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Extractive Industries Transparency Initiative in Albania

Report for the year 2016

February 2018

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Report of factual findings - assembly and reconciliation of cash flows

We were engaged to perform the procedures agreed with you with regard to the reconciliation of cash flows from the petroleum, mining and hydro-energy activities and compilation of the contextual information as part of the implementation of the Extractive Industries Transparency Initiative (EITI) in Albania for the year 2016.

In performing our work we referred to the International Standard on Related Services ("ISRS") 4400 "Engagements to perform agreed upon procedures regarding Financial Information" published by the International Federation of Accountants ('IFAC").

Our procedures are listed in Chapter 9 of the report. Our findings are presented in Chapter 10 and in the appendices as indicated in Chapter 9.

Because the agreed-upon procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the financial information provided in this report including payments reported by the companies and government institutions. The information presented in our report, or information provided by licensees or government institutions, has not been subject to control or verification procedures unless otherwise stated in the report. Had we performed additional procedures, or had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported.

The enclosed EITI report for 2016 consists of eleven chapters covering among other things contextual information on the industry, description of the compilation, and reconciliation processes and related findings as well as lessons learned during this year's reconciliation and summarized recommendations.

Information presented in Chapters 1 to 6 and other information in addition to payment streams that were subject to the reconciliation process and our procedures, is provided mainly by EITI Albania in collaboration with the Ministry of Infrastructure and Energy, National Agency of Natural Resources in Albania, Albpetrol, and the Albanian Geological Survey. We did not carry audit or other testing procedures to validate the completeness and accuracy of such information.

The objective of this report is to enhance transparency within the petroleum, mining, and hydro-energy industry. Our procedures are not designed to identify fraud or misstatements made by licensees and government bodies.

February 15, 2018
Tirana, Albania

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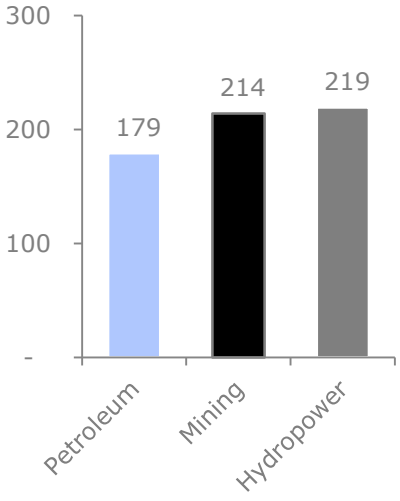
Executive summary

Albania stands among 51 countries adhering to the Extractive Industry Transparency Initiative ("EITI"), a global initiative which seeks to improve the governance of the extractives sector.

As part of the ongoing implementation of EITI, the Albanian Government publishes this informative report on the extraction of oil, gas and other minerals and their contribution to the State budget and Albanian Economy. The report provides an overview of activities in the upstream oil and gas sector, mining sector and hydro-energy, the reconciliation of main flows paid by licensees and collected from the government agencies in these sectors and an assessment of the appropriateness of disclosures in the sector in line with the EITI standard.

Chart 1 - Production in USD million in 2016



Based on data reported by Government agencies, production value generated during 2016 by these sectors is estimated at USD 612 million (chart 1). The sectors' collective known contribution was about 5% of the revenue recorded in National Budget for 2016, however the sector collectively employee less than 1.5% of total employee workforce registered in the country in 2016, based on AKBN statistics.

As shown in chart 1, petroleum output comprised about 46% of the total output value from the extractive sectors of petroleum and mining. About 89% of crude oil was extracted from Bankers Petroleum operating the Patos-Marineza oilfields. Chapters 2 to 5 provide an overview of regulatory and fiscal regime and exploration and production activities in the three sectors.

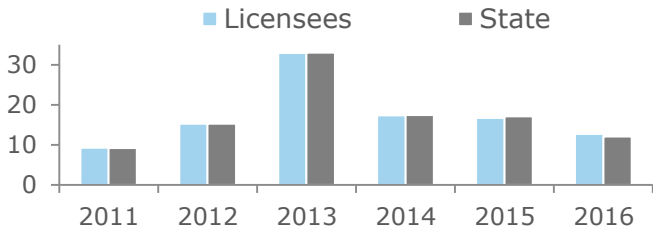
Reconciliation of the cash flows

The reconciliation and reporting according to the EITI standard covered all companies operating an exploration license and production license in oil and gas, 120 mining companies and 12 hydro-energy companies.

By the date of this Report cash flows were reconciled to 98% of total cash flows reported from the licensees and the Government. Chapter 10 presents the reconciliation on an aggregated level. Company-by-company reconciliation is presented in the appendices to the report.

Chart 2 on the right presents the trend of the cash flow reconciliation from year 2011 to 2016. Flows reconciled in 2011 and 2012 include Government's revenues from the extractive sectors of oil and mining. In 2013 the Government of Albania voluntarily added the hydro-energy sector in the scope of EITI reporting. Additionally, flows reconciled in 2013 include a material transaction concerning the privatisation of three medium hydropower plants in the amount of ALL 15 billion.

Chart 2 - Cash-flows reconciled in ALL billion



Source: EITI reports 2011 - 2016

Level of flows reconciled have decreased in 2016 despite the increased number of licenses, due to a drop in royalty payments.

1. Introduction

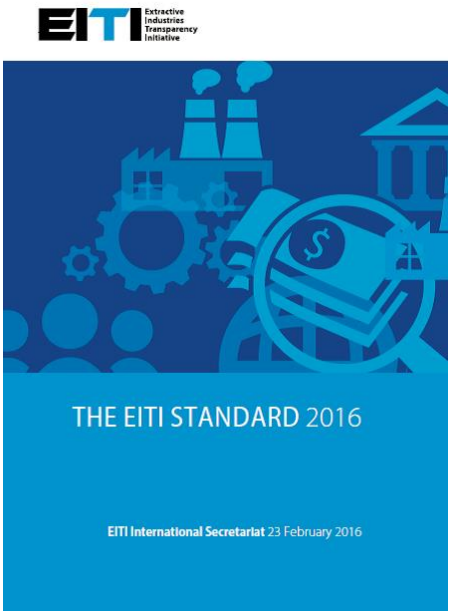
This Report is the 7th Albanian Extractive Industry Transparency Initiative Report and covers the year ended 31 December 2016.

1.1 What is EITI?

The Extractive Industries Transparency Initiative ("EITI") is a voluntary international coalition of governments, extractive industry companies and civil society organizations engaged in management and use of natural resources, such as oil, gas and minerals (see also: www.eiti.org). Its final aim is to promote transparency in order to prevent corruption as well as provide citizens with a basis for demanding fair use of revenue.

The EITI is regulated through an international standard the "EITI Standard" (https://eiti.org/document/standard), which sets the principles and minimum disclosures required to achieve transparency and effective engagement of the governments, companies, and civil society.

Adhering countries shall make transparent the basis for allocating mineral licenses and rights, contracts and licensees, production levels, benefits earned from the use the natural resources, how these revenue are managemed to the benefit of the civil society and contribution to overall economic development of the country.



