REPUBLIKA ESHQIPËRISË

MINISTRIA E INFRASTRUKTURËS DHE ENERGJISË

SEKRETARIATI KOMBËTAR I NISMËS PËR TRANSPARENCË NË INDUSTRINË NXJERRËSE (EITI SHQIPËRI)

To:

Grant Thornton sh.p.k
Rr. Sami Frasheri
Kompleksi T.I.D, Sh.k. B, Floor No.1
Tirana, Albania

27 May 2022

Dear Sir/Madam,

This representation letter is provided in connection with your audit of the special purpose financial information of "Support to Extractive Industries Transparency Initiative (EITI)" ("the Project"), which comprise the statement of sources and uses of funds for the period from 1 January to 31 October 2021, and a summary of significant accounting policies and other explanatory information, prepared in accordance with the accounting policies as disclosed in Note 2 of the special purpose financial information, for the purpose of expressing an opinion as to whether the special purpose financial information present fairly, in all material respects the financial position of the Project and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies as disclosed in Note 2 of the special purpose financial information.

We acknowledge our responsibility for the preparation and fair presentation of the special purpose financial information in accordance with the accounting policies as disclosed in Note 2 of the special purpose financial information, and for such internal control as management determines is necessary to enable the preparation of the special purpose financial information that are free from material misstatement, whether due to fraud or error. Further, we acknowledge our responsibility for maintaining the financial report in accordance with the specific requirements of the donor, for maintaining the financial report and conducting its project's operation activities in accordance with the local finance and tax laws and regulations, for complying with procurement requirements and to ensure that the key transactions streams have been operating effectively during the period.

Certain representations in this letter are described as being limited to matters that are material. We understand that information is material if, individually or collectively, its omission or misstatement could influence the economic decisions of users taken on the basis of the special purpose financial information. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

We confirm, to the best of our knowledge and belief, the following representations:

1 The special purpose financial information referred to above are presented fairly, in all material respects, in accordance with the accounting policies as disclosed in Note 2 to the special purpose financial information. There are no other specific requirements of donors, who are contributing to the Project in respect of the maintenance of the special purpose financial information.

2 There have been no known actual or possible non-compliance with laws and regulations that could have a material effect on the special purpose financial information in the event of non-compliance.

3 We confirm that:

a. We acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

b. We have no knowledge of any fraud or suspected fraud affecting the Project involving:

- Management;
- Employees who have significant roles in internal control; or
- Others where the fraud could have a material effect on the special purpose financial information.

c. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Project special purpose financial information communicated by employees, former employees, analysts, regulators or others.

d. We have disclosed to you the results of our assessment of the risk that the special purpose financial information may be materially misstated as a result of fraud.

e. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements including omissions of amounts or disclosures in the special purpose financial information to deceive special purpose financial information users. Misstatements resulting from misappropriation of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

4 The Project special purpose financial information are free of material misstatements.

5 We have made available to you all books of account and supporting documentation.

6 There are no material transactions that have not been properly recorded in the accounting records underlying the special purpose financial information.

7 We confirm the completeness of the information provided regarding the identification of the donors, and partners of the Project.

8 We confirm the completeness of the information provided to you regarding the identification of related parties and regarding transactions with such parties that are material to the special purpose financial information. The identity of, and balances and transactions with, related parties have been properly recorded and when appropriate, adequately disclosed in the financial statements or the notes to the special purpose financial information.

9 We confirm that:

- The special purpose financial information submitted by the management represent fairly the activities of the Project,
- The special purpose financial information are maintained in accordance with the specific requirements of the donor,
- All expenses are indicated in the budget;

- All expenses are supported by documentation and are recorded as such in the financial reporting,
- The expenses are in compliance with the procurement requirements from the donor, and
- There are adequate internal controls of the key transactions streams which have been operating effectively during the period.

10 The Project has complied with all aspects of contractual agreements, including those with donors, and with requirements of regulatory authorities that could have a material effect on the special purpose financial information in the event of non-compliance.

