



2020

ANNUAL PROGRESS REPORT

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE NATIONAL SECRETARIAT

JUNE 2021



GENERAL ASSESSMENT OF 2020 PERFORMANCE

We are pleased to present the 2020 EITI Annual Progress Report of the Extractive Industries Transparency Initiative, EITI Albania, which contains a summary of the activities of the Multi-Stakeholder Group (MSG) and the EITI National Secretariat.

Our scope is to be transparent and open about how we cooperate with local and central actors and our experience has helped increase the awareness on the importance of regular disclosure of payments that mining, gas and oil companies make to the state as well as the disclosure of all revenues that the government receives from these companies.

Despite the difficult situation due to the Covid-19 pandemics, the Extractive Industries Transparency Initiative (EITI) has managed to complete the projects planned for 2020.

The main project of the Multi-Stakeholder Group (MSG) and the EITI National Secretariat was the publication within 2020 of the EITI Report for the years 2017-2018, achieved through joint and coordinated work between various stakeholders.

The creation of the Open Data portal, which is a novelty for the EITI Albania, will significantly increase transparency and public involvement in decision-making processes related to the Extractive Industries, in the context of sustainable development and strengthening the generation of potential economic and social interests. The EITI Open Data platform will provide the necessary information and focus to serve the interests of potential international and domestic investors in the Extractive sectors in Albania. The Open Data portal will be accessible to the public, civil society, media and businesses/potential investors, providing information required by the EITI Standard 2019 (Requirement- Open Data), in order to stimulate public debate and improve good governance policies in Extractive Industries.

The MSG and the Secretariat, through a Consultancy contract financed by the World Bank, implemented the Mining Cadaster project, whose objective is to provide detailed presentation of the mining inventory, digitalization of cartographic and alphanumeric information, and the creation of a mining geodatabase and Web-GIS portal, that is accessible to the public, potential investors and both state institutions and local government units.

Special importance and attention was also given to the publication of the Environmental Impact Assessment report, which contains an assessment of the current situation in the extractive sector, identification of problems and recommendations.

The Social Impact Assessment of Extractive Industries on Local Communities and Employment, prepared by the Consultant and financed by the WB, analyzes the Extractive Industries impact on:

- *Revenues and benefits of Municipalities and Communes in extractive areas;*
- *Revenues and benefits from Mining Royalty;*
- *Employment benefits for local communities*
- *Social-economic components of Extractive Contracts, Agreements and Licenses;*
- *Prohibition of illegal employment of children in these sectors;*
- *Local capacity building, through Vocational Training;*
- *Addressing Gender issues in extractive sector;*
- *Civil Society's key role in this process;*
- *Corporate Responsibility/Standards related to Social Impact Assessment;*

The project addressed the above issues through interviews and surveys conducted in 3 pilot municipalities: Bulqiza, Kuçova and Librazhd, providing recommendations and suggestions on improving the extractive industries' impact in terms of: economic development, investment feasibility, revenue management, security and safety in the workplace, health, social equality, vocational training, land and property use, as well as the involvement of civil society and communities in the decision-making process.

The development of the EITI Communication and Outreach Strategy 2021-2022 was the result of joint efforts aimed to improve visibility and transparency towards the achievement of strategic goals of the MSG and the EITI National Secretariat. This document constitutes a planned and efficient framework, for the preparation of detailed programs for the implementation of communication activities as well as the establishment of a sustainable communication system with all stakeholders.

The involvement of the Ambassador for Public Relations helped convey a professional message in creating a public image. Raising the institutional profile of the MSG and the EITI National Secretariat, open dialogue, trust and transparency are essential in building partnerships with all actors involved in the EITI process.

The Communication and Outreach Package represents one of the best approaches to inform on the activity of the EITI Initiative in Albania. The package is based on the principles of transparency and effective management and aimed to raise public and media awareness on extractive industries and activities related to EITI work.

We have achieved visible results and are proud of the work done by all members of the Multi-Stakeholders Group (MSG) and Secretariat staff.



ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SPECIFIED SET OUT IN THE WORK PLAN REQUIREMENTS

The Multi-Stakeholder Group (MSG) approved its 2020 work plan in January. This work plan established the foundations of activities for 2020.



OBJECTIVE 2017 AND 2018 EITI REPORT

As part of the activities of the 2019-2020 Work Plan approved by MSG, the National Secretariat EITI signed a contract in January 2020 with Deloitte Albania sh.p.k, to act as Independent Ambassador for preparation of 2017-2018 EITI Report. Due to the difficult situation caused by the pandemic, the finalization of the EITI Report required an extension of the deadline and additional work by both the Secretariat and the Independent Administrator. After discussions with and approval by the Multi-Stakeholder Group, Deloitte Albania sh.p.k prepared in December the final version of EITI 2017-2018 Report. This Report consists of eleven chapters that cover, inter alia, background information on industries covered by the report, a description of the compilation and reconciliation processes, relevant findings, and lessons learned during the reconciliation carried out during these years, and a summary of recommendations.

The information presented in Chapters 1 to 6 and other information, except the information on payments that was subject to the reconciliation process and our procedures, was mostly provided by AlbEiti, Ministry of Infrastructure and Energy, National Agency of Natural Resources in Albania, Albpetrol, General Directorate of Customs in Albania, Regulatory Entity of Energy and Albanian Geological Survey.

The objective of this report is to increase transparency in the hydrocarbon, mining and hydropower industries.

The main source of energy produced in Albania was crude oil, which is measured in toe (equivalent ton of oil). Crude oil accounted for 57.7% of the country's energy from primary sources in 2017, and 45.6% in 2018. It is followed by the hydropower sector, which represents about 23.4% of energy produced from primary sources in 2017, and 36.8% in 2018. The difference is mainly due to an increase in energy production, rather than a decrease in crude oil extraction. Throughout 2017 and 2018, the oil and gas sector had six companies engaged in crude oil extraction and four companies involved in exploration activities.

As a traditional mining country, Albania has a growing number of small and medium-sized mining enterprises and quarries, and only a few large-scale industrial mining companies. In December 2018, AKBN reported approximately 600 mining permits, of which 165 permits were reported as passive and non-operational. According to AKBN reporting, domestic mining production, not including value added through mineral processing, was estimated at ALL 51.61 billion (\$ 433 million) in 2017 and ALL 83.14 billion (\$ 770 million) in 2018. The increase in 2018 is mainly due to the resumption of copper mining activities in 2018.

Hydropower production in Albania is dominated by the public sector. The state owns and operates the Albanian Electricity Corporation (KESH), the Transmission System Operator (TSO) and the Electricity Distribution Operator (OSHEE). The sector is regulated by the Energy Regulatory Entity (ERE), an independent public institution charged with reporting, governing and monitoring the energy sector. KESH is the largest producer in the country. With an installed capacity of 1,350 MW built in a cascade over the Drin River in the north, KESH contribution to the energy production was 64% in 2017 and 68% in 2018. Domestic hydropower production in 2017 accounted for about 81% of total energy consumption; whereas in 2018 production was 146% of total consumption. A significant part of the transmitted energy is lost in the distribution system due to poor technical conditions and illegal connections to the power grid. The Government of Albania and OSHEE are actively working to reduce the technical and financial losses, which were estimated to account for 25% of consumption in 2017 and 23% in 2018.