The EITI Standard 2016

1.2 EITI in Albania

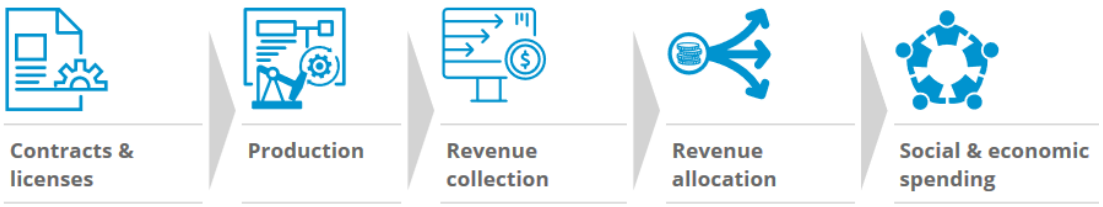
Albania joined EITI as a candidate in May 2009 and obtained the EITI compliant status in May 2013. Since the initial candidature Albania has published annual reports summarizing the activities and cash flows year on year from 2009 to 2015. This report covers year 2016.

EITI implementation in Albania is overseen by the Albanian Multi-stakeholder Group ("MSG" or the "Albanian Working Group"), regulated by Public Order of the Prime Minister No. 71 dated 21 July 2011. The MSG is composed of various EITI stakeholders including the Government, extractive companies, civil society etc. and chaired by the Deputy Minister of the Ministry of Infrastructure and Energy. The EITI Albania Secretariat ("ALBEITI") supports the MSG throughout the initiative implementation.

The EITI reports along with activities of EITI in Albania are published in the ALBEITI website: www.albeiti.org.

1.4 Annual reporting

The EITI Standard requires countries and companies to disclose information on the key steps in the governance of oil, gas and mining revenues including:



Along with disclosures of contract allocation, licenses, production data, revenue collection and allocation, and social and economic contribution, the EITI standards requires licensees and the Government bodies to report material payments made and revenues received annually and these be reconciled by an independent administrator.

In this context, the MSG analysed and selected material flows, recipient government entities and companies engaged contributing to a large share of production and exploration activities. An overview of selected flows, companies and recipient government entities is presented in chapter 8.

1.5 Acknowledgements

We would like to express our sincere thanks to the Ministry of Infrastructure and Energy, the Albanian Working Group and to the Albanian EITI Secretariat, who have assisted us in receiving timely replies from the Government and participating companies.

2. Overview of the extractive sector and hydro-energy sector in Albania

2.1 Key facts

2.1.1 Energy and resources in Albania

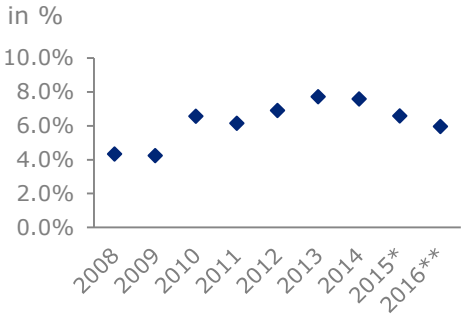
Albania is rich in energy resources: oil, gas, coal, wood, bitumen, and hydro-energy potential, etc., which contribute in different ways to meet energy demands in the country.

Based on preliminary results published by INSTAT shown in chart 3, the extractive sector and hydropower accounted collectively to no more than 6% of the gross domestic product in 2016, amounting to ALL 87,483 million[1]. INSTAT does not disclose disaggregated data for oil, mining and power sector separately.

Exports from the extractive sector have increased substantially by over 100% up to 2013, when they reached ALL 96.7 billion or 39% of total exports. This share dropped to 19% of total exports in 2016 (chart 4) or ALL 47.0 billion (chart 5), simultaneously affected by the decrease in international prices for oil and the increase of domestic oil refining activity.

Based on data reported from the GDT, license holders engaged in the extractive sector of oil, mining and hydropower sector employed collectively approximately 16,500 staff accounting for 1.4% of the registered workforce

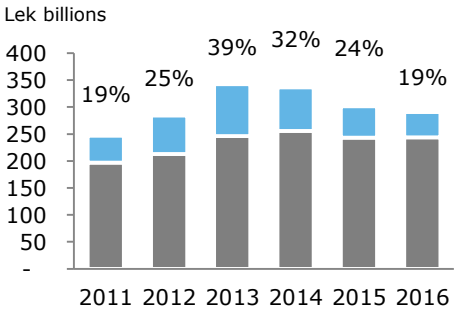
Chart 3 – Contribution of Energy & resources to GDP in %



2015* Semi-final
2016** Flesh

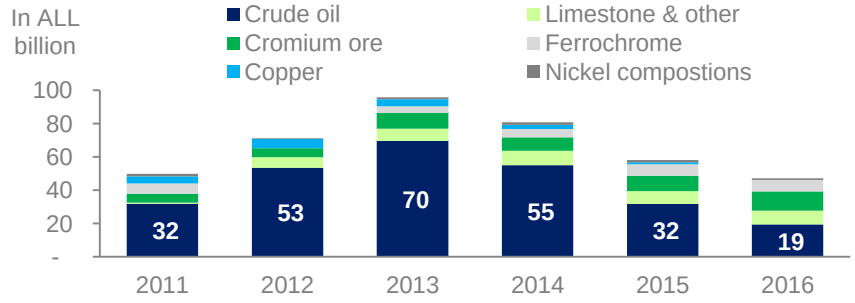
Source: INSTAT-Annual National Accounts (production approach)

Chart 4 – Exports from extractive sector vs. total exports



Source: Albanian Custom Administration

Chart 5 – Exports from extractive industry by minerals



Source: Albanian Custom Administration

[1] Starting from 2016, INSTAT changed the classification of GDP by economic sectors. The GDP disclosed for the Energy and resources include: extractive industries; electrical power, gas, steam and air condition supply and other related to waste management.

reported by INSTAT in December 2016[2].

Oil and gas

Crude oil comprised the primary source of energy produced in Albania. Crude oil extracted in 2016 accounted for 52% of domestic energy from primary sources followed by the power sector with about 33% of energy produced from primary sources in 2016[3].

In 2016, oil and gas sector counted seven companies extracting crude oil in the southern part of Albania and four companies engaged in exploration activities. The State participated in the upstream oil sector through direct ownership of Albpetrol, engaged in exploration, development and production of oil and gas. Albpetrol holds shares as a primary licensee in all oil fields discovered up to 1993. In order to pursue efficient operations, Albpetrol sub-granted its rights to private oil companies. Production of crude oil has more than doubled since 2003, when private oil companies started operating in the sector.

In 2016, Albpetrol reported domestic crude oil production at 1,034 thousand ton with an estimated worth of USD 179.3 million based on average export prices in 2016. Bankers Petroleum, operating in the Patos-Marinza oilfield, extracted about 89% of total crude oil output in 2016. Whereas, Albpetrol production accounted for about 6% of domestic output. Fiscal and non-fiscal revenue collected from the oil and gas sector were above 2.6% of total revenue recorded in the National Budget in 2016.

Despite increased production, employee number in the sector fell substantially in the last six years. These changes were due to transfer of production operations from Albpetrol to the private oil companies. In 2016, the upstream oil and gas sector contributed with about 0.3% of total registered workforce reported by INSTAT in 2016. Albpetrol was the largest employer in 2016 in the sector, comprising about 65% of total employment in the sector.

Oil produced in the country is mostly exported to be refined abroad. Domestic consumption of refined oil is fulfilled through imported oil. As shown in chart 5, exports of crude oil were at Lek 19 billion, comprising about 41% of total crude oil from extractive sector in 2016, while contributing to 7.9% of total exports.