11 There are no pending or threatened litigation and claims against the Project as of date of this letter.

12 There have been no:

a. Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices.

b. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the special purpose financial information or as a basis for recording a loss contingency.

c. Allegations, either written or oral, of misstatements or other misapplications of accounting principles in the Project's special purpose financial information that have not been disclosed to you in writing.

d. Allegations, either written or oral, of deficiencies in internal control that could have a material effect on the Project's special purpose financial information that have not been disclosed to you in writing.

e. False statements affecting the Project's special purpose financial information made to you, our internal auditors, or other auditors.

13 We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed all guarantees (if any), whether written or oral, that we have given to third

14 There have been no events subsequent to the reporting date which require adjustment of, or disclosure in, the special purpose financial information.

15 The special purpose financial information disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.

Yours truly,

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

Mrs. Majlinda Balla
Financial Management Specialist
EITI National Secretariat
(ALB-EITI)

Grant Thornton

Independent Auditor's Report and Special Purpose Financial Information

Extractive Industries Transparency Initiative (TFA1769)

For the period from 1 January to 31 October 2021

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Grant Thornton Sh.p.k.
Rr. Sami Frasheri, Kompleksi T.I.D,
Shk. B, Floor 1, 10 000
Tirana, Albania

T +355 4 22 74 832
F +355 4 22 56 560
www.grantthornton.al
contact@al.gt.com

Independent Auditor's Report

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

Opinion

We have audited the accompanying special purpose financial information comprising the statement of sources and uses of funds, statement of withdrawal applications, related notes and appendixes, of the "Support to Extractive Industries Transparency Initiative (EITI)" (further referred to as the "Project"), implemented by the Ministry of Infrastructure and Energy financed under International Bank for Reconstruction and Development ('IBRD') Loan Agreement Number TFA1769, and Government of Albania Contributions for the period from 1 January to 31 October 2021.

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

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

Responsibilities of Management for the Special Purpose Financial Information

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the special purpose financial information, including the disclosures, and whether the special purpose financial information represents the underlying transactions and events in a manner that achieves fair presentation.

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

Grant Thornton sh.p.k.

Tirana, Albania

27 May 2022

Klodian Koolra, FCCA

Grant Thornton Sh.p.k. NIPT K 91923007 M Tirana ALBANIA

Statement of Sources and Uses of Funds

	Note	For the period from 1 January to 31 October 2021	For the period from 1 January to 31 December 2020	For the period from 1 January to 30 April 2021
Sources of funds		-	-	-
IBRD funding	3	353,374	217,779	971,153
Interest received		-	-	237
Total		**353,374**	**217,779**	**971,390**
Uses of funds				
Consultancy services	5	405,319	114,371	687,864
Incremental operating costs	6	486	4,683	11,425
Goods	7	39,057	-	39,057
Training	4	-	5,758	230,945
Bank charges	6	580	423	2,322
Total		**445,442**	**125,235**	**971,613**
Excess of receipts over disbursements		**92,068**	**92,544**	**(223)**
Exchange rate difference		315	(4)	385
Cash at the beginning of the period	9	92,545	5	-
Cash at the end of the period	9	**162**	**92,545**	**162**

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

The special purpose financial information of Support to Extractive Industries Transparency Initiative (EITI) Project were authorized for issue by the management of the Ministry of Infrastructure and Energy on 20 December 2021 and signed on its behalf by:

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

Mrs. Majlinda Balla
Financial Management Specialist
EITI National Secretariat
(ALB-EITI)