In order to facilitate the reconciliation process and the compilation of the report, Deloitte Albania sh.p.k suggested the establishment of an annual calendar for the completion of the reporting and reconciliation process. The annual deadline for submitting declarations

should be planned in advance and included in the annual corporate reporting calendar. For this reason, the selection of reporting companies and reporting requirements should be planned and communicated several months before the deadline for reconciliation procedures, which will bring a higher level of preparation in this regard by the licensed entities. The Ministry should follow the rigorous implementation of local legislation in force regarding the financial reporting and auditing of financial statements of companies in these sectors. This will improve the quality and quantity of financial information disclosed for extractive activities in Albania.

Additionally, with the aim of improving the quality of reporting and at the same time to obtain assurance on the reported information, Deloitte Albania sh.p.k, recommends that the MSG should request the licensed companies to declare the relevant payments for EITI and additional information according to the required format, in a separate report, or in an annex to the annual financial statements. In both cases, this information must be subject to an independent annual audit. Integrating EITI reporting preparation into annual financial reporting cycles makes it easier for companies to obtain assurance on EITI reported figures.

Furthermore, it is recommended that MIE should propose and support the establishment of new regulatory practices that require licensed entities to report on project/permit/license basis.

Project-level reporting will allow for a better comparison of payment trends for each license with the level of production and taxes applied, and will provide MIE with a useful basis for revenue budgeting and analysis of the effectiveness of fiscal policies, applied in the medium and long term.

At the same time, it is recommended that the MSG should cooperate with the Albanian Government to establish a legal definition of the term "project" for the industries reviewed by AlbEiti. As referred above, in our study we concluded that the term "project" is not defined in the Albanian legal framework. The definition used throughout this report is the result of a study to define the scope, is based on the EITI Standard, and is adapted to the Albanian legal framework and the way companies operate in the three industries in Albania. In order to achieve project-level reporting, licensed entities must have a NIPT

(Identification Number of the Tax Payer) for each project – i.e. for each license, permit or set of licenses, permits, which are geographically and operationally integrated. This would mean that companies had to report and pay taxes, or made other payments to the state, based solely on their extractive activities. Furthermore, this type of reform would ensure that data is available at the project level in the GDT database. This would create a comparative basis, which would have a higher level of control, for reporting company data to AKBN. Creating a basis for project-level reporting would also solve the problem of distinguishing extractive activities from other commercial activities performed by a company. However, before making such changes, we recommend that the MSG undertake an economic study to understand the true benefits, for all parties involved, of taking steps towards facilitating project-level reporting. As this would generate time benefits and cost reductions for public and private institutions, the benefits need to be clear.

The EITI 2017-2018 Report is published on the official website of the National EITI Secretariat.



OBJECTIVE **VALIDATION**

In January 2020, MSG discussed and determined the steps to be followed for Corrective Actions arising from Validation Mission II and the measures to be taken for their implementation. The Independent Administrator was made aware of these steps which are reflected in the drafting of the EITI Report 2017-2018. Due to the pandemic, the next validation for Albania scheduled to be organized in October 2020, has been postponed to October 2021.



OBJECTIVE **EITI CAPACITY BUILDING**

During December, members of the MSG and several members of National Secretariat staff of EITI Albania participated in a four-week training course, "Energy Academy" organized by the Albanian Institute for International Studies (AIIS) for Energy Studies. This course took place in an interactive online format. The lectures were given by well known and prestigious experts on energy in Albania, Europe and the USA, with specialized knowledge in the latest developments in the energy sector. The academy consisted of thirteen lectures divided into four courses:

- *Energy Security;*
- *Energy Management;*
- *Energy Development;*
- *The Future of Energy.*

During this course, lecturers addressed various topics such as:

- 1. Energy Security;*
- 2. Covid-19 Pandemic and its consequences in the Energy sector;*
- 3. Energy Security in Albania and the region;*
- 4. Energy security policies in 2020;*
- 5. Accounting, finance and modeling of sustainable investments;*
- 6. Corruption in the Energy Sector;*
- 7. Nuclear Energy;*
- 8. Energy and its Impact on society;*
- 9. Energy and the European Union;*
- 10. Energy and environment;*
- 11. Climate change and Energy transition;*
- 12. Energy and sustainable development;*
- 13. Clean Energy Economy;*

These lectures provided the participants from the Secretariat staff and MSG members with extensive theoretical and practical knowledge not only on national and regional policies, but also on global ones, covering many energy and environmental issues, such as:

- *the mechanisms of investments and financing in green energy;*
- *understanding the energy security and its importance today;*
- *energy resources of the Balkans and Albania and the geopolitical competition facing the region;*
- *potential risks for the Western Balkan countries due to the need for energy;*
- *meeting the security challenges of the energy sector in the Western Balkans and in Albania;*
- *the macroeconomic shock caused by the Covid-19 Pandemic in the energy sector and many other issues.*

At the end of these courses all participants in the Academy were provided with participation certificates.

Also during 2020 the staff of the National Secretariat EITI has participated in online trainings organized by ASPA (Albanian School of Public Administration) for civil servants.



OBJECTIVE COMMUNICATION ACTIVITIES

The steps taken by the MSG and EITI Secretariat in carrying out the communication activities pursue as a combination of the three projects as follows.



EITI PR AMBASSADOR

In the framework of the activities approved in the Work Plan for 2020, on August 31, 2020, the National Secretariat entered into a part-time agreement with Mr. Ledion Krisafi, as Ambassador for Public Relations / Individual Consultant. Mr. Krisafi carried out the activities planned for the period September-December 2020 within the deadlines established in the Work Plan approved by the Secretariat. The accomplished activities were intended to reach

all stakeholders in order to raise awareness and create a framework on the image of EITI Albania.

The Head of the National Secretariat and the PR Ambassador held two meetings with economic journalists and presented the main projects of the MSG and EITI Secretariat for the current year and how the Covid-19 pandemics affected the achievement of project objectives.

Five individual interviews were effectively conducted with MSG members and the Head of the Secretariat, highlighting the views, challenges and suggestions of each EITI Board group. The two chronicles prepared for this purpose discussed the EITI's role in the extractive industry; the main projects implemented so far, especially the Digital Mining Cadaster and the Open Data portal; the role of the MSG and the Secretariat during the pandemics and new projects.

In addition, seven editorials have been published with focus on the impact of the Covid-19 pandemics on the oil industry in Albania, the consequences on consumption, oil production and labor market; Oil industry in Albania and the changes it has experienced in the recent years, especially since 2013; A comprehensive description of the Trans-Adriatic Pipeline (TAP) economic benefits for Albania in particular but also for the region and the future position of Albania in the energy sector; The implementation of new projects, in particular the open data portal, the mining register and the environmental impact assessment; Developments in the mining industry during the recent years and how the EITI's work of has contributed to improving the situation, especially in terms of transparency, data availability, etc. .; Special focus on EITI's annual reports and how they have changed the data collection landscape regarding the industry and how these reports have facilitated access to information for journalists, researchers or stakeholders.

