

The project “Strengthening Civil Society in the Albanian EITI process” aimed at strengthening participation of the civil society in the EITI process. The project is doing so through two main streams of work:

- 1) Enlargement of the Civil Society Organization (CSO) Coalition for EITI (AlbNet-EITI), with new members and,
- 2) Capacity building of the members of the Coalition, to fully and effectively fulfill their duties in the EITI Multi Stakeholder Group (MSG).

The role of the CS in the EITI process is fundamental. Citizens have the right to know and be able to influence government decisions on commercialization of natural resources and on how the revenues generated are spent. Although CS continue to support the EITI reporting and to ask for greater transparency, the number of organizations and actors involved (as part of the Coalition established in 2011) was less than it was in previous years. The reasons for that are mainly related to lack of funding, other competing areas of work, etc. Moreover, those that are still involved in the process need to strengthen capacities to fulfill the objectives of transparency and effectiveness of EITI.

The last validation report recommends that “civil society constituency should demonstrate that they are able to fully contribute and provide input to the EITI process and that they have adequate capacity to participate in the EITI”.

Therefore the project’s higher objective was to increase transparency and accountability on the amount and use of revenues collected from extractive industries, with a focus on the benefits that should be allocated to communities living in the extractive areas.

The specific objective is to strengthen and increase capacities of the AlbNet-EITI Coalition as an effective wide-ranging coalition covering the whole territory of the country and ensure effective participation of representatives of CSOs.

As such, expected outcomes are:

- Expanded Coalition, reaching areas where natural resources are extracted, with actors who are committed to work in the field of transparency of extractive industry
- Increased recognition of the Coalition across the country as a focal point for all civil society organizations
- Strengthened contribution of the Coalition members in the MSG.

As the main donor contributing to EITI in Albania, the Swiss Embassy is supporting the local CSO Albanian Center for Development and Integration (ACDI) that is the most driving member of the Coalition who is the implementer of this project.

Structure and content of survey and the training sessions was primarily the responsibility of the implementer in consultation with the more experienced members of the coalition, for a more tailored approach and hands on support.

Progress Report

Reporting Period	January 2019 – April 2020	Reporting Institution	Albanian Centre for Development and Integration
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Reporting manager	Anila Hajnaj	Date	December 2020
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1 Key Project Data

Project title	Strengthening Civil Society in the Albanian EITI process					
Duration of project	<i>Current phase</i>	Final	Project launch	January 2019	Closing date	April 2020

Executive Summary

<p>Main results, or progress towards achieving results, lessons learned and conclusions</p>	<p>The expected outcomes of the project are:</p> <ul style="list-style-type: none"> - Expanded Coalition, reaching areas where natural resources are extracted, with actors who are committed to work in the field of transparency of extractive industry - Increased recognition of the Coalition across the country as a focal point for all civil society organizations - Strengthened contribution of the Coalition members in the MSG. <p>The outcomes have been largely reached, through the following activities completed throughout the duration of the project, as following:</p> <ul style="list-style-type: none"> ➤ A questionnaire was designed with the specific objectives to: <ul style="list-style-type: none"> - identify the knowledge that the community members have regarding EITI process, profits and the problems they face due to extracting activities - identify the transparency and accountability of the local government units on the use of revenues from extractive industry - identify the territorial presence and activities of CSO in the respective areas. - Interviews (365) have been conducted through random selection of representatives from local community, public institutions, employers of the municipalities and private business as defined in the project, in the areas of Fier, Berat, Bulqize, Pogradec, Kukes. The survey is also expanded (from five to ten) in the areas of Has, Ura Vajgurore, Selenice, Patos and Roskovec, in the framework and in synergy of another project for strengthening control and accountability of the local government units on the use of revenues from extractive industry, supported by SDC. - In addition to achieving the main aim and specific objectives, the survey served to draft gap analyses detailed study as a very important tool for the information provided which will help to design a comprehensive communication strategy for the EITI process for
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both civil society and the MSG members. It made possible to conclude on:

- a) General perception of transparency issue,
- b) Problems faced and priorities for the population;
- c) Local Government Transparency / Public Information;
- d) Business Transparency of Natural Resources Utilization,
- e) Social Issues.