Mining sector

As a traditional mining country, Albania contains an increasing number of medium, small-scale mining and quarry companies, and only a couple of large-scale industrial mining companies. In December 2016, AKBN reported 600 mining licenses, whereas 121 licensees were extracting chromium ore in Bulqiza mines.

Domestic mining output including the value added through mineral processing was estimated at USD 214.1 million in 2016. Methods and inputs for estimation of the mining output value are provided in chapter 4.

[2] Source: Summary table of labour market indicators estimated based on the Quarterly Labour Force Survey, Q.1/14-Q.4/17 – www.instat.gov.al
[3] Source: Production and consumption of primary energy, 2012-2016 – (INSTAT: www.instat.gov.al)

Chromium contributed the largest share with about 74% of domestic mining output value estimated in 2016. Limestone and other construction minerals represented the second largest group of minerals after chromium, with 22% of the domestic mining output value estimated in 2016.

Mining sector employment accounted for 1% of total registered workforce at the end of 2016, whereas chromium sub-sector employed about 68% of mining workforce in 2016.

Fiscal and non-fiscal revenue from the mining sector accounted at minimum for 1.4% of total revenue in the national budget.

Hydro-energy sector

The hydropower production in Albania is dominated by the public sector. At the end of 2016, the State owned and operated the Albanian Electrical Power Corporation (KESH), the Transmission System Operator (OST) and Electricity Power Distribution Operator (OSHEE)

KESH is the largest producer in the country. With an installed capacity of 1,350 MW built in a cascade over Drini River in the north, KESH contributed with 71.4% of power output in 2016 reported at 7,134 GWh.

Domestic hydropower output in 2016 was about 101% of the total energy flow transmission and distribution in 2016, which included domestic consumption as well as energy flows lost in the transmission and distribution networks. A substantial portion of the power transmitted is lost in the distribution system because of its poor technical conditions and informal connections to the system. The Government of Albania and OSHEE are actively working to reduce both technical and financial losses estimated at 28.04% in 2016.

The value added by the power sector, including power generation, public supply, transmission and distribution is assessed at ALL 54.75 billion (equivalent to USD 441 million), however revenue generated only through the sale of power amounts to ALL 27.3 billion (equivalent to USD 219 million). The sector’s known fiscal contribution accounted for 1.1% of the total revenue in the National Budget in 2016.

The Government of Albania constantly sought to seize hydropower potentials in the Country through concessions and private investments. At the end of 2016, AKBN reported about 545 HPPs granted on concessions, where only 74 have generated power in 2016. AKBN informs that a large number of HPPs granted on concessions have not yet commenced the construction or are still under construction as at the date of this report, showing delays of two years and above.

In 2016 and for over many years the Albanian State subsidized the power sector through regulation of tariffs for the power supply, transmission and distribution. This fact explains the relatively low contribution of the sector in terms of fiscal revenue. Currently, Albania is undergoing a power sector reform towards liberalization of the energy market. In the context of ongoing reforms in July 2016, the Albanian Energy Regulator Body approved the new model of the energy market that will gradually replace the regulated energy market. At the date of this report, the Government is in the process of drafting the transitional measures for the transition from a regulated market.

Government's revenue form the extractive sector and the hydro-energy

Table 1 – Statement of Governments revenue from the extractive sector

Payment stream	Albpetrol	AKBN	ERE	KESH	National Budget	Total in MALL	Total in M$
Share of oil production	1,091	-	-	-	-	**1,091**	**8.8**
Bonuses	23	48	-	-	-	**71**	**0.6**
Concession fee	-	-	-	689	-	**689**	**5.5**
Regulatory payments to ERE	-	-	117	-	-	**117**	**0.9**
Royalty	-	-	-	-	3,542	**3,542**	**28.5**
Tax on profit	-	-	-	-	3,044	**3,044**	**24.5**
Social & health insurance and personal income tax	-	-	-	-	4,130	**4,130**	**33.3**
VAT	-	-	-	-	2,607	**2,607**	**21.0**
Dividends	-	-	-	-	-	**-**	**0.0**
Other	-	-	-	-	6,093	**6,093**	**49.1**
Total	**1,114**	**48**	**117**	**689**	**19,415**	**21,382**	**172.2**
Oil and gas	1,114	48		-	9,858	**11,019**	**88.8**
Mining	-	-	-	-	5,948	**5,948**	**47.9**
Hydro-energy	-	-	117	689	3,609	**4,415**	**35.6**

Payment stream listed above include only the significant payments made by the licensees to the State Budget, AKBN, ERE, KESH and Albpetrol which are selected for reconciliation in this Report. The list does not represent a list of all payments streams. Such comprehensive disclosure is not supported by the Government's information systems.

Payroll taxes including social and health security and personal income tax comprise the main revenue stream contributed to the National Budget collectively by the extractive sectors of oil, gas and mining and hydropower sector.

As regards the extractive sector, **Royalty** comprises the main revenue stream contributed by the extractive sectors of oil, gas and mining to the National budget. **Share of oil production** is the second largest revenue stream collected from the oil sector. Private oil companies collectively transferred in kind the share of oil production of 52 thousand ton in 2016.

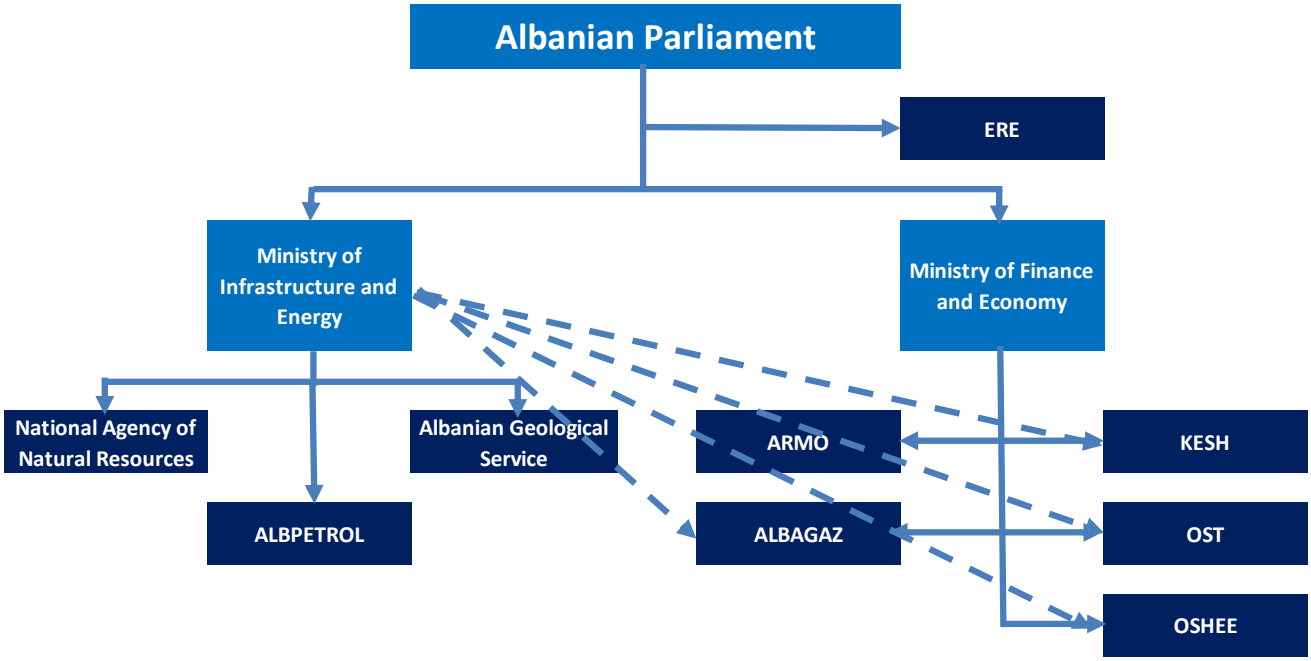
Other include taxes collected by the Albanian Customs Administration including VAT paid on imports, carbon tax, excise tax, circulation tax and other custom import duties. These flows are included because they are reported as material flows by the licenses and were part of the reconciliation in 2016. However, VAT collected on imports is partially or fully refunded to the operating licensees based on certain criteria and additional data are required to conclude on the total government's revenue from the sectors in focus.