Having a base of about 20,000 followers on its official Facebook page, the EITI National Secretariat used this platform as the main medium to present the work of the Ambassador for Public Relations.

Approved by the World Bank, on November 5, 2020 the EITI National Secretariat entered into a consultancy contract with mrs. Alba Çela for the communication and outreach strategy 2021-2022.

The primary goal of the strategy is to increase awareness on the current situation of the extractive industry in the country in the hope that awareness will translate into increased pressure for accountability and transparency and ultimately an increased positive impact of the industry on communities and the country's population and at large. The strategy also aims to create a conduit of feedback from stakeholders and the public to the extractive industries on the needs of the communities where resources are located, so that meeting obligations can be better targeted. Moreover, the strategy seeks to develop better informed discussions between communities and industry representatives about sustainable development.

The strategy plans to distribute EITI Albania's key messages through several channels. These include coverage on traditional media outlets (broadcast, print and online) and niche media (business and social focus). EITI Albania's own communication channels -- its social media accounts, the website, publications and paid advertising will also play a key role.

EITI Albania's communications will feature discussions of the organization's representatives with government and public officials whose work is tied to the extractive industry and/or communities most affected by that industry. Moreover, they will feature dialogue with civil society and public forums. The publication of these discussions will be done through the aforementioned channels for people not directly attending the forums either in person or virtually through online tools. A special outreach will be dedicated to youth, reaching out to universities and high schools in areas of significant presence of the extractive industries to increase awareness of the EITI standards and foster local and national accountability and transparency for the industry.

Communication and Outreach Strategy 2021-2022, was discussed and approved by the Multi-Stakeholder Group members and is published on the EITI National Secretariat website, www.albeiti.org.



COMMUNICATION AND OUTREACH PACKAGE FOR THE PERIOD SEPTEMBER-DECEMBER 2020

In the framework of activities approved in its Work Plan for 2020, on August 25, 2020, the National Secretariat entered into a contract agreement with the company Publicita sh.p.k, for the Communication and Outreach Package for the period September-December 2020.

The campaign was conducted in several phases:

The Communication and Outreach campaign started initially with the broadcast of the EITI TV Ad. After several meetings between the production unit of the advertising company and EITI representatives, the parties agreed on the conceptual idea for the realization of a 30 second TV ad. The ad aimed to raise public awareness on the current situation of the extractive industry in the country, the benefits for local communities in extractive areas rich in natural resources and transparency. Simple messages were selected, taking into account a wide target group including people from different age groups and cultural backgrounds.

The TV ad was broadcasted on national media, Top Channel, and local media. The decision to select Top Channel was made taking into consideration its signal coverage and audience ratings. Local media, such as TV Kukësi, TV Bulqiza and TV Apollon, were selected because of their coverage of the areas where extractive industry is mainly active. The broadcast of the ad on these local televisions was extended throughout the day since it was thought (referring to the statistics) that TV watching and audience is practically uniform from morning to evening.

The TV campaign was supported and complemented by the installation of city lights in two city centers, near the Municipal buildings and on the busiest roads of Fier and Kukës respectively. City lights were placed within the time frame covering the start of the ad broadcast to the end of the entire campaign.

The media campaign was also complemented by the EITI advertisement (a full page) published in various issues of a business magazine with considerable circulation. The magazine selected for this item was MONITOR, due to the fact that its subscribers are mostly public entities, businesses and readers interested in economics and finance.

An important part of the overall campaign was the preparation of a regular Monthly Newsletter. The Newsletter contained activities, interviews, curiosities and information about EITI Albania. After it was graphically prepared by the agency, it was electronically distributed to all media and stakeholders via the institution's database.

In addition, 13 animated MEMEs were conceived and published. The topics selected for this purpose were about environmental and social impact, mining cadaster, open data, EITI Report 2017-2017, promotion of women in the extractive industry development, etc.

The package also contained the creation of four Roll-Up Banners, containing mainly messages such as: Good Governance Strengthening; Transparency leads to Accountability; Open Data Improve Reliability; The Global Standard for Good Governance of Oil, Gas and Mineral Resources and the EITI Report 2017-2018 for Albania.

The creation of an EITI Poster enabled us to clearly present the selected slogan for this campaign, "Transparency Leads to Accountability". The elements used in its preparation, such as logo, slogan and colors, were intended to draw public attention.

Considering the fact that the EITI National Secretariat has organized several local conferences or meetings, we deemed it highly important and worked on the creation of a Banner, with the slogan, "Transparency Leads to Accountability" placed at its center.

In order to promote the EITI Initiative and capture the attention of stakeholders, the EITI Leaflet was created. With the end of the situation created by the Covid-19 pandemic, this leaflet will be distributed to all communities in extractive areas in Albania.

A successful Round Table was organized with stakeholders, with the participation of 30 people, including logistics in accordance with the terms and conditions under the contract. The participants in this round table presented and discussed on the implementation of projects planned for 2020.

Then started the first preparatory phase, the graphic preparation and adaptation for printing of the EITI Report 2017-2018 and the EITI Summary Report 2017-2018. Following their approval both of these products were sent to the printing house and were delivered within the set deadlines.



OBJECTIVE **LEGAL AND REGULATORY REVIEW**

On July 29, 2020, the Assembly of the Republic of Albania approved Law no. 112/2020, "On the register of Beneficiary Owners". This law regulates the definition of the beneficiary owner, the obliged entities which must register the beneficial owners, and the creation, functioning and administration of the Register of Beneficiary Owners, the procedure and the manner of registration and record keeping of the registered data of beneficiary owners, as well as penalties applicable in case of non-registration of beneficial owners.

Additionally, the Government has approved DCM no. 1088, dated 24.12.2020 "On the determination of the manner and procedures for the registration and publication of the information on beneficial owners, and the notification by the competent state authorities and obliged entities



OBJECTIVE **STUDY OF TRANSPARENCY ABOUT THE USAGE OF ROYALTY INCOME AND DONATIONS OF EXTRACTIVE INDUSTRY COMPANIES IN THE LOCAL AUTHORITY**

This project was organized in cooperation of OSCE Presence in Albania. Meetings in local units where extractive industry is present were organized. Also, two meetings in Tirana with the representatives of government, local units and the local governance agency were organized. Due to the earthquake on November 2019 and Covid-19 the national event that was foreseen to be organized and where the findings and conclusions of this project would be summarized did not took place.



OBJECTIVE **THE EITI IMPACT SURVEYS**

Due to Covid-19 pandemic and measures taken by authorities, surveys on the EITI impact did not take place.



OBJECTIVE **ADDITIONAL PROJECTS**



MINING CADASTRE PORTAL

As part of the activities approved in the Work Plan, on November 13, 2020, the National Secretariat signed an agreement, Ref. with the Consultant Abkons sh.p.k, for the creation of the Mining Cadaster Portal, whose objective whose objective is to provide detailed presentation of the mining inventory, digitalization of cartographic and alphanumeric information, and the creation of a mining geodatabase and Web-GIS portal, that is accessible to the public, potential investors and both state institutions and local government units.