Recommendations were provided for all groups of stakeholders:

1. AlbNetEITI Coalition
2. AlbEITI – MSG – Secretariat
3. Local government
4. Central/local Government institutions.
5. Extractive sector

-Findings and data gathered from the survey, referring to the assessment of the knowledge and understanding of the EITI and related benefits and obligations by the CSO, population and other stakeholders will be used to design the 2020-2025 AlbNetEITI new strategy.

- 22 members from CSO organizations through the country participated in a two days workshop as candidates for the civil society group in the MSG were trained. About 180 persons from CSO organizations, community members and local authority representatives participated in the workshops.
- Election for 3 new members of MSG from CSO-s took place, among 5 competitors (2 women). This activity was not foreseen originally. Consequently, the contribution of the Coalition members in the MSG has been strengthened with the election of the three new members.
- Coalition Expanded reaching areas where natural resources are extracted, with actors who are committed to work in the field of transparency of extractive industry. 18 new CSO organizations joined AlbNet EITI Coalition. Recognition of the Coalition across the country as a focal point for all civil society organizations is increased.
- Nine workshops were conducted in nine municipalities, instead of five as foreseen in the project, such as Kukes, Has, Bulqize, Peshkopi, Berat, Kucove, Skrapar, Fier, Pogradec.

-They were trained about: - EITI importance and general knowledge- EITI in Albania; - Mineral Royalty and incomes form natural resources; - Fiscal Regime and revenue management; - Ben-

eficiary Ownership; - AlbNet-EITI Coalition internal Rules and regulations.

- 2 municipalities published information about EITI workshop in their web pages. All municipalities part of the project are going to be assisted with materials by ACDI to publish information regarding EITI and its requirement in a specific section of their websites.

- The workshops served as open forums where the representatives of local government and community and CSO-s shared their views of natural resources management and transparency in their areas. The information collected by the project team from the Central Institutions such as Ministry of Finance and EITI Secretariat were used during workshops to further discuss about difficulties and needs of community related to benefits and incomes from natural resources. Discrepancy among royalty official figures and reallocated amounts provided to local authorities was found during workshops. Those issues become one of main concerns of MSG members to put pressure to improve the whole system of royalty refund. The participants in the workshops in each municipality informed Coalition representatives what do they want and what do they need to be resolved either from the government or extractive companies. Local Government representatives promised that the information regarding transparency of extracting activities will also be presented in their public hearings. They were informed that they have to collaborate with civil society and communicate during the design of the future projects taking in consideration community priorities.

Unused funds of the last event in Tirana which was cancelled due to Covid-19 were used for awareness raising through the production of promotional materials with basic information regarding EITI in general, EITI in Albania and contribution of AlbNet-EITI CSO coalition in the process of transparency of the Extractive Industry. 1000 leaflets designed and printed in color will be distributed by new members of AlbNet-Eiti coalition in the regions where SECO Project took place.

Lessons learned

- The survey turned out to be useful tool and served as a reflection on the real value of natural resources at the disposal of local communities and consequently has informative and transparency objective, for higher local government accountability in the future.

- The problems faced, the needs and the approach to transparency differs from one municipality/community to another, depending on the nature of resource extracted or used.

- CSO local members need to be informed constantly about the application of EITI requirements from local authorities and report regularly to MSG members.