Values shown above for share of oil production were estimated using the Albpetrol's average sales prices applied during 2016 at USD 159.04 per ton.

Amounts in USD were converted in ALL using the average rate of the Bank of Albania for the year 2016, respectively at 1 USD equal to 124.14 ALL.

2.1.2 Public institutions and entities governing the sector

Figure 1- Key public institutions and reporting lines as applicable in 2016



Ministry of Infrastructure and Energy ("MIE" or "the Ministry")

MIE[4] is the Ministry responsible for making public policy and monitoring the implementation of legislation in the energy and resources sector. It operates through its directorates responsible for the development of public policies in the petroleum, mining, hydro-energy, renewable energy sources and energy efficiency, and technical and industry standards.

MIE is primarily financed by the State Budget in accordance with Budget law.

The mission of the Ministry in the energy sector is to promote constant and sustainable economic development through:

- encouraging private investment, domestic or foreign, in the energy sector with an attractive legal climate for these investments; and
- development of market reforms in the energy sector to achieve national objectives for EU integration and the development of a Regional Electricity Market.

MIE is responsible for granting exploration and production licenses in the mining sector, and for evaluating applications for petroleum agreements and concession rights for the construction of hydropower plants in Albania. Petroleum agreements and hydro-energy concessions are approved by the Council of Ministers and undersigned by the Minister responsible for Energy on behalf of the Contracting Authority.

MIE is primarily financed by the State Budget in accordance with Budget law. Revenues generated by the energy sector include service tariffs and license fees.

[4] Link to website: www.infrastruktura.gov.al

The Ministry operates through the State Treasury System, where revenue collected and disbursements for expenditure are pooled in the State's joint bank accounts. MIE publishes in its website financial information on expenses by nature and program.

National Agency of Natural Resources ("NANR" or "AKBN")

AKBN is established as a public agency reporting to the Minister responsible for Energy pursuant to DCM no. 547 dated 9 August 2006, amended. Its main purpose is to develop the sector strategies and supervise the rational deployment of natural resources in the mining, petroleum and energy sector based on governing policies in force.

AKBN's responsibility is to supervise the exploration activities of the oil sector and exploitation activities of the oil, mining and hydro-energy sectors, planning of the energy needs and compilation of the national and regional energy balance in accordance with the requirements of EUROSTAT[5] and the International Energy Agency[6].

AKBN acts as a specialized technical expert in studies and projects implemented in the sectors, negotiates and monitors the implementation of petroleum and mining agreements, and monitors the implementation of the concessionary agreements in the hydro-energy sector.

AKBN is headed by the Board of Directors staffed by seven members, including the Chairman and the Executive Director. All members are nominated by the Minister of Energy and Industry. The entity performs its public functions through the directorates of petroleum, mining, hydro-energy and renewable energy, primary responsible for the activities in each sector.

AKBN is organized as a non-budgetary institution and administers its own bank accounts, where it deposits its surplus funds. AKBN makes no payments to and receives no financing from the State budget, except when AKBN implements specific projects foreseen in the State Budget. Any surplus of annual income over expenditures, is carried forward in the next fiscal year. AKBN's activity is primarily financed by the revenue collected from the supervised petroleum agreements, tariffs applied for technical expert review and other services and projects.

AKBN's annual financial accounts were not made available for public access and EITI's review at the date of this report.

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[5] http://ec.europa.eu/eurostat/web/energy/data/energy-balances
[6] http://www.iea.org/

Albanian Geological Survey (AGS or SHGJSH)

SHGJSH operates as a scientific institution in geo-sciences in accordance with Law no. 111/2015 "On Albanian Geological service"[7]. SHGJSH is responsible for several scientific studies on hydrocarbons, mining and hydro-energy etc.

Among other duties, SHGJSH is responsible for promoting and negotiating exploration licenses in mining sector, and for monitoring the project implementation under each exploration license granted. SHGJSH is financed by the State Budget, service fees and tariffs for technical reviews and geological surveys.

The entity publishes projects implemented or under implementation in its website: www.gsa.gov.al.

Albanian Energy Regulator (ERE)

ERE is an independent public body responsible for the regulation of activities in the power and natural gas sector, organized in accordance with the provisions of Law No. No.43 /2015 dated 30 April 2015 "On power sector"[8], amended, and Law No. 102/2015 dated 23 September 2015 "On gas sector"[9].

ERE is the competent authority for issuing licenses for the generation, transmission, distribution, supply and trading of power and gas. The Body is directed by a Board of Commissioners appointed by the Albanian Parliament. ERE is financed by regulatory license fees and regulatory tariffs paid by the licensees in generation, transmission, distribution, trade of electrical power and licensees in transmission and distribution of gas etc.

ERE reports annually to the Albanian Parliament "On Power Sector Situation and ERE's Activity". The report approved by the Parliament, is published in the ERE's website: www.ere.gov.al within three months from the end of the reporting period. ERE's annual financial statements are audited by independent statutory auditors in line with audit law and regulation applicable in Albania and are published in ERE's annual report.

ERE is the competent authority for issuing licenses for the generation, transmission, distribution, supply and trading of power and gas.

ERE is financed by regulatory license fees and regulatory tariffs paid by the licensees in generation, transmission, distribution, trade of electrical power and licensees in transmission and distribution of gas etc.

Agency for Concession and PPP (ATRAKO)

ATRAKO is a public unit established within the Ministry of Finance and Economy ("MEF") based on DCM no. 150, dated 22 March 2007 "On organization and functioning of ATRAKO", as amended. ATRAKO provides support to the contracting authority thought the assessment of concession opportunities and negotiation of concession contracts, including hydropower concessions. ATRAKO publishes in its website law and regulatory acts applicable to concessions, and a summary of instructions for the procedures applied from identification of concession and PPPs opportunities to allocation of contracts. www.atrako.gov.al.

In accordance with the Law no. 125/2013 "On concessions and PPPs", as amended, from 2015 ATRAKO is responsible for maintaining the Concession Register. This register, along with a list of hydropower concession contracts in force can be accessed in the official website of ATRAKO (link: http://www.atrako.gov.al/?page_id=112).

[7] This law abrogated the law no. 8366, dated 2 July 1998 "On Geological service", amended by law no. 9221, dated 15 April 2004 and law no. 10227, dated 4 February 2010.
[8] This law abrogated Law no. 9072, dated 22.05.2003 "On the Electric Power Sector", amended.
[9] This law abrogated Law No. 9946 dated 30 June 2008 "On the gas sector"

Ministry of Environment

Ministry of Environment (ME) is responsible for establishing policies, strategies and action plans for the protection and administration of the environment, forests, waters and fisheries in order to achieve sustainable development, to improve the quality of life and to enable the country to join the European Union.

