

Independent Auditor's Report and Special Purpose  
Financial Information

Extractive Industries Transparency Initiative  
(TFA1769)

For the period from 1 January to 31 December 2019

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## Independent Auditor's Report

To the Management of the project "Support to Extractive Industries Transparency Initiative (EITI)" and Ministry of Finance and Economy of the Republic of Albania

### *Opinion*

We have audited the accompanying special purpose financial information comprising the statement of sources and uses of funds, statement of withdrawal applications, related notes and appendixes, of the "Support to Extractive Industries Transparency Initiative (EITI)" (further referred to as the "Project"), implemented by the Ministry of Infrastructure and Energy financed under International Bank for Reconstruction and Development ("IBRD") Loan Agreement Number TFA1769, and Government of Albania Contributions for the period from 1 January to 31 December 2019.

In our opinion, the special purpose financial information of the Project "Support to Extractive Industries Transparency Initiative (EITI)" is prepared, in all material respects, in accordance with the cash receipts and disbursement basis of accounting as set out in note 2 to the special purpose financial information.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the special purpose financial information section of our report. We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the special purpose financial information in Albania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter – Basis of Accounting and Restriction on Distribution***

Without modifying our opinion, we draw attention to note 2 to the special purpose financial information, which describes the basis of accounting. The special purpose financial information are prepared to assist the Project to comply with the financial reporting provisions of the financing agreements set out in the note 1 to the special purpose information. As a result, the special purpose financial information may not be suitable for another purpose. Our report is intended solely for the Project, the donors and the Government of Albania and should not be used by or distributed to parties other than the Project, the donors or the Government of Albania.

### ***Responsibilities of Management for the Special Purpose Financial Information***

Management is responsible for preparation and fair presentation of the special purpose financial information in accordance with the basis of accounting described in notes 2 and 3; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the special purpose financial information in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a special purpose financial information that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility for the Audit of the Special Purpose Financial Information***

Our objectives are to obtain reasonable assurance about whether the special purpose financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial information, including the disclosures, and whether the special purpose financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Grant Thornton sh.p.k.**

Tirana, Albania

10 February 2021

*Kledian Kodra, Fcst*

*Kodra*



**Support to Extractive Industries Transparency Initiative (EITI)**

For the period from 1 January to 31 December 2019

amounts are expressed in USD unless otherwise stated

# Statement of Sources and Uses of Funds

	Note	For the period from 1 January to 31 December 2019	For the period from 1 January to 31 December 2018	Cumulative from 01 May 2016 to 31 December 2019
<b>Sources of funds</b>				
IBRD	3	-	-	400,000
GoA contribution	4	-	-	-
Interest received	5	1	38	161
<b>Total</b>		<b>1</b>	<b>38</b>	<b>400,161</b>
<b>Uses of funds</b>				
Training	6	(2)	(2)	106,197
Consultancy services	7	16,251	46,458	287,164
Incremental operating costs	9	338	-	6,256
Bank Charges	10	85	172	1,319
<b>Total</b>		<b>17,408</b>	<b>46,628</b>	<b>400,936</b>
<b>Excess of receipts over disbursements</b>				
		(17,407)	(46,590)	(774)
Exchange rate differences		(72)	(94)	779
Cash on hand		-	-	-
Cash begin period		17,484	64,168	-
<b>Cash end of period</b>	<b>12</b>	<b>5</b>	<b>17,484</b>	<b>5</b>

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 3 to 9 and forming an integral part of the special purpose financial information.

The special purpose financial information of Support to Extractive Industries Transparency Initiative (EITI) Project were authorized for issue by the management of the Ministry of Infrastructure and Energy on 10 March 2020 and signed on its behalf by:

Mr. Genci Tërpo  
General Director  
EITI National Secretariat  
(ALB-EITI)

Mrs. Alma Dega  
Financial Management Specialist  
EITI National Secretariat  
(ALB-EITI)

# Statement of Expenditures for the period from 1 January to 31 December 2019

1 January – 31 December 2019

Donor	Withdrawal application number	Date of withdrawal application	Type of Disbursement	Training & Workshop	Incremental	Consultants' services	Total	CCY
		-	Total	-	-	-	-	-

1 January – 31 December 2018

Donor	Withdrawal application number	Date of withdrawal application	Type of Disbursement	Training & Workshop	Incremental	Consultants' services	Total	CCY
		-	Total	-	-	-	-	-

## Support to Extractive Industries Transparency Initiative (EITI)

For the period from 1 January to 31 December 2018

amounts are expressed in USD unless otherwise stated

### 1. General Information

The Implementation of the Extractive Industries Transparency Initiative in Albania Project ("EITI") (the "Project") was established with the objective to support the Government of Albania ("GoA" or the "Recipient") to implement the project in order to reach the EITI validation and produce the second EITI Report.