- All issues raised during the workshops should be taken in consid-

	<p>eration and presented by CSO-s members in the MSG EITI board meetings.</p> <p>- Sensitive issues referring damages caused from extractive activities should be discussed with the respective local communities and possibly, quick action should be taken. The new local community projects, if any, should benefit them according to their priorities.</p> <p>Conclusions</p> <ul style="list-style-type: none"> ➤ Albania has a legal framework in relation to natural resources that does not ensure sustainability of their exploitation, especially minerals. ➤ The local government, the local community and civil society have little knowledge about EITI and its benefits, therefore further capacity building and information remains crucial, at all the areas where extractive industry is active. ➤ Furthermore, local government units have poor knowledge about the procedures referring the collection of revenues and the central government is not transparent about the distribution of royalty (discrepancy is confirmed) ➤ The establishment of groups of CSO, which will be part of AlbNetEITI in each area, will bring higher support of EITI process and better communication with local authorities and business as well as better control on the investments of revenues. ➤ Local government and civil society have increased their capacities to understand and use EITI process in their interest and in the interest of the local communities. Thanks to the SECO project, the members of the CSO-s representatives to MSG understand much better the problems faced in the areas where the extractive industry operates, such as the need for information and training, procedures related to the allocation of royalties, and support to be provided to the community and local government.
<p>Main steering implications for next reporting period</p>	<p>Due to Covid-19, the final large event in Tirana (one day), to complete all activities and to increase public knowledge and visibility of the Coalition, was cancelled.</p> <p>The relative unused funds have been used in other activities with the same objective of awareness raising.</p>

2 Introduction

<p>Description of project and intervention strategy</p>	<p>The project aims at a solid AlbNet-EITI Coalition, so that it can turn into a focal point for all organizations all over the country who want to participate in the EITI process. The Coalition will also be the main liaison between field organizations and CSO-s members in MSG.</p> <p>At the onset of this support, there was an immediate need to replace two members from the CSO group in the MSG. The issue of increased contribution from the CSO has been discussed in the Board meetings; CSO representatives have requested funds for increasing and strengthening the participation from the whole country where national resources are extracted. All stakeholders agree on that.</p> <p>The specific objective is to strengthen and increase capacities of the AlbNet-EITI Coalition as an effective wide-ranging coalition covering the whole territory of the country and ensure effective participation of representatives of CSOs.</p> <p>As such, expected outcomes are:</p> <ul style="list-style-type: none"> • Expanded Coalition, reaching areas where natural resources are extracted, with actors who are committed to work in the field of transparency of extractive industry • Increased recognition of the Coalition across the country as a focal point for all civil society organizations • Strengthened contribution of the Coalition members in the MSG. <p>Through a staged approach, above mentioned outcomes are achieved through the following activities:</p> <p>a) <u>Assessment/gap analysis of the knowledge and understanding of the EITI and related benefits and obligations. The main target group is the CSO outside the coalition mainly the organizations that operate in the extractive areas. Other target groups are the local communities and media, and local authorities with the aim of raising awareness.</u></p> <p>The questionnaire was tailored and distributed to a wide range of interested groups: private entities of the extractive industry, local and central institutions, local communities, CSO organizations and media representatives, such as in Kukes-40, Bulqize-40, Berat-40, Fier-40, Pogradec-30, Selenice-30, Has-35, Patos-40, Roskovec-40 and Ura Vajgurore-35; in total 365 samples.</p> <p>These areas are selected on the basis of a criteria such as: high potential of extraction of natural resources; presence of the extractive industry; and contribution to local revenues from the royalty/rent fees. Findings from the gap analysis and the collected information will be used to design the AlbNetEITI 2020-2025 strategy.</p> <p>b) <u>Capacity building for the members of the Coalition and other</u></p>
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	<p><u>stakeholders</u></p> <p>22 members from CSO organizations through the country participated in a two days workshop as candidates for the civil society group in the MSG. Participants were trained, on several issues and topics MSG members are faced such as: EITI initiative and its standards, membership of Albania, MSG and Secretariat, EITI report, Fiscal regime in the extractive industries, Revenue management, Legal framework, Beneficial Ownership, Community rights, obligations of extractive companies, Environmental issues, Social issues, Role of CSO-s and the Coalition.</p> <p>During the event were elected 5 new members of CSO Group in the EITI MSG board.</p> <p><u>c) More general training sessions will involve other interested CSOs (outside the Coalition), potentially new members of the Coalition and Promotion and awareness raising</u></p> <p>- Nine workshops were conducted in nine municipalities, instead of five as foreseen in the project, such as Kukes, Has, Bulqize, Peshkopi, Berat, Kucove, Skrapar, Fier, Pogradec. The topics covered were, the role of the Coalition and the importance of the transparency of the natural resource industry, the EITI initiative globally, EITI in Albania, community rights, obligations of extractive companies, environmental and social issues</p> <p>c) <u>Promotion and awareness raising</u></p> <p>Since the beginning of the project, it was an extensive media coverage. 12 interviews and articles were broadcast or published in different electronic and written media. ACDI representative and other MSG members were promoting importance of transparency process.</p> <p>The project supported the setup of a web page for the AlbNet-EITI Coalition www.albneteiti.org/ and e-mail addresses. The webpage serves as a platform to share information, events, activities and relevant reports. Through the Coalition website, every issue regarding involvement of CSOs in the EITI process is published. Announcement for membership application, contribution in MSG meetings (minutes of meeting) trainings, round tables, media coverage, legal documentation, Invitations in different events organized by Coalition or Secretariat, election process, applications for MSG membership are part of information package.</p> <p>A banner with the logo of SECO and AlbNet EITI was present in all the activities.</p>
<p>Review of follow-up measures taken (since the past progress report)</p>	<p>The survey conducted in the first phase referring to the assessment of the knowledge and understanding of the EITI and related benefits and obligations by the CSO, population and other stakeholders, came out with conclusions and recommendations for the four main actors participating in the EITI process (see Survey on the EITI</p>