ME issues water and environmental licenses for all thermal-power plants, hydropower plants, wind-power plants and other power generating resources in accordance with Law no. 10 440, dated 7 July 2011, as amended. The ME is also the national focal point for UNFCCC and Kyoto Protocol.

State-owned entities in the energy and resources (SOEs)

Definition

State-owned entities 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[10]. This law suggests that in case of matters requiring a qualified majority, the Shareholders' Assembly may take valid decisions if shareholders hold more than half of the voting shares.

For matters requiring a simple majority, the Shareholder's Assembly may take valid decisions if shareholders holding more than 30% of the voting shares are present or represented.

In addition to control, the law defines significant influence as holding voting rights of 30% or the right to appoint members representing 30% of the voting rights[11].

Albpetrol is the State-owned company engaged in the exploration and production of oil and gas.

KESH is the State-owned company engaged in hydropower production.

State-owned entities

MIE has its own representatives in the Board of Directors of the State owned entities in the energy and resources sector. The Ministry of Finance and Economy ("MEF") responsible for economic policies, holds shares in the sector through ownership of:

- Albpetrol Sh.a (100% shareholding) – engaged in upstream oil & gas operations
- Transnafta sh.a. (89% shareholding) – engaged in oil transport and car serving
- Uzina Mekanike e Naftës Sh.a. (100% shareholding) – engaged in mechanic servicing of oil industrial plants.
- ARMO (effectively controlling the company with 15% shareholding) – oil refining
- Korporata Elektroenergjitike Shqiptare Sh.a ("KESH") (100% of shares) – engaged in hydropower generation
- Operatori i Sistemit të Transmetimit Sh.a. ("OST") (100% of shares) – engaged in power transmission
- Operatori i Shpërndarjes së Energjisë Elektrike Sh.a. ("OSHEE") (100% of shares) – engaged in power distribution

[10] Law 9901 dated 14.04.2008 "On entrepreneurs and commercial entities", article 207, point 1.
[11] Law 9901 dated 14.04.2008 "On entrepreneurs and commercial entities", article 207, point 2.

The role of Albpetrol, Transnafta, Uzina Mekanike e Naftes and ARMO is explained in chapter 3 Oil and gas sector. The role of KESH, OST and OSHEE is explained in chapter 5 Hydro-energy sector.

In addition, the Government holds a percentage in the shareholding of three mining companies, including Elbasan Cement Factory sh.p.k (21%), Italb - Mermeri - Muhur sh.p.k.(25%), and United Quarries sh.p.k.(13%). Information on the shareholding and transfers is disclosed in chapter 4. Mining sector.

2.1.3 Membership in Regional Energy initiatives

Since 2016, Albania is a member of the Regional Energy Community, part of European Union initiatives for the creation of the European energy market.

Energy Community, as an international organization, has as its basis the development of a common energy policy in the region of Southeast Europe and its integration into the energy market of the European Union (EU), through creating an integrated energy market allowing for cross-border energy trade and integration with the EU market.

By signing the Energy Community Treaty, Albania is committed to the implementation of the relevant acquis communautaire by developing an appropriate regulatory framework and the liberalization of the energy market in line with the acquis. Details of the community goals and activities can be found at www.energy-community.org.

3. Oil and gas

3.1. Exploration and production

Overview of exploration activities

The oil sector has been strategically important and the main contributor to the economic development in the country before the 90s. Oil exploration in Albania began in 1918. Since then, oil bearing fields were discovered in the onshore and offshore areas, and the country developed a complex oil refining industry throughout the years 1970-1980[12].

AKBN provides information related to geological oil structure, history of oil development, existing onshore and offshore exploration blocks and oilfield and their technical details. These, as well as new investment opportunities, are presented in AKBN's publication "Petroleum exploration and exploitation opportunities in Albania" accessible at www.akbn.gov.al.

A summary of the exploration history and characteristics of oil fields and oil in Albania is presented in Appendix 4.

Oil reserves

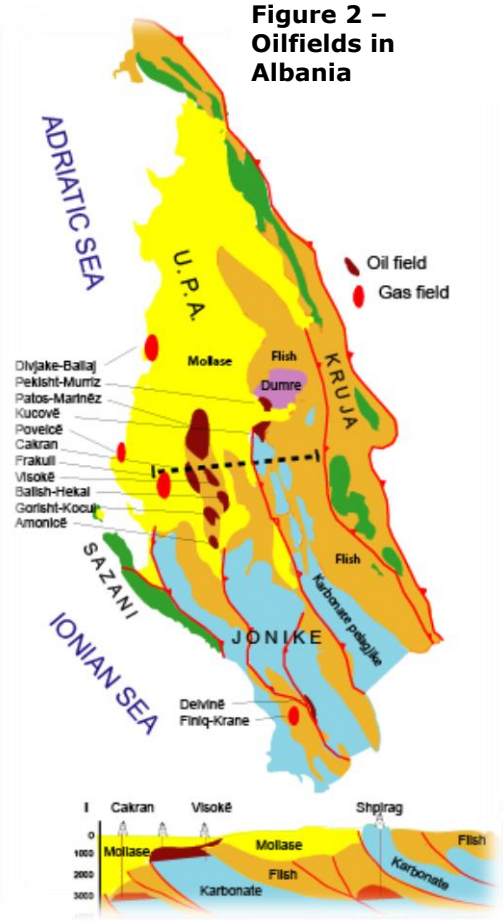
Albanian oil sources, which are distributed in the western and south-western part of Albania (figure 2), are mainly in two structures: sandstone and limestone. Currently these sources have considerable reserves but their full potential extraction needs advanced secondary methods. According to studies performed by foreign companies and Albpetrol[13] between year 1985 and 1990, petroleum reserves at existing Albanian drill sites totalled about 437.6 million tons, however recoverable stocks estimated based on extracting methods applied in those years amounted to only 81 million tons. Estimated geological reserves from sandstone structures comprised 77.4% of total geological reserves, however their recovery was assessed at 13%. Recovery of geological reserves from limestone formations varied from 24% to 53%.

Based on the same studies Albania's known natural gas reserves have been estimated at 18,164 million Nm^3 and lie mainly in the Kuçova and Patos areas. Albpetrol reported that cumulative gas produced until the end of 2012 was 12,504 million Nm^3[14]. Albpetrol did not report any gas field activity after 2012, since it sub-licensed all its gas field to private oil companies (refer to table 2). In addition, Albpetrol assessed 3.2 million Nm^3 potential recoverable reserves of gas associated with petroleum extraction at the end of 2016 (table 2).

The Albanian Government has not undertaken further studies to reassess oil and gas reserves in accordance with current international standards. These measurements are used as a base point and regularly updated by Albpetrol by deducting the annual output of oil and gas.

Table 2 in the following summarizes the reserves assessed through

Figure 2 – Oilfields in Albania



[12] Source: "Petroleum exploration and exploitation opportunities in Albania" published by AKBN - www.akbn.gov.al.
[13] Information on reserves and cumulative production is provided by Albpetrol. Aggregated data are disclosed in the following link: http://www.albpetrol.al/rezervat-gjeologjike/
[14] http://www.albpetrol.al/rezervat-gjeologjike/

studies performed between year 1985 and 1990 and the updated recovered reserves of oil and gas associated with petroleum at the end of 2016.