Statement of Expenditures for the period from 1 January to 31 October 2021

01 January-31 October 2021

Withdrawal application number	Date of the withdrawal application	Type of Disbursement	Consultants' services	Incremental costs	Add other	Total in U$	Amount in Original Currency	Currency
WA - 14	21.01.2021	Rep	10,529	-	-	94,835	94,835	USD
WA 16-DP	20.01.2021	DP	57,312	-	-	57,312	57,312	USD
WA-17-DP	22.01.2021	DP	51,249	-	-	51,249	51,249	USD
WA-18	18.02.2021	Rep	45,000	-	-	45,000	45,000	USD
WA-19	08.03.2021	DP	42,000	-	-	42,000	42,000	USD
WA-20	05.04.2021	DP	71,640	-	-	71,640	71,640	USD
WA-21-refund	22.04.2021	Ref	-	-	(8,662)	(8,662)	(8,662)	USD
Total			**277,730**	**-**	**(8,662)**	**353,374**	**353,374**	**USD**

01 January-31 December 2020

Withdrawal application number	Date of the withdrawal application	Type of Disbursement	Consultants' services	Incremental costs	Add other	Total in U$	Amount in Original Currency	Currency
WA - 11 EITI	07.05.2020	DP	31,712	-	-	31,712	31,712	USD
WDA - 12 EITI	08.05.2020	DA-A	-	-	100,000	100,000	100,000	USD
WD -13 EITI	27.11.2020	DA-A	81,355	4,712	-	86,067	86,067	USD
Total			**113,067**	**4,712**	**100,000**	**217,779**	**217,779**	**USD**

1. General Information

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

International Bank for Reconstruction and Development ("IBRD"), acting as administrator of grant funds provided under the Multi-Donor Trust Fund for Extractive Industry Transparency Initiative Implementation Support Facility, extended a grant in an amount of US $400,000 ("Grant"). The agreement was signed on 20 April 2016 through Decree of Council of Ministers No.300, and the closing date has been extended from December 31, 2018 up to April 30, 2021.

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

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

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

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

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

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

(i) an independent administrator to oversee the preparation of the two annual EITI reports covering all extractive industries for the calendar year 2015 and 2016; and

(ii) a legal expert to conduct a legal and regulatory review to identify the factors which lead to slow data collection in the preparation of EITI reports and recommend improvements.

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

(i) carrying out tailored training for all relevant stakeholders in the extractive industries, including EITI National Secretariat and MSG, civil society organizations on matters related to extractive industries, EITI standards and overall transparency in the sector; and

(ii) provision of technical advisory services for state agencies and companies operative in the extractive industries to address their particular needs in complying with EITI reporting requirements.

1 General Information (continued)

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

(i) provision of support for print and visual media outreach campaigns to support EITI National Secretariat to publish and disseminate crucial information to the public;

(ii) raising awareness through organized events including press conferences and workshops to increase the understanding of key issues related to extractive industries; and

(iii) management of Albania's EITI website and social media accounts.

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

(i) recruitment of the services of an IT specialist and a procurement specialist on a contractual basis; and

(ii) financing of operating costs.

2. Summary of significant accounting policies

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

a) Basis of preparation

The special purpose financial information has been prepared in accordance with the receipts and the Cash Basis of Accounting as further explained below under paragraph C 'Recognition of income and expenses'. The financial information includes the period from 1 January to 31 October 2021.

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

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

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

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

b) Foreign currency transactions

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

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

As at 31 October 2021, 1 USD is equivalent to 105.47 ALL and on December 31, 2020 1 USD was equivalent to 100.84 ALL.

2. Summary of significant accounting policies (continued)

c) Recognition of income and expenses

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

d) Taxation

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

3. Donors funding

Funds received from the Donor for the period from 1 May 2016 to 31 October 2021 were composed as follows:

	Period from 1 January to 31 October 2021	Period from 1 January to 31 December 2020
Replenishments	139,835	186,067
Direct Payment	222,201	31,712
Refund	(8,662)	-
Total	**353,374**	**217,779**

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

4. Training and Workshops

The meetings and workshops for the period from 1 January to 31 October 2021 were composed as follows:

	Period from 1 January to 31 October 2021	Period from 1 January to 31 December 2020
International trainings for EITI and Ministry staff	-	5,758
Total	**-**	**5,758**