	<p>Knowledge).</p> <p>1000 more community members will be informed about EITI through promotional material, printed leaflets with basic information regarding EITI in general, EITI in Albania and contribution of AlbNet-EITI CSO coalition in the process of transparency of the Extractive Industry.</p> <p>Following recommendations:</p> <p>AlbNetEITI Coalition</p> <p>The information collected through survey, was used to design the EITI-CSO strategy in order to expand AlbNet-EITI Coalition, reaching areas where natural resources are extracted, with actors who are committed to work in the field of transparency of extractive industry.</p> <p>According to the strategy it is a requirement that:</p> <ul style="list-style-type: none"> - the coalition members should promote EITI in all the levels of central and local institutions. - they have to be active to provide relevant information to CSO MSG members. - they have to be the link between community and local authorities and extractive companies in order to address community concerns and cooperate in designing the future projects based in community priorities. <p>Therefore:</p> <p>9 workshops were conducted in 9 municipalities, instead of 5 municipalities foreseen in the project, such as Kukes, Has, Bulqize, Peshkopi, Berat, Kucove, Skrapar, Fier, Pogradec, with the participation of CS organizations, community members and local authority representatives.</p> <p>Around 180 persons participated and were trained about:</p> <ul style="list-style-type: none"> - EITI importance and general knowledge- EITI in Albania, Mineral Royalty and incomes from natural resources, Fiscal Regime and revenue management, Beneficiary Ownership, AlbNet-EITI Coalition internal Rules and regulations. <p>About 18 organizations joined Coalition.</p> <p>Representatives of Local government and community were invited during workshops to share the views of natural resources management and transparency.</p> <p>Information collected from Central Institutions such as Ministry of Finance and EITI Secretariat were also used during workshops to further discuss about difficulties and needs of community related to benefits and incomes from natural resources.</p>
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	<p>The participants in the workshops in each municipality, discussed about their concerns, what do they want and what do they need to be resolved either from the government or extractive companies.</p> <p>It was requested to every municipality that they must publish in their websites, a section with detail information regarding:</p> <ul style="list-style-type: none"> -list of active companies working in their region, -what community project they invest, -royalty allocation and projects where invested. <p>Information regarding transparency of extracting activities should be also presented in their public hearings. They have to collaborate with civil society and communicate during the design of the future projects taking in consideration community priorities.</p> <p>Sensitive issues referring damages from extractive activities should be discussed with communities and possible quick action should be taken. The new community projects, if any, should benefit community according their priorities.</p> <p>The idea of creating the groups of CSO-s which are part of AlbNet-EITI in each area, will benefit for better support of EITI process and better communication with local authorities and business as well as better control on the investments of revenues.</p> <p>The new Coalition members from extractive areas who were trained during the project, will be involved in distribution of promotional material which will facilitate continuation of the EITI process during present covid-19 restrictions.</p> <p>All the information collected about different concerns of CSO-s and community, identified during workshops will be included in AlbNet-Eiti 2020-2025 strategy.</p>
<p>Relevant context changes and their potential impact (sectorial, economic, political and social context with a view of risks and opportunities)</p>	<p>After request of CSO-s in MSG, since 2016, the EITI Report includes information on the hydro energy sector. The incomes from that industry, which is using the country water sources, are quite significant for the economy but the population living in those areas have no benefit of it; on the contrary, the environment and the local communities are negatively affected by the industry. The CSO members of MSG are putting pressure on the authorities for the same application of the royalty scheme to the hydro energy sector. A percentage of incomes from hydro energy (concessionary fee) should be distributed to the local authorities. This is a great opportunity for the population to receive the part of the revenues they are entitled to.</p> <p>The Coalition members are strongly recommending the following:</p> <ul style="list-style-type: none"> - Review of the Mineral Royalty legal framework, to find effective instruments to facilitate and streamline the process,