Table 2 - Geological and recoverable oil reserves based on studies dating 1985-1990 & cumulative oil production to 2016[15]

Oil Fields	Geological reserves in *000'*ton	Recoverable reserves in 000'ton	Recovery ratio	Cumulative production up to 2016 *in 000'ton*	Oil output in 2016 *in 000'ton*	Recoverable reserves of oil at 31.12.2016 *in 000'ton*	Associated gas output in 2016 *in Million Nm3*	Recoverable reserves of gas at 31.12.2016 *in Million Nm3*
Cakran-Mollaj	16,128.0	8,144.0	50%	4,307.3	16.2	3,836.7	1.8	1,580.7
Ballsh-Hekal	19,269.0	6,360.0	33%	5,103.1	23.8	1,257.0	0.5	165.0
Gorisht-Kocul	30,500.0	14,674.0	48%	12,054.3	29.8	2,619.7	0.1	86.4
Karbunarë	411.0	136.0	33%	94.5	0.4	41.5	0.1	42.5
Amonicë	2,836.0	1,503.0	53%	712.7	4.1	790.3	0.0	1.9
Visokë-Kolonjë	28,362.0	6,807.0	24%	6,266.6		540.5	0.7	-
Delvinë	335.0	134.0	40%	19.2	4.1	114.8	-	792.8
Finiq-Krane	1,027.0	154.0	15%	9.8	0.0	144.2	-	-
Drashovicë	80.0	24.0	30%	8.1		15.9	-	0.2
Total Limestone	**98,948.0**	**37,936.0**	**38%**	**28,575.5**	**78.4**	**9,360.5**		
Patos-Marinëz	258,394.0	31,120.0	12%	27,506.5	931.1	3,613.5	0.0	267.7
Kuçovë	78,332.0	11,772.0	15%	4,307.5	24.5	7,464.5	-	281.3
Rasë-Pekisht	1,970.0	197.0	10%	17.4	0.3	179.6	-	1.2
Total Sandstone	**338,696.0**	**43,089.0**	**13%**	**31,831.4**	**955.9**	**11,257.6**		
Total	**437,644.0**	**81,025.0**	**19%**	**60,407.0**	**1,034.4**	**20,618.0**	**3.2**	**3,219.6**

Source: Albpetrol

Private oil companies report substantially higher reserves in their websites than those sourced by Albpetrol and summarized above. For example, Bankers Petroleum, operating the Patos-Marinza oilfield reported proven reserves at 122.9 million barrels (equivalent to 18.6 million ton[16] of crude oil) and proven plus probable reserves at 190.3 million barrels (equivalent to 28.9 million ton of crude oil) at the end of 2015. These numbers were over 6 times higher than Albpetrol's reported reserves.

Bankers and the MIE explain that these differences arise because enhanced horizontal drilling method increase the recovery opportunities of certain geological reserves previously classified as non-recoverable.

As disclosed in the EITI report for 2015, the Government official responsible for the Development of policies in the petroleum sector at MIE announced that the MIE plans to reassess the reserves according to standards applicable in the EU until year 2020[17].

[15] Information officially reported by Albpetrol for the purpose of this Report.
[16] 1 Metric Ton of crude oil is converted into 6.5939 Barrels as reported by US Energy Information Administration for Albania at: http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=94&pid=57&aid=32&cid=AL,&syid=2010&eyid=2014&unit=BCOPMT
[17] Information confirmed by Mr. Dritan Spahiu, Director for the Development of policies in the petroleum sector for the purpose of this Report.

Exploration activities in the past decade

The Government of Albania granted several PSAs for exploration blocks in Albania over the last decade (table 3) and counted one commercial discovery of light oil in well Shpiragu-2 announced by the joined venture of Petromanas Albania GmbH and Shell Upstream Albania B.V. in 2013.

Table 3 presents an overview of companies engaged in exploration activity during the past decade in the 24 oil exploration blocks in Albania as illustrated also in figure 3.

The MIE granted PSAs only for 14 out of 24 exploration blocks, where:

- PSAs concerning onshore block A, B, C, and D the contractor terminated the PSA due to loss of commercial interest,
- PSAs concerning offshore block Adriatiku 2, 3, and 4, have been abandoned by the licensed operator[18] and
- PSAs concerning offshore block Joni 5 and Durres are in process of termination[19].

During 2015, MIE announced procedures for allocation of the free onshore exploration blocks: 4, 5, C, Panaja and Dumre and free offshore exploration blocks: Joni-5 and Rodoni. Only two bids resulted successful in 2015, respectively block 4 awarded to Petromanas Albania GmbH. & Shell Upstream Albania B.V. and block of Dumre awarded to Navitas Petroleum Limited[20].

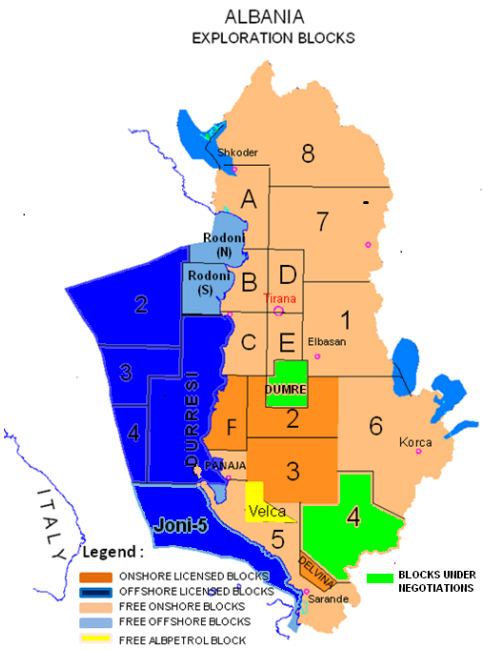
In 2015, Pennine Petroleum Sh.a. announced being awarded exclusivity to negotiate for the Velca Block, in south-central Albania, which finalized in signing a Production Sharing Agreement (PSA) with Albpetrol Sh.A, in February 2017. The PSA was approved by Council of Minister via DCM no. 685 dated 22.11.2017. Albpetrol informed for the purpose for this report that Velca Block was granted through contract negotiation procedure after the expression of interest shown by Pennine Petroleum. Bidding procedures announced in the past had failed due to low attractiveness of this exploration block.

In 15 March 2016, MIE and AKBN undersigned a PSA with Albanides Energy Ltd, licensing the on-shore exploration block number 8. This PSA is approved via Council of the Ministers Decision (DCM) on 26 April 2016. The DCM and the translated version of the PSA is published in the official gazette number 63/2016. MIE and AKBN have not announced any process of allocation of exploration block 8 or being in process of contract negotiations with Albanides Energy prior to the actual PSA sign off and approval.

Furthermore, Albanides Energy has not been included in the licenses register published by MIE and AKBN at the date of this report.

At the end of 2017, the MIE counts PSAs on six exploration blocks and is in process of negotiating PSAs on block 4 with Shell Upstream Albania B.V. [21] and block of Dumre awarded to Navitas Petroleum Limited.

Figure 3 – Exploration blocks



[18] Source: Albetrol informed for the purpose of this report
[19] http://www.akbn.gov.al/informacion-per-gjendjen-aktuale-te-marreveshjeve-hidrokarbure/
[20] Navitas Petroleum Limited part of Delek Group: www.delek-group.com/
[21] Petromanas Albania GmbH sold its petroleum operations to Shell Upstream Albania B.V. and filed for liquidation in 2016.