International Bank for Reconstruction and Development ("IBRD"), acting as administrator of grant funds provided under the Multi-Donor Trust Fund for Extractive Industry Transparency Initiative Implementation Support Facility, extended a grant in an amount of US \$400,000 ("Grant"). The agreement was signed on 20 April 2016 through Decree of Council of Ministers No.300, and the closing date has been extended from December 31, 2018 up to April 30, 2020.

On 28/12/2018 the Bank (IBRD) has confirmed to the MoF regarding the Declaration of Effectiveness of Amendment No. 2 to the Grant Agreement no TF0A6493, requested on 15.11.2018, which consist on extension of the grant in an amount not to exceed one million USD, by including the additional grant (TF0A6493) in a total amount of USD 600,000. The closing date has been established to be December 31, 2020.

The amended Project Costs by Category (In USD million) are as follows:

Category	TF0A1769 Amount of the Grant (USD)	Percentage of Expenditures to be financed (inclusive of Taxes)	TF0A6493 Amount of the Grant (USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
1- Goods, Consulting - services, Training and Operating Cost under the Project	400,000	100%	600,000	100%
<b>TOTAL</b>	<b>400,000</b>		<b>600,000</b>	

All the terms and conditions of the Agreement, except as amended through Amendment no.2, remain in full force and effect.

The objective of the Project is to assist the recipient in implementing its EITI Agenda. The project consists in the following parts:

**Part A. EITI Implementation support:** Support the Recipient to meet and maintain its EITI compliant status obligations, including through recruitment of:

- (i) an independent administrator to oversee the preparation of the two annual EITI reports covering all extractive industries for the calendar year 2015 and 2016; and
- (ii) a legal expert to conduct a legal and regulatory review to identify the factors which lead to slow data collection in the preparation of EITI reports and recommend improvements.

**Part B. Capacity building:** Provision of technical assistance and core training on EITI and natural resources management through:

- (i) carrying out tailored training for all relevant stakeholders in the extractive industries, including EITI National Secretariat and MSG, civil society organizations on matters related to extractive industries, EITI standards and overall transparency in the sector; and
- (ii) provision of technical advisory services for state agencies and companies operative in the extractive industries to address their particular needs in complying with EITI reporting requirements.

**Support to Extractive Industries Transparency Initiative (EITI)**

For the period from 1 January to 31 December 2018

*amounts are expressed in USD unless otherwise stated*

**1 General Information (continued)**

**Part C. Communication and Outreach:** Support the implementation of the EITI communication strategy for the first year of Project implementation including:

- (i) provision of support for print and visual media outreach campaigns to support EITI National Secretariat to publish and disseminate crucial information to the public;
- (ii) raising awareness through organized events including press conferences and workshops to increase the understanding of key issues related to extractive industries; and
- (iii) management of Albania's EITI website and social media accounts.

**Part D: Project management:** Strengthening the EITI National Secretariat's capacity to carry out Project management through:

- (i) recruitment of the services of an IT specialist and a procurement specialist on a contractual basis; and
- (ii) financing of operating costs.

## **2. Summary of significant accounting policies**

A summary of significant accounting policies underlying the preparation of the Project's financial statements is presented below.

### **a) Basis of preparation**

The special purpose financial information has been prepared in accordance with the receipts and the Cash Basis of Accounting as further explained below under paragraph C 'Recognition of income and expenses'. The financial information includes the period from 1 January to 31 December 2019.

Cumulative information on cash receipts and disbursements from the Project's inception to date is presented in the Statement of Sources and uses of Funds for information purposes only.

The special purpose financial information is presented in USD. The functional currency of the project is ALL and USD given that the expenses are paid in ALL and USD.

