the policymakers who failed to sufficiently

maladministration and political misuse of electricity funds. He claimed that the problem could be solved, but he is proving unable to keep his promises because of his own mismanagement.

The Minister for Economic Affairs, Trade and Energy, Geng Ruli, appears with his recent statement that 'it is simply impossible to solve the problem just now' to have resigned himself to the crisis. According to Elisa Spiroplai the minister has no firm plan to deal with the crisis: 'He has completely misled the public. Improvement plans had been put forward, such as the National Energy Strategy, but they were never implemented. Despite all that, the crisis continues.'

'The minister is right,' says Simaku, 'this crisis will last for years to come. One of the obstacles to improvement is the government itself. Important investments are being delayed, such as the construction of a thermal plant in the south of Albania which has been put back two years owing to political disagreements. They have made huge mistakes in that area, and nobody knows why. That is why I don't see anything changing in the next few years.'

Given his (international) education and work experience, much is expected of the young KESH director Bojaxhi. In previous years he was a junior Economic Affairs minister, and before that he worked for the World Bank. But he too concedes that the crisis could last for some time yet and that past errors have been made: 'It was finally decided in 2002 and 2003 to build new power plants. But we are not yet able to use them. Drought remains a recurring problem. It is true that some of the power cuts in recent years could have been prevented by importing electricity, but policymakers were not sufficiently focused on the problem. We have wasted a lot of time with bureaucratic and political conflict.'

In a country where politics are tainted by corruption and excessive bureaucracy, a crisis such as this is difficult to manage. Some believe that there is a lack of political will to solve the problems. Corrupt politicians are said to gain from the crisis

by accepting bribes from energy traders or private investors. According to reports a lot of KESH money has disappeared into the coffers of the governing party. The former KESH director Andi Beli and other senior KESH officials have been under criminal investigation for the past month. A sum of 11 million euros is said to have been embezzled between 2004 and 2006.

KESH is being used as a political football. That is underlined by the fact that there were barely any power cuts during the elections. Also, district 31 of the capital, where a by-election is due to be held, is receiving more power supplies than other districts this month. What has happened in recent years is that each political party appoints its own KESH director as soon as it gains power. That way companies owned by governing politicians were saved the trouble of paying their electricity bills. Bojaxhi was appointed in March following the elections that resulted in the Democrats becoming the dominant party. Bojaxhi is having nothing to do with political interference. He is there for consumers, he says. 'This country lacks effective policy systems and models. We always end up with thieves or incompetent managers who are corrupt or corrupt senior officials who are competent. That has to change, and that calls for public support. That is the challenge I'm facing.'

To add substance to his policy Bojaxhi makes a lot of use of media publicity. Followed by the local press and camera teams, Bojaxhi himself goes out on the road to sever illegal electricity cables, for instance. The theft of electricity is a big problem for KESH. One of his aims is to put out the message that KESH is doing its utmost to provide normal power supplies but can only do so if people pay for the electricity they use. Bojaxhi: 'All I am trying to say here is this: let us do our job. We are systematically working on improving our service. We intend to take a firm line with non-payers. I am setting out to bring about a change in mentality, also at my company. Our service is not yet as it should be, but it's getting better.' But not everyone appreciates his PR

campaigns. Energy expert Simaku: 'It is not for the KESH director to go around personally cutting through cables. That does nothing to help us prevent power cuts. The lack of electricity is down to the lack of a normal policy. And that is what we are suffering from.'

Missing meters |

It is clear in the suburb of Keneta in Durres that the metering and payment of energy is not generally accepted and leaves a lot to be desired.

Keneta started out as a temporary encampment for Albanians heading for the city of Durres to find work. The once uninhabited salt water marshland was transformed within a few years into an illegal settlement with housing blocks where residents from the same Albanian regions drew together. Water and electricity were illegally tapped from surrounding districts. That is clear from the stray pipelines spraying out water, an open sewer and a tangle of electricity cables hanging above the streets.

Altin Biçi has lived here for a few years with his wife and five children. His house, which he built himself, is neat and tidy. Outside there is an old gas stove with the electricity meter that was installed last year above it. Biçi says he receives a monthly electricity bill of about 50 euros a month. And there are power cuts every day. He knows that the people down the road are tapping his electricity supply. Biçi: 'But what can you do? This is a state without rules and laws.'

Throughout the district there is an electricity pylon with a coil of tangled cables at the corner of each street. Thin and thick cables connect the pylons and the houses together and disappear untraceably into the walls of homes. It is oppressively warm in the supermarket of Urim (who prefers not to give his surname). The power has been cut off and the refrigerators contain uncooled joints of meat and warm cartons of milk. Urim does not have a meter, and in recent years has paid an average price charged by KESH for people without one. Urim: 'The bills made no sense at all. We have now created our own distribution system in



Poor suburb of Tirana. Photo: Tom Stoddart/Getty Images.

the district. These days I pay 20 euros a month.’ Asked whether that distribution system actually works he replies with a thin smile and a shrug.