The project highlights in detail the great potential of the mining sector in Albania, which for more than 50 years has been one of the most important sectors in economic development, with significant impact on social communities and employment.

The Mining Cadaster provides in GIS format the Mining Geodatabase which contains official data obtained from NARN specifying the cartographic database of mines, geometric and coordinate data of mines specified according to the current administrative division; detailed data on mining permits for the years 2019, 2020; historical data of mining sector investments; annual reports with statistical data on mining production; investment

guarantees and payments from mining entities; scanned archive of mining permits and reports of mining entities.

The Mining Cadaster Project also provides a study on the legal, sub-legal and regulatory framework of the mining sector, including suggestions on the optimization of some sectorial procedures.

The general public and strategic investors can use the Mining Cadaster Portal to obtain detailed Geo-spatial data regarding the location of mining companies, mining permit areas according to Cadastral Zones, and which are classified by type of minerals, mining permits, mining companies and license holders, tabular data on mineral production and payments made by extractive companies, as well as mineral exports.

ENVIRONMENT SCOPING STUDY FOR THE EXTRACTIVE INDUSTRIES

As part of the activities approved by the World Bank, on August 20, 2020, the National Secretariat (EITI Albania), entered into a contract agreement with the company "Abkons sh.p.k.", and in a sub-consultancy agreement with Michael Barron and Engaged Consulting, for the preparation of the Environmental Impact Assessment Study of the Extractive Industry in Albania.

Despite the difficult conditions as a result of Covid-19 pandemics, Abkons sh.p.k. in a sub-consultancy agreement with Michael Barron and Engaged Consulting, based on the terms of reference, conducted a comprehensive study on the environmental impact of extractive industry in Albania.

The study provides an in-depth analysis of all environmental impacts, specifically including:

- An assessment of the legal framework of the extractive industry in Albania and the necessary recommendations for its improvement, including the positive experience from other countries.*
- An accurate treatment of the impact of the extractive industry activity on all environment components such as land, air, water (surface and groundwater), noise, vibration and the flora and fauna of the environment where the activity of this industry takes place.*

- Identification of the obligations of companies active in the extractive industry to assess, administer and mitigate the environmental impact according to Albanian legislation, regulations and conditions of mining permits, licenses and contracts for hydrocarbons, as well as relevant international criteria.
- An analysis of deficiencies/inconsistencies between the obligations of extractive companies under national legislation/permit and real implementation in relation to the assessment, administration and mitigation of environmental impacts.
- Presentation of two case studies related to mines to illustrate the environmental impact of their activities, control requirements and compliance with obligations under environmental permits.

The Study draws conclusions and provides recommendations for EITI Albania;

- *EITI Albania establishes a process for the collection, analysis and publication of all environmental information required by clauses 6.1, b and 6.4 of the EITI Standard 2019, i.e., both mandatory and voluntary information requirements.*
- *EITI Albania includes background information on the practical nature of mining and oil and gas activities, e.g. types of projects to determine the related environmental impacts. EITI Albania bases its environmental data reporting model on existing models used in countries where this standard applies.*
- *EITI Albania conducts awareness-raising activities with companies and government agencies in the field of reporting to explain environmental reporting requirements and the information required to complete the reporting model.*
- *Where possible, EITI Albania should use relevant environmental information already published.*
- *EITI Albania should encourage oil and gas companies that use hydraulic fracturing techniques to be transparent about the types of techniques used and the potential impact.*

The Study on the Environmental Assessment of Extractive Industries in Albania is published on the official website of the National EITI Secretariat.

STUDY ON SOCIAL IMPACT OF EXTRACTIVE INDUSTRIES IN LOCAL CONTENT AND EMPLOYMENT

As part of the activities approved by the World Bank, on September 17, 2020, EITI Albania entered into a contract agreement, Ref. Nr. ALBEITI/CS/CQ/E. with the Consulting firm Haxhia & Hajdari in cooperation with Mrs. Olijana Ifti and the Albanian Local Capacity Development Foundation for the preparation of a Social Impact Assessment of Extractive Industries in Local Communities and Employment.

The study was financed by World Bank and focused on assessing the impact of Extractive Industries on:

- Revenues and benefits of Municipalities and Communes in extractive areas;*
- Revenues and benefits from Mining Royalty;*
- Employment benefits for local communities*
- Social-economic components of Extractive Contracts, Agreements and Licenses;*
- Prohibition of illegal employment of children in these sectors;*
- Local capacity building, through Vocational Training;*
- Addressing Gender issues in extractive sector;*
- Civil Society's key role in this process;*
- Corporate Responsibility/Standards related to Social Impact Assessment*

The project addressed the above issues through interviews and surveys conducted in 3 pilot municipalities: Bulqiza, Kuçova and Librazhd, providing recommendations and suggestions on improving the extractive industries' impact in terms of: economic development, investment feasibility, revenue management, security and safety in the workplace, health, social equality, vocational training, land and property use, as well as the involvement of civil society and communities in the decision-making process.

The Study contains also a revision of the legislation in force regarding the mining and petroleum activities in Albania, accompanied by findings on some problematic issues to be addressed in the current legal framework.

The industrial development and exploitation of the extractive sector requires improved performance transparency in order to enhance community involvement. However, a crucial role in this aspect plays not only the central government, but also local governments, which can act as intermediaries between companies and local communities.

The study provides the following Findings and Recommendations:

- *Strengthening of institutional and legal framework:*

Establishing a strong institutional and legal framework that regulates the Extractive Industry development and management is essential to ensure that the rights and interests of the parties involved are respected.

- *Transparent and efficient management of revenue:*

The Extractive Industry normally leads to a large increase in government revenue and if this revenue is not managed appropriately, it can stimulate corruption and minimize economic efficiency. A culture of transparency should be encouraged, and the Extractive Industries Transparency Initiative (EITI) is one of several initiatives that provides a platform to institutionalize effective revenue management.

Mining and hydrocarbon companies are expected to act as real sponsors and contributors to almost every program and project with social impact within their regions of activity. A critical examination of the projects implemented so far shows that although some projects have been undertaken, the majority of them consisted in developing local infrastructure mainly due to the longevity of mining and hydrocarbon operations, with little or no focus on economic empowerment of local residents. Therefore, although communities have benefited from such projects, their focus does not appear to have been on substantive issues such as improving livelihoods and community involvement in the evaluation of these projects has been relatively low. This suggests that the living standards have not been sufficiently improved to make the individual benefit and pay for his health and education.

In addition, it is noticed some level of tension since community members believe that they are not actively involved in decision-making and that there is some form of communication gap between companies and communities and public information. Cooperation between community members and mining companies coordinated by local governments would not only help reduce tensions but also raise the mining companies' awareness on the needs of the community and act in the best interest of both parties.

The study suggests the establishment of a separate department within the companies to strictly monitor this issue.

Recommendations on improving the social impact of Extractive Industry:

- *Effective engagement of communities and stakeholders:*

Establish communication channels between stakeholders, and ensure that all parties are provided with adequate information and training to be able to engage in a meaningful dialogue process.