The financial statements comprise the Statement of Sources and Uses of Funds, the Statements of Expenditures used as the basis for the submission of withdrawal applications and a summary of significant accounting policies and other explanatory notes.

As supplementary schedules to the financial statements are presented the Statements of Special and Accounts and Single Treasury Account associated with the Project.

### **b) Foreign currency transactions**

Funds are received in USD while expenses are paid in ALL. The Project has adopted the USD as its reporting currency for consistency with the reporting needs of its main donor, the IBRD.

Cash and bank balances in other currencies are converted into USD at the year-end rate of exchange. Transactions in currencies other than USD are converted to the reporting currency at the rate ruling at the date of the transaction. Foreign exchange differences are recognized in the Statement of Sources and Uses of Funds.

As at 31 December 2019, 1 USD is equivalent to 108.64 ALL and on December 31, 2018 1 USD was equivalent to 107.82 ALL.

### **c) Recognition of income and expenses**

Income is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Accordingly, direct payments of the Project's expenses, which are made from the proceeds of the trust fund, are recognized as sources and uses of funds at the time the payment is made. The Statement of Withdrawal Applications presents only applications submitted during the year and only expenses settled through such applications. Expenses presented in the notes to the financial statements include all expenses settled during the year in spite of the supporting withdrawal application period.

### **d) Taxation**

The Project is exempt from income tax. The Project is liable for withholding tax and personnel income tax for its staff. The Project is liable for all VAT expenses incurred. All the taxes have been paid out of project funds.

### Support to Extractive Industries Transparency Initiative (EITI)

For the period from 1 January to 31 December 2018

amounts are expressed in USD unless otherwise stated

### 3. Donors funding

Funds received from the Donor for the period from 1 May 2016 to 31 December 2019 were composed as follows:

	Period from 1 January to 31 December 2019	Period from 1 January to 31 December 2018
Replenishments	-	-
Direct Payment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Replenishments represent funds disbursed by IBRD to the Project bank accounts based on the work programs prepared by the Project. Direct payments represent amounts paid by IBRD directly to the suppliers for goods and services provided to the Recipient in relation to the grant.

### 4. Training and Workshops

The meetings and workshops for the period from 1 January to 31 December 2019 were composed as follows:

	Period from 1 January to 31 December 2019	Period from 1 January to 31 December 2018
International trainings for EITI and Ministry staff	-	(2)
Organization of workshop/meetings activities	734	-
<b>Total</b>	<b>734</b>	<b>(2)</b>

### 5. Consultancy services

The consultancy services for the period from 1 January to 31 December, 2019 were composed as follows:

	Period from 1 January to 31 December 2019	Period from 1 January to 31 December 2018
EITI Report	13,088	9,600
PR Ambassador for 2017	-	6,421
Print and visual media outreach campaigns, Internet and social media activities + logistics for awareness raising events	3,163	7,755
CS for production of EITI Albania international summit and two local roundtables	-	22,682
<b>Total</b>	<b>16,251</b>	<b>46,458</b>

### 6. Incremental Operating costs

Operating costs for the period from 1 January to 31 December 2019 were composed as follows:

	Period from 1 January to 31 December 2019	Period from 1 January to 31 December 2018
Publications of RoEI	338	-
Bank charges	85	172
<b>Total</b>	<b>423</b>	<b>172</b>

**Support to Extractive Industries Transparency Initiative (EITI)**

For the period from 1 January to 31 December 2018

*amounts are expressed in USD unless otherwise stated***7. Project expenditures by category**

Expenditures by sources of funds for the period from 1 January to 31 December 2019 were composed as follows:

	Period from 1 January to 31 December 2018	Period from 1 January to 31 December 2017
Goods	-	-
Training workshops	734	(2)
Consultancy services	16,251	46,458
Operating costs	338	172
<b>Total</b>	<b>17,323</b>	<b>46,628</b>

**8. Cash at banks**

Cash at banks as at 31 December 2019 and 31 December 2018 are composed as follows:

	Period from 1 January to 31 December 2019		Period from 1 January to 31 December 2018	
	LEK	Equivalent in USD	LEK	Equivalent in USD
ABI Bank (ALL)			-	-
ABI Bank (USD)				-
Credins Bank (ALL)	(655)	(6)	74	1
Credins Bank (USD)	11	11		17,483
<b>Total</b>		<b>5</b>	<b>74</b>	<b>17,484</b>

**9. Subsequent events**

There are no other significant events that would require either adjustments or additional disclosures in the special purpose financial information.