	<p>which is currently very bureaucratic and burdensome.</p> <ul style="list-style-type: none"> - Increase the royalty rate from 5% to at least a minimum of 25%, as it was previously. - Find the possibility to transfer the royalty amount (respectively to central and local government budget) at the initial moment when financial transactions of companies are made, either for domestic sales to tax offices or exports to customs. <p>With regard to the Beneficiary Ownership (BO), which is the part of EITI reporting process, discussion took place during the workshops on how to disclose contracts and real persons who own companies working in the field of natural resources extraction.</p> <p>Risk</p> <p>The government may not take in consideration the proposal for distribution of revenues coming from hydro energy such as a percentage from Concessionary fee for local community or may create bureaucratic procedures to avoid the full allocation of revenues coming from natural resources use.</p>
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3 Results

<p>Comparison between planned and achieved results</p>	<p>Activities followed the action plan as approved in the project document.</p> <p>The project has exceeded some of the objectives: training activities took place in four additional municipalities, totalling 9 municipalities benefitting from capacity building support.</p>
<p>Description of results (outcomes and outputs) or progress towards achieving results, including indicators measured against baseline and target values (if available)</p>	<p>The survey has been conducted referring to the assessment of the knowledge and understanding of the EITI and related benefits and obligations by the CSO, population and other stakeholders was done in 9 municipalities instead of 5.</p> <p>The Survey report provided concussions and recommendations for all actors related to extractive industry.</p> <p>22 members from CSO organizations considered as future candidates for the civil society group in the MSG participated in an extensive training about EITI and transparency.</p> <p>Following gender strategy in the CSO group in MSG, 40% were women elected.</p> <p>9 workshops were conducted in 9 municipalities, instead of 5 foreseen in the project, such as Kukes, Has, Bulqize, Peshkopi, Berat, Kucove, Skrapar, Fier, Pogradec, with participation of CS organizations, community members and local authority representatives.</p> <p>Around 180 persons participated and were trained about:- EITI importance and general knowledge, - EITI in Albania; - Mineral Roy-</p>