- *Fair and equitable benefit sharing:*

Under the right conditions, Extractive industry can bring significant benefits to communities and regions in terms of infrastructure investments, employment, contracting opportunities, and overall economic development. If these benefits are in line with the interests of local community and are perceived to be fair, then they can help prevent conflicts and offset environmental and social development impacts.

- *Mitigation of negative economic, social, environmental and gender impacts:*

Economic, social and environmental impact assessments and management procedures have evolved significantly in recent years; there exist recognized international standards that provide guidance for actively resolving these issues.

The rights of vulnerable groups and the gender implications of the extractive sector need to be closely monitored and recognized in order to mitigate potential impacts. One

objective of the long-term strategy for social impact on this sector is to ensure that this becomes a foundation for generation of jobs and economic development for local residents.

- *Transparent and efficient management of revenue:*

The Extractive Industry normally leads to a large increase in government revenue and if this revenue is not managed appropriately, it can stimulate corruption and minimize economic efficiency. A culture of transparency should be encouraged, and the Extractive Industries Transparency Initiative (EITI) is one of several initiatives that provides a platform to institutionalize effective revenue management.

- *Strengthening of institutional and legal framework:*

Establishing a strong institutional and legal framework that regulates the Extractive Industry development and management is essential to ensure that the rights and interests of the parties involved are respected.

Although a number of challenges remain to make Corporate Social Responsibility (CSR) for social impact projects effective for development, especially for improving livelihoods, the overall CSR in Albania's mining and oil regions can be considered useful for development.

To improve the operational sector of the EI and to achieve optimal and maximum social and economic benefits from this sector, the following recommendations can be considered:

- *Central and local government should coordinate their development plans with plans at the local level. To avoid negative impacts, central and local government should include local development priorities in development strategies, coordinating closely with EI companies and to design requirements for goods, services, and jobs that bring local development and employment. by promoting local and national development programs.*

- Therefore, central and local government should identify the needs of the community in terms of employment, economic and social development. Based on these needs, central and local governments will force operating companies to direct their policies toward development plans. The obligation may be imposed on enterprises for example by setting certain criteria to allow EI companies to operate or obtain licenses and permits, such as meeting certain social and economic targets, employment and training of the local community, etc., which can satisfy the needs of the local community.
- Strengthen cooperation between the government (central and local) with the public and especially with the local community of areas where EI companies operate, by promoting transparency and the information and decision-making process.
- Integrate the core of environmental, social, economic and human rights standards into the internal regulations of companies operating in the EI sector (policies, bylaws, regulations, manuals) and relevant inspection structures to ensure that companies operate by taking into account the local conditions and context;
- Promote the establishment of professional unions of employees to enhance their awareness and respecting of workers rights;
- The royalty percentage will not be a fixed amount, but will be calculated in accordance with a pre-approved development plan for the community;
- Actively engage the affected public to participate in the design of regulations, licensing and monitoring of the sector, by recognizing the value of community and civil society participation in improving the governance of the mining sector and strengthening contracts enforcement;
- Establishment of a number of processes and mechanisms the make the government and mining companies accountable to the public, including mechanisms that can help dispute resolutions and provide effective legal remedies.

The Study on the Social Impact of Extractive Industries in Local Perspective and Employment is published on the official website of the National EITI Secretariat.



OBJECTIVE **OPEN DATA**

The Open Data Portal which contains data on the Extractive and Hydropower sectors is available online at the link <https://www.opendata-albeiti.org/>. In the framework of activities approved by the World Bank, on October 8, 2020 the EITI Secretariat entered into agreement Ref. No. ALBEITI/CS/CQ/E.1 with Ikub INFO for the development of the Open Data Portal.

The creation of Open Data portal for EITI, which constitutes a novelty for the EITI National Secretariat, will significantly increase transparency and public involvement in decision-making processes related to the Extractive sector, which will support sustainable development and generation of potential economic and social interests. The main objective of this service is to collect, produce and submit for publication complete technical, economic, legal and social data of extractive and hydropower sectors.

- To build an online public information line which will serve to inform the general public at home and abroad, various individuals and entities interested in the trend of indicators and in general for the sustainable development of these areas while achieving the objective to expand the scope of EITI Albania reports.
- To disclose to the general public the economic and social indicators of all entities operating in the extractive and hydropower sectors.
- Another objective is to disclose, use, analyze and evaluate the economic, social and legal indicators of extractive areas in order to undertake initiatives, design and implement effective reforms and interventions in extractive areas.

The EITI Open Data platform will provide the necessary information and focus to serve the interests of potential international and domestic investors in Extractive sectors in Albania.

The Open Data portal will be accessible to the public, civil society, media and businesses/potential investors, providing information required by the EITI Standard 2019 (Requirement 7- Open Data), in order to stimulate public debate and improve good governance policies in Extractive Industries.

From the architectural point of view, the Open Data Portal is designed in such way that allows public users in the Public Web Application module to access detailed datasets in the relevant databases created for the Mining, Hydrocarbon and Electricity sectors, enabling dataset visualization, exporting and downloading.

The module of the Internal Web Application Portal, which will be managed by the National Secretariat staff, enables the publication of timely updated sector data, as well as the publication of datasets. Public users can access detailed statistical and cartographic data regarding Mining, Hydrocarbon and Electricity sectors, business entities operating in these sectors, Permits, licenses and agreements in the Mining and Hydrocarbon sectors, economic data on sectorial production and exports, data on beneficiaries of entities operating in these sectors, geographical distribution of Extractive Industry operations, etc.



ASSESSMENT OF PERFORMANCE IN COMPLIANCE WITH THE EITI REQUIREMENTS

REQUIREMENTS	PROGRESS
<p>EITI REQUIREMENT 1</p> <p>Oversight by the multi-stakeholder group</p> <ul style="list-style-type: none"> 1.1 Government engagement 1.2 Company engagement 1.3 Civil society engagement 1.4 Multi-stakeholder group 1.5 Work plan 	<p><i>The MSG in Albania has been actively involved in the implementation of EITI. Albania has continued to produce EITI reports according the deadlines. The MSG members are engaged in the implementation of EITI, according the sector they cover.</i></p> <p><i>State Institutions, constituent part of the MSG, have shown high engagement by making available to the EITI Initiative their structures and human resources for the EITI Reporting as well as for other informations requested by the Secretariat. Due to the difficult conditions caused by the Covid-19 pandemic during the 2017-2018 EITI reporting difficulties have been</i></p>