Perhaps the electrician further down the street in the shop with the sign ‘Electrician and Plumber’ can shed some light on the situation? An old man appears in worn overalls and a few tools in his pocket. Nervously, he replies: ‘That’s not me, he just went out. I know nothing about it.’

Another thin power cable leads to the home of a young Albanian couple. They come from the south of Albania and have lived in Keneta for five years. With its fresh flowers and dense shrubs the garden looks well-tended. The house with its protruding metal rods and unfinished walls looks a few months old. They do not have a meter and tap electricity illegally from their neighbours. The young man (unwilling to give his name): ‘Every day when I get home my first worry is whether my power cable has been severed. There’s

Bojaxhi strenuously denies that: ‘Our biggest losses are caused by people not having a meter. We are suffering from that as much as anyone. There have even been situations where my people were threatened when they arrived to install a meter. People have to understanding that everyone benefits from a properly working system.’

Buying candles |

With new investments in the offing and the aid of donors Albania appears to be on the right track. But effectively tackling the crisis will call for patience, rain and good management.

A thermal power plant is now being built in the southern city of Vlore, known as a tourist attraction for its beautiful beaches. The project was preceded by bitter conflicts between political parties, environmental activities and residents complaining about the prospect of a huge cooling tower overlooking their beach. But

cycle. That means doing something about the financing deficits, electricity theft and maladministration. That is why we are requiring KESH and the government to draw up an annual Energy Action Plan in our capacity as a donor. That way we are setting out to instil discipline so that the problem can be properly tackled.’

The future scenario of the Albanian energy sector also includes privatisations. Bojaxhi: ‘We plan to privatise the distribution branch of KESH within two years. It will be easy for us to sell as interested parties can see that we are doing everything possible to make the department manageable and deal with the biggest problems, which are theft and non-payment.’

World Bank |

The World Bank’s Papathanasiou shares the view that privatisation is a good idea, but not without its risks. ‘There is now an aggressive plan to privatise the distribution division within two years. But I’m not sure whether they have a clear idea about how much real interest there is. It is a strategic investment with a market of almost 1 million customers.’

Despite the crisis and the shortages the World Bank’s Papathanasiou believes that the Albanians have a valuable possession with their water supplies from the rest of the Balkans and the high mountain landscape. He sees Albania as the only place in Europe where it is possible for a hydropower plant to be built. And there is plenty of interest in that, says Papathanasiou: ‘The challenge facing the government is to keep the ‘gold rush’ in the energy market under control with their outdated systems. It could all get very complicated if the private sector starts putting forward ‘unsolicited proposals’. The government would be better off waiting until it has its affairs properly in order before embarking on that.’

And what do the Albanians themselves have to say? They are once again buying candles in preparation for the cold and dark winter resulting from the power cuts. The crisis will take more than a few months to solve. ■

‘I’d be better off selling candles and generators’

nothing else I can do – I have no money.’ Keneta is not the only district where people refuse to pay for electricity or do not have (or want) a meter. Of KESH’s 900,000 customers, about 120,000 have not yet got a meter. According to a study carried out by BIRN (Balkan Investigative Reporters Network) KESH still sends bills to its customers without meters. But the bills are not in keeping with the power consumption. These ‘flat-rate bills’ are based on an average calculated by KESH. Many customers felt that they were being overcharged and tried to file a complaint against KESH. Others stopped giving a second thought to how much power they consumed because they would have to pay the same anyway. A few months ago KESH missed yet another deadline for installing more electricity meters. Critics claim that not installing the meters makes it possible to maintain the flat-rate billing system so that the collected money can be siphoned off for illegal purposes.

after years of delays the building project is now underway. The aim is to have the plant completed and supplying 97 MW within two years. That will make good about 30% of the annual deficit. There are also a number of small hydroelectricity projects along the Albanian rivers that could contribute to a more stable supply. According to Shimak the focus should be placed on increasing imports. That is made possible by the plant in Vlore and a power new transmission line: ‘Imports could be increased by placing a 400 kV transmission line between Podgorica (the capital of Montenegro) and Elbasan (city to the south of Tirana). We need a more active policy and should look for ways of reducing our dependence on electricity.’ The World Bank has already been providing Albania with loans to deal with the crisis for some years. Demetrios Papathanasiou is responsible for Energy for the World Bank in Albania: ‘The most important thing is to break the vicious