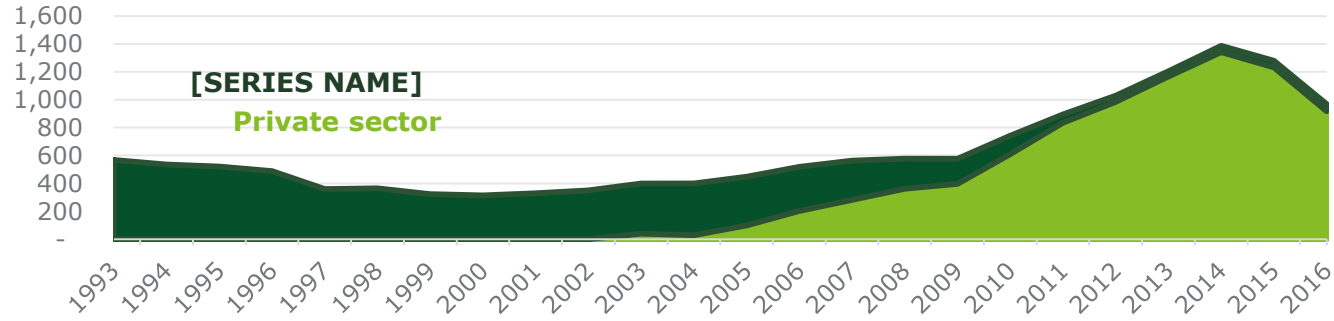
Table 3 – Oil companies engaged in exploration activities over the past decade

No.	Location	Oil & gas blocks	Administered by	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
1	Offshore	Block Rodoni N & S	AKBN											
2	Offshore	Block Adriatiku 2	Albpetrol	Abandoned	Emanuelle Adriatic Energy Ltd									
3	Offshore	Block Adriatiku 3	Albpetrol											
4	Offshore	Block Adriatiku 4	Albpetrol											
5	Offshore	Block Joni 5	AKBN	Abandoned	Capricorn Albania Limited (previously MedOil plc) and Dyas Albania B.V.				Medoil plc.					
6	Offshore	Block Durres	AKBN	Abandoned	San Leon Durrësi B.V.				Island International Exploration B.V. & Beach Energy Limited		OMV (Albanien) Adriatic Sea Exploration Gmbh and LUNDIN NETHERLANDS B.V.			
7	Onshore	Block 1	AKBNl											
8	Onshore	Block 2	AKBN	Shell Upstream Albania B.V.	Petromanas Albania GmbH & Shell Upstream Albania B.V.					Petromanas Albania GmbH		DWM Petroleum		
9	Onshore	Block 3	AKBN											
10	Onshore	Block 4	AKBN	Under negotiation with Shell Upstream Albania B.V.										
11	Onshore	Block 5	AKBN											
12	Onshore	Block 6	AKBN											
13	Onshore	Block 7	AKBN											
14	Onshore	Block 8	AKBN	Albanides Energy Sh.a.										
15	Onshore	Block A	AKBN				Petromanas Albania GmbH		DWM Petroleum					
16	Onshore	Block B	AKBN											
17	Onshore	Block C	AKBN											
18	Onshore	Block D	AKBN				Petromanas Albania GmbH		DWM Petroleum					
19	Onshore	Block E	AKBN											
20	Onshore	Block F	AKBN	Bankers Petroleum Albania Ltd.										
21	Onshore	Block Dumre	AKBN	Under negotiation with Navitas Petroleum (DeALL Group)										
22	Onshore	Block Panaja	AKBN											
23	Onshore	Block Velca	Albpetrol	Pennine Petroleum										
24	Onshore	Block Delvina	Albpetrol	Delvina Gas Company	Transatlantic Petroleum				Stream oil & Gas Ltd					

Crude oil production

Crude oil production in Albania began in 1929 with 750 tons of crude oil. After World War II production increased steadily and recorded the highest peak in 1974 with an annual production of 2.25 million tons (equivalent to 38,408 barrels/day). In the 80s oil production fell under 1 million tons per year and did not pick up until 2012.

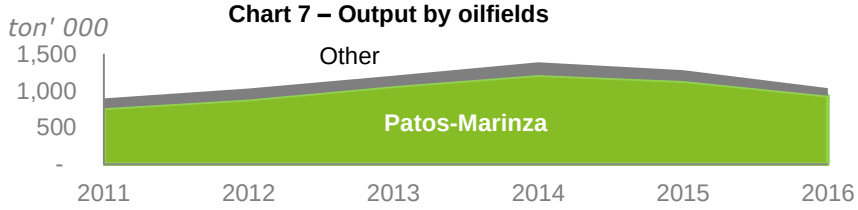
Chart 6 - Historical oil production 1993-2016



Source: MIE - www.energjia.gov.al

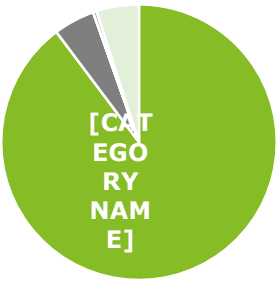
In 2016, Albpetrol[22] announced crude oil production at 1,034,378 ton, worth USD 179.3 million, based on the average export price in 2016 at USD 173.3 per ton. Oil produced by private licensees operating in the petroleum sector represented 95% of total oil produced in 2016. This production was extracted mainly from the Patos-Marinza oil fields as shown in chart 7, operated by Bankers Petroleum, which produced 90% of total oil production in 2016 (chart 8).

Chart 7 – Output by oilfields



Source: Albpetrol

Chart 8 - Production of Crude oil in 2016



Source: MIE - www.energjia.gov.al

Table 4 - Key facts about oil output and exports in 2016

Years	Oil output in 000'ton	Oil exports in 000'ton	Share of oil output exported[23]	Oil refined in Albania in 000'ton	Average export price in US$	Value of oil output in M$ (i)	Exports in M$	Average ER applied (ii)
2011	895	697	78%	209	450.9	403.3	314.2	100.90
2012	1,029	1,001	97%	107	500.3	514.9	500.7	106.57
2013	1,204	1,252	104%	62	525.7	632.7	657.9	105.70
2014	1,386	1,069	77%	300	488.0	676.4	521.8	105.50
2015	1,279	991	77%	354	253.8	324.7	251.5	125.96
2016	1,034	899	87%	171	173.3	179.3	155.8	124.14

(i) Oil output value is assessed with average export prices

[22] Source: http://www.energjia.gov.al/al/publikime/nafta/prodhimi-i-naftes
[23] Share of oil output exported is derived by dividing the exported quantity with the produced quantity in 2016.

(ii) Rate applied to convert amounts from ALL to USD is derived as the average rate of USD/ALL for each respective year.

Albpetrol reported production of associated gas of 3,322,200 Nm^3 in 2016. Companies may sell or dispose the associated gas during the operations. Output of associated gas is not generating material commercial benefits to Albpetrol or the private oil companies. Albpetrol reported earning ALL 2 million (equivalent to USD 16 thousand) of revenue from sales of gas.

All petroleum agreements for development and production of oil and gas, presented in table 5, were administered by Albpetrol, in its capacity as primary licensee in the area. Accordingly, Albpetrol held a share of oil produced under these agreements. Up to the end of 2016, Albpetrol sub-licensed development and production activities for all existing oilfields, except for Karbunarë. Table 5 provides an overview of the companies engaged in oil production in Albania over the past decade.