	<p>encountered which have been overcome during the process by excluding only a small numbers of companies. It should be emphasized that the companies which have their representatives in the MSG have as always shown a great commitment to the reporting process and have played a key role in publishing the payments made to the government. Also, the government has continued to fund EITI implementation under the national budget.</p> <p>Finding a comprehensive language and building a constructive cooperation makes the works of MSG Albania productive.</p> <p>MSG members from Civil Society have shown commitment to the EITI Initiative by being vocal at the online meetings for different issues.</p> <p>It should also be noted that with the new members of Civil Society at MSG, who became part of it in early 2019, the CS representation at MSG has taken on an even better and more stable spirit. CS members during 2020 have not only been active in the issues raised for discussion but have continued their work to disseminate information about the EITI process in Albania through newspaper articles or posts across social networks. Despite the approval in April and the disbursement of funds allocated by the World Bank only in May 2020 for funding various project activities and the difficulties caused by the global Covid-19 pandemic the EITI Albania has worked with great dedication to close in a six months' period June-December 2020 many ambitious activities foreseen in its work plan mentioned in the paragraphs above. The National MSG during 2020 has held four meetings which due to the pandemic have been held online where various issues related to the implementation of EITI in Albania have been discussed. The MSG has been not only participatory but also extremely engaged with comments and discussions in the presentations of all final products of procurement procedures for various activities set out in the work plan such as the presentation of the environmental report, the social one, the mining cadaster, the open data portal, the communication activities, etc.</p>
<p>EITI REQUIREMENT 2</p> <p>Legal and institutional framework, including allocation of contracts and Licenses</p> <p>2.1 Legal framework and fiscal regime</p> <p>2.2 License allocations</p> <p>2.3 Register of licenses</p>	<p><u>The legal framework and fiscal regime</u></p> <p>License allocations. Albania has made public the free oil zones and companies interested enter into negotiations with the Albanian government. Mining licenses are provided by the Ministry of Infrastructure and Energy based on Law No. 10 304 dated 15.07.2010 "On Mining Sector in the Republic of Albania, as amended".</p>

<p>2.4 Contracts</p> <p>2.5 Beneficial ownership</p> <p>2.6 State participation</p>	<p>The annual mining program, approved by D.C.M defines competing mining areas and free zones. For competitive mining areas, interested parties are subject to a public competition where the winner's assessment is made on the basis of the criteria set by law. For open areas, the license is issued to the interested subject who meets the terms of the permit by principle - first in time, the first in the rights.</p> <p>The publication of the Annual Mining Plan and all the competitive procedures is done in the Public Procurement Agency and in the official website of MEI.</p> <p>According to the 2017-2018 EITI Report and in accordance with requirement 2.4.b, Albania has made progress in disclosing new oil contracts and all hydropower concession terms.</p> <p>Oil and gas agreements were allocated through ad hoc negotiations procedures up August 2013.</p> <p>Information on recipient licensees and joint operations were publically disclosed in MEI's website.</p> <p>Building of new hydropower plants is done with BOT type concession (Building, Operation, Transfer). The winner wick is announced after an open competitive procedure called by MEI (Ministry of Infrastructute and Energy) after being published by PPA (Public Procurement Agency). After the announcement of the winner the subject must complete the necessary documentation defined by law.</p> <p>The register of licences is publicly available in ALBEITI website: www.albeiti.org</p> <p>This register is updated every 6 months.</p> <p>Also the Ministry of Infrastructure and Energy has published a public register of mining licences: http://www.infrastruktura.gov.al/lejet-minerare-ekzistuese</p> <p>The new Law 112/2020 "On beneficial ownership register" was approved on July 29,2020 and the declaration of beneficial ownership will begin in January 2021. As required by the new law the company participation in publishing the beneficial ownership is required for all domestically registered companies. This information will be available in a register administrated by the NBC. By July 2020 the legal framework provided for the publication of direct owners but not the</p>
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	<p>beneficiary ownership as required by the EITI standard. Companies selected as reporting entities were asked to provide information on beneficial ownership.</p> <p>State participation a) The State-owned entities in Albania are defined by article 213 of the Law 9901 dated 14.04.2008 "On entrepreneurs and commercial entities", as commercial entities owned and controlled directly or indirectly by central government or the local government, whereas control is the power to govern activities of the commercial entities. This law suggests that in case of matters requiring a qualified majority, the Shareholders'. The definition of SOEs is explained in the 2017-2018 EITI Report and the MSG agreed with this definition during the EITI reporting process. b) The level of ownership of SOE(s) is explained in the 2017-2018 EITI Report.</p>
<p>EITI REQUIREMENT 3</p> <p>Exploration and production</p> <p>3.1 Exploration 3.2 Production 3.3 Exports</p>	<p>All the exploration, production and exports data are documented in the EITI Albania Report and once the report is finished, is published in the albeiti website: www.albeiti.org</p>
<p>EITI REQUIREMENT 4</p> <p>Revenue collection</p> <p>4.1 Comprehensive disclosure of taxes and revenues 4.2 Sale of the state's share of production or other revenues collected in kind 4.3 Infrastructure provisions and barter arrangements 4.4 Transportation revenues 4.5 Transactions related to state-owned enterprises 4.6 Subnational payments 4.7 Level of disaggregation 4.8 Data timeliness 4.9 Data quality and assurance</p>	<p>Comprehensive disclosure of taxes and revenues The tax system that is applied in Albania for the extraction industry sector is the same that apply to the entire country's economy, value added tax (TVSH), profit taxes, dividends + royalties, bonuses, and other significant payments and material benefit to government. Mineral rent from the government is seen as a tax for the development of this area. To give impulse or development to the processing industry in the country, the government reduced the royalty for the processed chromium ore (ferrochrome) from 6 to 3 percent. The EITI Report shows a comprehensive tax overview gathered by the government for 2017-2018.</p> <p>Sale of the state's share of production or other revenues collected in-kind In the EITI Report 2017-2018 are disclosed the revenues collected in-kind by Albpetrol.</p> <p>Infrastructure Provision and Barter Agreements EITI 2017-2018 Report includes an assessment of the applicability of infrastructure provisions and</p>