	<p>alty and incomes form natural resources; - Fiscal Regime and revenue management; - Beneficiary Ownership; - AlbNet-EITI Coalition internal Rules and regulations.</p> <p>About 18 organizations joined AlbNet-EITI Coalition.</p> <p>Progress achieved and indicators</p> <p>The progress is measured through three indicators:</p> <ul style="list-style-type: none"> - Number of the municipalities approached: 9 vs. 5 the number planed. - Number of the trained persons: 180. - Number of citizens informed about EITI Process will be increased with 1000 more persons through promotional materials produced/printed.
<p>Unintended positive and negative effects of the intervention</p>	<p>Surprisingly, the meetings had much more interest than expected, followed by sharing of concerns and requests for future collaboration with the trainers.</p>
<p>Progress of the implementation of SECO transversal themes, economic governance and gender, based on the monitoring results</p>	<p>After election of the new EITI MSG members, there are now 2 women out of 5 members or 40%.</p>
<p>Overall project and SECO visibility</p>	<p>The project had excellent results due to the fact that communities where survey and workshops took place understood the importance of EITI process and CSO representation to control the transparency of extractive industry.</p> <p>In all the meetings a banner with SECO logo was always in place.</p> <p>The questionnaire, information material, the website http://albneteiti.org/ and FB page and the Survey Report published, they all have the SECO logo.</p>
<p>Other</p>	<p>NA</p>

4 Sustainability

Measures identified to enhance project sustainability	<p>The coalition of civil society for EITI is enlarged and more visible.</p> <p>Capacities of local government officials and local organizations to deal with the issues around EITI is increased; knowledge and awareness of individuals and community members is increased.</p> <p>EITI information on revenues, investments, BO and other data related to local natural resources extraction is now accessible on the municipalities' web pages.</p>
Description of exit strategy (if applicable)	NA
Status of exit strategy implementation (if applicable)	NA
Other	NA

5 Risks

<p>Please elaborate a short description of the following potential or already materializing risks, a risk analysis and suggestions for mitigative measures:</p> <ul style="list-style-type: none"> • Development risks • Financial risks • Environmental risks • Social risks • Other risks (e.g. reputational or fiduciary risks) 	<p>Implementation, financial and environmental risk can be considered low.</p> <p>Referring to reputational, the project involved long experienced and well known MSG members, with understandable and a professional approach to every concern raised by the participants.</p> <p>The trainings took place before Covid19 epidemic. The only event affected by the lockdown or restrictions is the final event/conference.</p>
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6 Institutional / Organizational Development and Human Resources

General comments on relevant institutional / organizational and HR issues (including diversity management)	NA
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Other	-
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7 Finance

Comment on expenditures based on budget spent vs. planned	The expenses were fully in line with the budget planned.
Appreciation of efficiency and cost effectiveness	
Other	

8 Lessons learned

Key lessons and emerging best practices	<p>Training and meetings are very effective, because they initiate the free and open debate which clarifies many issues and problems serving to be used by CSO-s in the future MSG EITI meetings, as facts and pressure towards government for resolving the problems encountered by community where extracting of natural resources is active.</p> <p>EITI should be recognized correctly by local officials and the EITI Secretariat should be more active asking also for the support of CSO MSG members. Official bureaucracies can be clearly identified by civil society and through pressure and advocacy can be easily resolved through help provided to the administration.</p>
Difficulties, challenges and mitigation measures	<p>Due to the fact that the knowledge of EITI process was very low or was not known at all by some local community, it was decided to invite local authorities as well to participate in the training. The aim was to involve a bigger range of actors, and inform them about the initiative, its international and local governance, standards, requirements and the position of the Albanian.</p> <p>Those activities helped to create communication and share of views among local CSO-s, Community and local authority members.</p>
Issues for policy dialogue	<p>The important issues, for the sustainability of economic and social community development are:</p> <ul style="list-style-type: none"> - The increase of percentage of reallocation of revenues from 5% in the present moment at 50% with a range of 25% minimum. - The facilitation of the reallocation of the royalty simplifying procedures according to the proposal of ACIDI and other CSO members. - To establish the same procedures for the revenues coming

Project logo

	from hydro energy for the allocation of a certain percentage to communities of concessionary fee.
If available, important findings from reviews and self-evaluations	Thanks to the project supported by SECO it is much more better understanding by MSG members of the problems which communities are facing in the areas where natural resources are extracted.
Other	-