5. Consultancy services

The consultancy services for the period from 1 January to 31 October 2021 were composed as follows:

	Period from 01 January - 31 October 2021	*Period from 01 January - 31 December 2020*
EITI Report 2017-2018	82,000	52,212
Consultancy service to improve access to timely, reliable, and comprehensive EITI data and design of the open data portal for EITI data	292,375	7,000
New communication activities	18,819	38,854
Design Communication Strategy for 2021-2022	8,320	1,972
Recruitment of an EITI public relations ambassador	2,725	4,190
Financial Specialist	648	4,897
Procurement Specialist	432	5,246
Total	**405,319**	**114,371**

6. Incremental Operating costs

Operating costs for the period from 1 January to 31 October 2021 were composed as follows:

	Period from 1 January to 31 October 2021	**Period from 1 January to 31 December 2020**
Anticovid protection	390	1,902
Office maintenance	96	1,109
Publications	-	818
Others	-	854
Bank charges	580	423
Total	**1,066**	**5,106**

7. Goods

Goods expenditures are represented by office supply for EITI office needs in a total amount of EUR 39,057.

8. Project expenditures by category

Expenditures by sources of funds for the period from 1 January to 31 October 2021 were composed as follows:

	Period from 1 January to 31 October 2021	**Period from 1 January to 31 December 2020**
Trainings	-	5,758
Consultancy Services	405,319	114,371
Goods	39,057	-
Incremental Operating Costs	1,066	5,106
Total	**445,442**	**125,235**

9. Cash at banks

Cash at banks as at 31 October 2021 and 31 December 2020 are composed as follows:

	Period from 1January to 31 October 2021		Period from 1 January to 31 December 2020	
	LEK	Equivalent in USD	LEK	Equivalent in USD
ABI Bank (ALL)	-	-	-	-
ABI Bank (USD)	-	-	-	-
Credins Bank (ALL)	819	8	1,661,659	16,478
Credins Bank (USD)	154	154	76,067	76,067
Total	**-**	**162**	**-**	**92,545**

10. Subsequent events

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

APPENDIXES

Support to Extractive Industries Transparency Initiative (EITI)
TF0A1769

Statements of Special Accounts and Project Accounts
for the period from 1 January to 31 October 2021

(Supplementary schedules to the Special Purpose Financial Information)

Appendix 1

Supplementary Schedule of Special Account Statement

Donor	**TF0A1769**
Account No:	**2117681U**
Depository Bank	**Bank of Albania**
Address	SkenderbegSqaure,No1,Tirana,Albania
Currency	**USD**

	2021	2020
Opening Balance at beginning of period	-	-
Funds received:	**139,835**	**186,067**
Replenishment	-	-
	139,835	**186,067**
Disbursements:	-	
Funds transferred to ABI or Credins Bank in USD	45,000	166,067
Funds transferred to ABI or Credins Bank in ALL	94,835	20,000
TOTAL	**139,835**	**186,067**
Balance at end of the period	-	-

Appendix 2

Supplementary Schedule of Project Account Statement

Account No:	**897650**
Depository Bank	**CREDINS BANK**
Address	Str.Ismail Qemali, Tirana Albania
Currency	**ALL**

	31-Oct-21	31-Dec-20
Open balance at the beginning of the period	**1,661,659**	**(655)**
Funds received:	**9,699,732**	**8,024,419**
Funds transferred from IBRD Special Account	9,699,732	2,149,800
Funds received from other account	-	5,874,619
Interest received	-	-
Disbursements:	**-**	**6,362,105**
Project expenditures	11,360,572	6,362,105
Funds transferred to other accounts	-	-
Balance at the end of period	**819**	**1,661,659**
Balance at the end of period (converted in USD)	**8**	**16,478**

Appendix 3

Supplementary Schedule of Project Account Statement

Account No:	**897651**
Depository Bank	**CREDINS BANK**
Address	Str.Ismail Qemali, Tirana Albania
Currency	**USD**