	<p>barter arrangements in the oil and mining sectors, disclosed respectively in the chapter 3 and 4.</p> <p>Transportation revenues The Albanian state does not receive transit tax. Albpetrol pipelines are not currently operating. Two crude oil pipelines link ARMO's oil terminal in Vlora with Fieri and Ballshi refineries and with the two refineries between them. Both pipelines are not operating due to obsolescence. The oil pipeline network has a total length of 188 km and a capacity of 2.5 million tons per year.</p> <p>The Trans Adriatic Pipeline (TAP) AG is a union of several International companies established with the purpose to planning, developing and building TAP's pipeline. The Albanian government has entered into talks with the TAP consortium for setting a Transit Tax. TAP is currently the largest contributor of the direct foreign investments in the country. As set in the Host Government Agreement between TAP and the GoA, TAP will spend EUR 14 million in the infrastructure and other investments in the benefit of civil society and communities.</p> <p>Transactions related to state-owned enterprises Albpetrol pays to the Government taxes, as applied to all commercial oil companies and dividends in its capacity of sole shareholder of the company. Both Albpetrol and MIE informed that there are no special arrangements governing the transfers from Albpetrol to the Government and vice-versa.</p> <p>Albpetrol has been profitable so far, despite its large employee cost base. Albpetrol's financials show volatile profit results. Revenue is primarily derived from sale of available oil. Albpetrol has not received, nor granted any loan to the Government so far.</p> <p>Sub-national payments Royalty levied from taxable sales of oil, gas, and minerals is recorded in the State Budget. According to Law on National taxes no. 9975, dated 28 July 2008, amended, a portion of royalty tax shall be allocated to each local government unit ("LGU") in proportion with their contribution to the domestic output of oil, gas and mining.</p> <p>Data quality and assurance, Applied Accounting Standards The current regulatory provisions in Albania require that the incorporated entities apply International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB) or the National Accounting Standards (IAS), published by the National Accounting Council for accounting purposes and legal reporting.</p>
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	<p>Applied Auditing Standards All entities, including participating joint stock companies ("SHA") and limited liability companies ("KPS") are subject to statutory audit, excluding those KPS classified as smaller units. LAW No. 10 091, dated 5.3.2009 "ON LEGAL AUDIT, ORGANIZATION OF THE PROFESSION OF THE LEGISLATIVE AUDITOR AND THE APPROVED ACCOUNTANT" (amended by Law No. 10 297, dated 8 July 2010, No. 47/2016, dated Article 41, Legal entities obliged for the statutory audit of the financial statements (amended by letter "c" by Law No. 47/2016, dated 28.4.2016) Are obliged to carry out the statutory audit of the annual financial statements, before their publication, by legal auditors or audit firm:</p> <p>a) all commercial companies, regardless of their form, which apply international financial reporting standards;</p> <p>b) all joint stock companies, which apply financial reporting to national accounting standards;</p> <p>c) limited liability companies that apply financial reporting to national accounting standards when, over two years in succession, they exceed two of the following three indicators:</p> <p>i - total of balance sheet assets at closing of the relevant accounting period, amounts to or exceeds the amount of ALL 50 million;</p> <p>ii- the amount of income from the economic activity (turnover) in that accounting period amounts to or exceeds the amount of ALL 100 million;</p> <p>iii- there are, on average, 30 employees during the accounting period.</p> <p>We clarify that the mining entities that report to the EITI Report are generally limited liability companies and a considerable part of them do not meet the condition that compels them to audit their balance sheets by an independent expert.</p> <p>Level of disaggregation The Level of disaggregation is represented in Appendix 1, 2, 3 of the EITI 2017-2018 Report.</p> <p>Data timeliness The 2017-2018 EITI Report was produced in accordance with the Contract (21.12.2020) and published in January 2021. Despite the difficulties caused by the pandemic, the closure for a long time of the entire economy and social life (long quarantine) the 2017-2018 EITI report was successfully realized.</p> <p>Data Quality and assurance EITI 2017-2018 Report provides an assessment of the assurance</p>
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	<p>procedures performed on the numbers reported by the government entities and licensees in this report. Chapter 10, provides details of the reconciliation of flows for the year 2017-2018 and lists all entities who fail to report in 2017-2018, including disclosure of impact based on unilateral reporting from the government entities.</p> <p>Recommendations for improvements are also listed in EITI 2016 Report. The EITI Albania Secretariat is drafting an action plan on following up the EITI 2017-2018 Report Recommendations and with the approving of MSG all the requirements will be covered aiming to improve the EITI reporting in Albania.</p>
<p>EITI REQUIREMENT 5</p> <p>Revenue allocations</p> <p>5.1 Distribution of extractive industry revenues</p> <p>5.2 Subnational transfers</p> <p>5.3 Revenue management and expenditures</p>	<p>Distribution of extractive industry revenues</p> <p><i>In the extractive industry like all branches of the economy is applied the Law on National Taxes no. 9975, dated 28 July 2008, as amended, where the revenues are collected by the state and are distributed in accordance with the law. Particular for the extractive industry is the tax on royalty and where a part of it passes to the Local Government Units (LGUs) in which this activity takes place. The legal framework for local royalty transfer has undergone through changes in years.</i></p> <p><i>On 27 November 2014, the Government of Albania introduced changes to the Law on National taxes, whereby the LGUs are entitled to receive 5% of the royalty generated from sales of oil and minerals extracted in their district without any conditionality.</i></p> <p><i>The regional directorates of taxes and customs shall submit analytical list of royalty collected and benefiting LGUs to the Directorate of Budget at Ministry of Finance ("MF"). Upon receipt of the reconciliations, MF initiates monthly transfers of royalty to LGUs. (This law still applies today).</i></p> <p><i>During 2019-2020 Alb-EITI in cooperation with the OSCE organized in the local units a series of meetings where the extractive industry has activity and on the benefits that these communities have from this industry and issues related to their activity. This activity was crowned with a national meeting where a document with a concrete proposal was issued. The Albanian government is considering the requests of local units with activity in the extractive industry where the main problem is the increase of the royalty percentage that will be transferred to the LGU.</i></p>

	<p>Subnational transfers The Ministry of Finance and Economy is in the process of improving the procedures in order to ensure the accuracy and completeness of royalty distribution in accordance with the new legal requirements.</p> <p>Revenue management and expenditures The revenues collected by the State Budget from the extractive industry are added to other revenues and are naturally allocated through budget items. There is no specific allocation of these revenues in budget programs with the exception of the Royalties where 5% passes to local government according to the areas where the extractive industry operates.</p> <p>NANR manages a part of the revenues from Hydrocarbon Agreements. NANR has not given so far any information on how these revenues are allocated in its budget. The Albanian government collects revenue from oil and gas sector through oil production, bonuses, royalty, profit and dividend tax, income from employment.</p> <p>The report shows the distribution of total revenues generated by oil operations between the Albanian Government, Albpetrol, AKBN and private oil companies.</p> <p>The Albanian Government's interest in PSA is administered by Albpetrol and NANR, which received from PSA: bonuses, share of oil production and other income derived from non-execution of contract terms such as fines and executed warranties. MIE (Ministry of Infrastructure and Energy) publishes in its website financial information on expenses by nature and program http://infrastruktura.gov.al/</p>
<p>EITI REQUIREMENT 6</p> <p>Social and economic spending</p> <p>6.1 Social expenditures by extractive companies</p> <p>6.2 Quasi-fiscal expenditures</p> <p>6.3 The contribution of the extractive sector to the economy</p>	<p>Social expenditures are material expenditures made by companies in the sector of Extractive Industries to the benefit of the public and civil society, as mandated by law or by contract with the government.</p> <p>The government and oil companies involved in the oil sector informed that currently applicable oil deals do not include mandatory social payments to be made by oil companies for the benefits of communities.</p> <p>The time and amount of social payments are decided by oil companies at their discretion. Companies must present these costs to NANR/Albpetrol for approval as part of the annual budget.</p> <p>Quasi- fiscal expenditure</p> <p>The EITI Albania MSG discussed in the meeting of 12. 02. 2019 the existence of quasi-fiscal expenditure in Albania and their materiality.</p>

