



EUROPEAN
COMMISSION
Directorate-General Enlargement

THE DEPUTY DIRECTOR GENERAL



THE WORLD BANK
International Bank for Reconstruction
and Development
International Development Association

H.E. Hashim Thaçi
Prime Minister
Pristina, Kosovo

Subject: Donor Conference for Kosovo Energy Sector

Dear Prime Minister,

Please accept our congratulations on the successful privatisation of Kosovo Electricity Distribution and Supply business. This achievement is particularly noteworthy in the current challenging environment in the financial markets. We look forward to continued support of the government and the regulatory agencies to enable the privatised KEDS to improve its financial and operational efficiency and improve electricity services to the citizens of Kosovo.

In August we wrote to you to offer our assistance to organise a Donors conference for the energy sector in November. Since then several developments have taken place regarding the tender for the New Kosovo power plant. In particular, government's decision to separate the rehabilitation of Kosovo B from the transaction requires a revision of the Request for Proposal and the associated draft legal agreements. In addition, the government needs to firm up the list of pre-qualified investors before issuing the revised tender. The planned conference could be an unwelcome distraction. We would prefer that Kosovo resolves these issues first in order to be able to focus fully on a Conference that would serve to support Kosovo's energy strategy.

In addition, a number of measures taken by KEK last month have given the impression that the company does not feel bound by Kosovo's commitment to close the Kosovo A power plant, in line with Kosovo's international commitments, by the end of 2017. We are grateful for the robust statements given by Minister Beqaj since then as regards that commitment, but as we already pointed out in our letter of August 14, 2012, we consider that the energy sector event should be the moment for the highest possible reaffirmation of your promise to close Kosovo A. With this in mind, it would be helpful if you could take a number of steps to confirm Kosovo's commitment to close the plant by 2017. This list of suggested actions is annexed. Meeting this commitment to close the plant is the condition for both our institutions' continued involvement in the energy sector.

We would therefore suggest deferring the conference until early next year. We should use the delay to identify potential donors in order to secure pledges for those elements of your energy strategy that are currently lacking in funding (energy efficiency, renewable energies,

strengthening the transmission networks). It could also allow the EBRD and the EIB to be in a better position to become involved in the energy sector.

As far as the organisation of the Conference is concerned, we understand that Minister Beqaj has nominated a contact person for practical arrangements. We suggest that a small working party, under the chairmanship of the Ministry of Economic Development and including representatives of the EU, USAID and the World Bank offices in Kosovo, begins with some of the preparatory work as soon as possible.

Yours sincerely,



Joost Korte
Deputy Director-General
European Commission
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Jane Armitage
Country Director and Regional Coordinator
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