	31-Oct-21	31-Dec-20
Open balance at the beginning of the period	**76,067**	**11**
Funds received:	**59,945**	**166,067**
Funds transferred from IBRD Special Account	45,000	166,067
Funds received from other account	14,945	-
Interest received	-	-
	-	-
Disbursements:	-	**90,010**
Project expenditures	135,858	33,414
Funds transferred to other accounts	-	56,596
Balance at the end of period	**154**	**76,067**

Management Letter

Support to Extractive Industries Transparency Initiative (EITI) (P158380)

For the period from 1 January to 31 October 2021

Grant Thornton Sh.p.k.
Rr: Sami Frasheri, Kompleksi T.I.D,
Shk. B, Floor 1, 10 000
Tirana, Albania

T +355 4 22 74 832
F +355 4 22 56 560
www.grantthornton.al
contact@al.gt.com

Management Letter

27 May 2022

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

Dear Sirs,

We have audited the special purpose financial information of the Project "Support to Extractive Industries Transparency Initiative (EITI)" (further referred to as the "Project") for the period from 1 January to 31 October 2021 in accordance with the International Standards on Auditing. In planning and performing our audit of this special purpose financial information, we considered the system of internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial information, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Project. An audit does not include examining the operating effectiveness of the entire system of internal controls. Furthermore, we have not considered the system of internal controls since the date of our report.

Audit procedures identify certain matters related to the internal controls and their implementation which we consider as control deficiencies. These deficiencies include matters that may come to our attention, and are related to the design and implementation of internal control and, if identified, could have had an adverse effect over the Project's ability to record, process, summarize and publish financial data.

We emphasize that our internal controls examination did not result in necessarily ascertaining all matters that could represent control deficiencies as defined above.

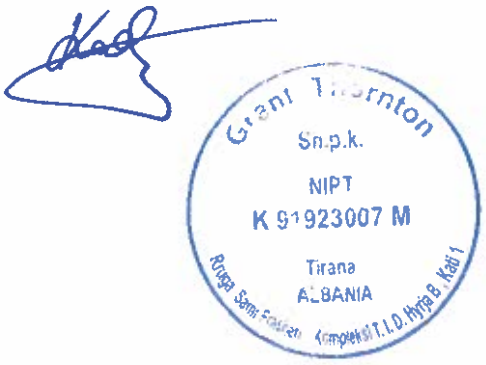
Identified matters were taken into account while determining the nature, duration and scope of procedures applied during the audit of the special purpose financial information of the Project for the period from 1 January to 31 October 2021.

The Appendix, which constitutes an integral part of this Letter, contains a description of the responsibility of the management for the creation and maintenance of the internal controls system, the purpose and limitations of that system, as well as a description of the procedures performed in the process of understanding the information system of the Project.

This report is intended solely for the information and use of the Management of the Project and is not intended to be and should not be used by anyone other than the specified parties.

Grant Thornton sh.p.k

Tirana, Albania



No issues have come to our attention during our audit procedures performed in relation to the Project "Support to Extractive Industries Transparency Initiative (EITI)" for the period from 01 January to 31 October 2021.

Appendix

Management's Responsibility for, and the Objectives and Limitations of the Internal Control System

The following comments outline management's responsibility for the internal controls system and the objectives of and inherent limitations in the internal control system are adapted from the International Standards on Auditing of the International Federation of Accountants.

Management's Responsibility

Management is responsible for establishing and maintaining the internal controls system. In fulfilling this responsibility, management is required to assess the expected benefits and related costs of internal controls policies and procedures.

Objectives

The objectives of an internal control system is to provide management with assurance, as far as practicable, that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's policies and recorded properly in order to permit the timely preparation of reliable financial information in accordance with applicable accounting principles.

Limitations

Due to inherent limitations in any internal control system, errors or irregularities may occur and not be detected. Also, the projection of any evaluation of the internal control system to future periods is subject to risk that policies and procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

Grant Thornton

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