	<p>MSG statement on this issue in accordance with the requirement 6.2 of the EITI standard stated that MSG agree with the definition given by the Independent Administrator in the EITI report regarding the quasi-fiscal expenditures and that the law and regulations governing the activity of Albpetrol sh.a do not include these types of expenses. MSG EITI Albania also stated that the Albanian legal framework does not provide any obligation for "quasi-fiscal expenses" even for companies licensed that operate in the extractive industry in Albania.</p> <p>The contribution of the extractive sector to the economy.</p> <p>Based on data reported by Government agencies shown in EITI 2017-2018 Report, the extractive sector and hydropower are accounted respectively for the year 2017, 5.1% of gross domestic product at 78,504 million ALL and for the year 2018, 6.1% of gross domestic production at 100,534 million ALL. Exports from extractive sector are accounted respectively for the year 2017, 15% of total exports in the amount of 44 billion ALL and for the year 2018 18 % of total exports in the amount of 51 billion ALL. Based on the data reported by the GDT companies operating in the extractive and power industry had over 40,000 employees respectively for each year 2017 and 2018.</p>
<p>EITI REQUIREMENT 7</p> <p>Outcomes and impact</p> <p>7.1 Public debate</p> <p>7.2 Data accessibility</p> <p>7.3 Discrepancies and recommendations from EITI Reports</p> <p>7.4 Review the outcomes and impact of EITI implementation</p>	<p>Public debate The EITI report in Albania is comprehensible and publicly accessible. Both EITI Reports and Summary Data File are available online in open data format. Also paper copies of the EITI Reports are constantly produced and distributed to stakeholders. The Reports are published in Albeiti website www.albeiti.org both in albanian and english language.</p> <p>The EITI Albania Report is used widely by stakeholders on the public debate.</p> <p>The organization of meetings with journalists from local and national media, the editorials, chronicles writings and the organization of meetings with local and foreign interest groups clearly shows the commitment of the MSG and the EITI National Secretariat to promote a nationwide public debate and to influence in the economic and social development of communities.</p> <p>Data accessibility The EITI National Secretariat publishes the EITI Reports on its website and all parties concerned have full access for the required data. Hard copies of EITI Reports and Summary Reports are widely distributed to relevant stakeholders. In December 2020 AlbEITI</p>

	<p>set up the Open Data Portal with data from the extractive industry and is accessible for all.</p> <p>Discrepancies and recommendations from EITI Reports Discrepancies and recommendations in EITI Reports are discussed in the MSG meetings.</p> <p>The National Secretariat proposed that a permanent subgroup should be created within MSG.</p> <p>This group will follow the implementation of the EITI Report recommendations and also the Corrective Actions raised by the Validation until their complete fulfillment.</p> <p>Review the outcomes and impact of EITI implementation</p> <p>2020 has been a difficult year, conditioned by the pandemic which dictated the closure of many activities due to quarantine. To overcome the obstacles that arose in this regard the EITI National Secretariat and MSG have worked closely with the parties involved in the process. Many of communication and promotion activities were carried out by the EITI National Secretariat and MSG. The adoption of the Law on Transparency is promising but at the same time requires coordination of work by the parties involved. 2020 was the year of the publication of Beneficial Ownership where Albania as a member of EITI adopted a special law to meet this global obligation. On January 2017, a Beneficial Ownership Guide for all steps to be followed was published. The National EITI Secretariat is carrying out all the activities set out in this guide. Many meetings have been conducted by the EITI National Secretariat and recently by the Civil Society Organization, MSG members with local government units in the areas where extractive industries operate, companies and civil society representatives, to promote the EITI and EITI reporting. Meetings with journalists from national and local media were organized. Informing the media about the work and mission of EITI Initiative is a path that reflects a serious commitment to transparency in the extractive sector. The innovation brought by the organization of the EITI Survey was for the EITI National Secretariat the best way to analyze the public perception of the impact and implementation of EITI in Albania. The survey result showed that local and central administration (affected by the EITI reporting) had no information on the EITI requirements. As a result, the EITI National Secretariat decided that the activities provided on the work plan</p>
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	<p>would play a key role in organizing information activities mainly focusing on this grouping.</p> <p>We can mention that the local government (where the extractive industry operates) and the central administration by responding on time and quality manner to the requirements and obligations of the EITI initiative proves that the EITI work plan has achieved the objective on this regard.</p> <p>Progressive growth of reporting companies in the EITI. Over the years, the percentage of reporting by the extractive companies has increased progressively, aiming at a greater involvement of the sectors.</p>
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ANY SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS

STRENGTHS

The year that we left behind was at all easy for Albania, as the cause of the earthquake with serious human and material consequences as well as the global pandemic affected vital sector of the economy. Delays on approving and disbursing the World Bank funds left the daily work and activities of the EITI National Secretariat at risk. But extremely good management of time and organizational ability of MSG made possible to carry out the EITI projects within the set deadline.

WEAKNESSES

For the reasons mentioned above, the organization of face-to-face meetings with representatives of local, central government and stakeholders somewhat broke the tradition of the National Secretariat established for years with the all actors in the extractive industry sector. As it is known, face-to-face meetings create a strong interactive connection by helping to accurately perceive the problems that the communities with extractive industries have.



IMPLEMENTATION OF BENEFICIAL OWNERSHIP DISCLOSURE PLANS

The approval of the Law no. 112/2020 "On the Beneficial Ownership Register" by the Assembly of the Republic of Albania, ends the legal gap on on this regards. This law applies to the reporting entities, legal entities registered in the Republic of Albania.

The beneficial ownership register is a state electronic database, in which are found the beneficial ownership data of the entities that have an obligation to report; collects in real time the registered data on the respective state register administered by the state institutions, as well as it serves as official electronic archive and ensures transparency in the field of beneficial ownership.

The beneficial ownership register is administrated by the National Business Center which is responsible for: a) to record, administer, process and store in the register the data declared by the reporting entities; b) to enable the availability of the register data in accordance with article 7 of this law; c) to issue extracts for the data registered; ç) to take other actions in accordance with this law.

The law is published on the website of the EITI National Secretariat.



TOTAL COST OF IMPLEMENTATION

The EITI National Secretariat for 2020 was funded by the State Budget and by the World Bank Grant Project TF0A6493.

Funding from the State Budget was in the amount of 14.900.000 ALL and covered the costs of salaries and personnel insurance and also used for operating expenses.

The World Bank's Grand Project TF0A6493 in total of USD 600,000 for the year 2020 was disbursed in the amount of USD 217,779 of which USD 120,157.44 were used for the payments of consultants contracted under this Grant and USD 5,080.32 for operating expenses.

Actual staff of the EITI National Secretariat for 2020 was 8 employees, out of which 7 full-time employees and 1 contracted worker from the contingent of newly graduated students versus 9 employees on the Organigrama.



HAS THIS ACTIVITY REPORT BEEN DISCUSSED BEYOND THE MSG

The national multi-stakeholder group (MSG) has played a crucial role for the timely implementation and in compliance with the EITI Standard of the 2017-2018 EITI Report. Aside from the fact that the MSG meetings were conducted in an interactive online format, the participation of key actors from the trinomial group, government, business and civil society has been satisfactory.



DETAILS OF MEMBERSHIP OF THE MSG

The organizational structure of national multi-stakeholder group (MSG) has not changed by sticking to the format of 5 representatives from the Government, plus one the Chairman, 5 representatives from the Business and 5 representatives from the Civil Society. The organizational structure of national multi-stakeholder group is available on the EITI Albania official website.

The only changes made to the MSG memberships during 2020 have been the changes of two participants from permanent contributors of the EITI process. From the General Directorate of Customs was appointed Mr. Ilia Bili and from ERE (Energy Regulatory Entity) Mr. Gledis Kalemi.

APPROVED BY MSG ON **JUNE**  **2021**