## **APPENDIXES**

### **Support to Extractive Industries Transparency Initiative (EITI) TF0A1769**

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**Statements of Special Accounts and Project Accounts  
for the period from 1 January to 31 December 2019**  
(Supplementary schedules to the Special Purpose Financial Information)

## Appendix 1

### Supplementary Schedule of Special Account Statement

<b>Donor</b>	<b>TF0 A1769</b>	<b>TF0 A1769</b>
<b>Account No:</b>	<b>2117681U</b>	<b>2117681U</b>
<b>Depository Bank</b>	<b>Bank of Albania</b>	<b>Bank of Albania</b>
<b>Address</b>	Skenderbeg Sqaure, No 1, Tirana, Albania	Skenderbeg Sqaure, No 1, Tirana, Albania
<b>Currency</b>	<b>USD</b>	<b>USD</b>

	<b>2019</b>	<b>2018</b>
<b>Opening Balance at beginning of period</b>	-	-
<b>Funds received:</b>	-	-
Replenishment	-	-
<b>Disbursements:</b>		
Funds transferred to ABI or Credins Bank in USD	-	-
Funds transferred to ABI or Credins Bank in ALL	-	-
<b>TOTAL</b>	-	-
<b>Balance at end of the period</b>	-	-

## Appendix 4

### Supplementary Schedule of Project Account Statement

<b>Account No:</b>	<b>897650</b>	<b>897650</b>
<b>Depository Bank</b>	<b>CREDINS BANK</b>	<b>CREDINS BANK</b>
<b>Address</b>	Str.Ismail Qemali, Tirana Albania	Str.Ismail Qemali, Tirana Albania
<b>Currency</b>	<b>ALL</b>	<b>ALL</b>
	<b>2019</b>	<b>2018</b>
<b>Opening Balance at beginning of period</b>	<b>74</b>	<b>-</b>
<b>Funds received:</b>		
Funds received from Special Account	-	-
Funds received from the other account	462,260	1,265,867
<b>Funds received from Interest</b>	<b>-</b>	<b>63</b>
<b>Total</b>	<b>462,260</b>	<b>1,265,929</b>
<b>Disbursements:</b>		
Project expenditures	462,840	1,266,003
Funds sent to the other account	-	-
<b>Total</b>	<b>462,840</b>	<b>1,266,003</b>
<b>Loss from exchange rate</b>	<b>(85)</b>	<b>(148)</b>
<b>Balance at end of the period</b>	<b>(6)</b>	<b>74</b>

## Appendix 5

### Supplementary Schedule of Project Account Statement

<b>Account No:</b>	<b>897651</b>	<b>897651</b>
<b>Depository Bank</b>	<b>CREDINS BANK</b>	<b>CREDINS BANK</b>
<b>Address</b>	Str.Ismail Qemali, Tirana Albania	Str.Ismail Qemali, Tirana Albania
<b>Currency</b>	<b>USD</b>	<b>USD</b>
	<b>2019</b>	<b>2018</b>
<b>Opening Balance at beginning of period</b>	<b>17,484</b>	<b>64,168</b>
<b>Funds received:</b>		
Funds received from Special Account	-	-
Funds received from the other account	-	-
<b>Funds received from Interest</b>	<b>1</b>	<b>38</b>
<b>Total</b>	<b>1</b>	<b>38</b>
<b>Disbursements:</b>		
Project expenditures	13,138	34,672
Funds sent to the other account	4,337	12,050
<b>Total</b>	<b>17,474</b>	<b>46,722</b>
<b>Loss from exchange rate</b>	<b>-</b>	<b>-</b>
<b>Balance at end of the period</b>	<b>11</b>	<b>17,484</b>

## Appendix 6

### Supplementary Schedule of Single Treasury Account

Depository Bank:

Treasury Account M260324

Address:

Ministry of Finance and Economy

Currency:

ALL

	2018	2019
Opening Balance at beginning of period		-
Funds received:		
Funds received from GoA	-	-
Total	-	-
Disbursement:		
Transferred to GoA	-	-
Total	-	-
Balance at end of the period	-	-