Based on information disclosed by the MIE private oil companies have produced about 8.6 million ton crude oil in the period 2003-2016[24], out of these Bankers Petroleum extracted 6 million ton of crude oil in the period 2011-2016[25]. If extended prior to 2011 Banker's share of production would be even larger.

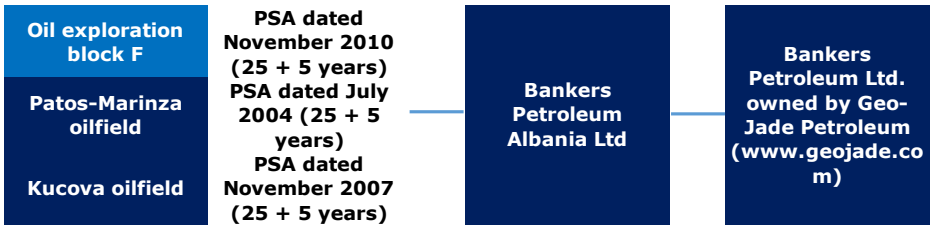
[24] Source: http://www.energjia.gov.al/al/publikime/nafta/prodhimi-i-naftes
[25] Based on the information disclosed by Albpetrol for the purpose of this report.

Table 5 – Oil companies engaged in oil and gas production over the past decade

No.	Field	Oil and gas fields	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
1	Oil field	Cakran-Mollaj	Albpetrol	GBC Oil Ltd	Transatlantic Petroleum Albania Ltd		Stream oil & gas limited						
2	Oil field	Ballsh-Hekal	GBC Oil Ltd										
3	Oil field	Gorisht-Kocul	Albpetrol										
4	Oil field	Karbunarë						Albpetrol					
5	Oil field	Amonicë	Albpetrol	Phoenix Petroleum Sh.a.						Albpetrol			
6	Oil field	Visokë-Kolonjë	Transoil Group Sh.a.							IEC Visoka		Albpetrol	
7	Oil field	Delvinë condensate	Delvina Gas Company Ltd.		Transatlantic Petroleum Albania Ltd		Stream oil & gas limited						
8	Oil field	Finiq-Krane	Fin Pek Petroleum sh.a		Phoenix Petroleum Sh.a.					Albpetrol			
9	Oil field	Drashovicë	Phoenix Petroleum Sh.a.							Albpetrol			
10	Oil field	Patos-Marinëz	Bankers Petroleum Albania Ltd.										
11	Oil field	Kuçovë	Bankers Petroleum Albania Ltd. (via its subsidiary Sherwood International Ltd)										Albpetrol
12	Oil field	Rasë-Pekisht	Fin Pek Petroleum sh.a		Phoenix Petroleum Sh.a.					Albpetrol			
13	Gas field	Divjaka	Phoenix Petroleum Sh.a.							Albpetrol			
14	Gas field	Ballaj-Kryevidh	Phoenix Petroleum Sh.a.							Albpetrol			
15	Gas field	Frakulla	Phoenix Petroleum Sh.a.							Albpetrol			
16	Gas field	Povelca	Phoenix Petroleum Sh.a.							Albpetrol			
17	Gas field	Panaja	Phoenix Petroleum Sh.a.							Albpetrol			

Overview of oil companies engaged in exploration and production activities in Albania

Bankers Petroleum Ltd (Bankers)



Bankers Petroleum Ltd (www.bankerspetroleum.com) currently operates three PSAs in Albania, through its wholly owned subsidiaries: ***Bankers Petroleum Albania Ltd*** in charge of Patos-Marinza oilfield and exploration block F and ***Sherwood International Ltd*** in charge of Kucova oilfield.

Bankers has been present in Albania since 2004 when it acquired 100% interest in the Patos-Marinza oilfield, the largest onshore oilfield in continental Europe. In 2008, Bankers acquired 100% of interest in the Kucova oilfield and in 2010 in the exploration Block F.

Bankers operates the Patos-Marinza and Kucova sandstone formation oilfields through enhanced horizontal drilling method, substantially enhancing the recoverability of the oil reserves in these formations. At the end of 2015, Bankers reported proven reserves at 122.9 million barrels equivalent to 18.6 million ton[26] of crude oil and proven plus probable reserves at 190.3 million barrels equivalent to 28.9 million ton of crude oil. Over the last six years Bankers was the main oil producer in the country with above 85% of share of the annual domestic oil output, based on the information reported in EITI reports for the year 2011-2016 and this report.

Bankers was listed and publically owned until March 2016, when the Chinese oil company Geo-Jade Petroleum (www.geojade.com) made an all-cash offer to purchase all public shares of Bankers Petroleum in the London and Toronto stock exchanges at a price of Canadian Dollar 2.20 (C$ 2.20) per share.

The deal was finalized in December 2016 and since then Geo-Jade Petroleum owns 100% of shares of Bankers Petroleum and its interests in the Patos-Marinza oilfield, Kucova oilfield and oil exploration Block F, through its fully-owned subsidiaries "Alberta Ltd." and its parent "Charter Power Investment Ltd.".

Shell Upstream Albania B.V. (SHELL)

SHELL currently operates the PSA on exploration blocks 2-3, ratified by Decision of Council of Ministers.

Shell Upstream Albania B.V. commenced its operations in block 2 and 3 through acquiring of 50% of interest in the PSA signed between MIE and Petromanas Albania GmbH on those exploration blocks.

[26] 1 Metric Ton of crude oil is converted into 6.5939 Barrels as reported by US Energy Information Administration for Albania at: http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=94&pid=57&aid=32&cid=AL,&syid=2010&eyid=2014&unit=BCOPMT

In 2013, after an important commercial discovery of light oil in well Shpiragu-2, flowed at rates of 800 to 1300bbl per day of 35 - 37 degree API oil, SHELL acquired additional interests in the PSA to 75%[27].

In February 2016, SHELL signed an agreement to purchase 100% of the interests in the PSA for block 2 and 3, and the Albanian operations of Petromanas Albania GmbH for USD 45 million.

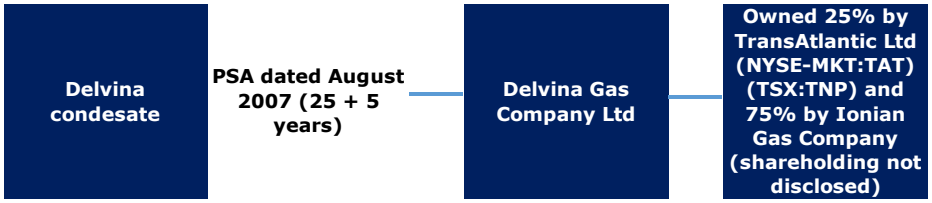
SHELL established in Netherlands as a wholly owned subsidiary of Royal Dutch Shell plc. (LSE: RDSA, RDSB), one of the largest oil and gas companies in the world measured by its assets, profits and market capitalisation in 2017[28]. More information on the company and its worldwide presence can be found on its website at www.shell.com.

Transoilgroup Sh.a.

Transoilgroup Sh.a. established in 2010, acquired 100% of interest in Visoka oilfield from IEC Visoka Inc. in 2012. The Company is owned by Transoilgroup AG registered in Commercial Company Register St. Gallen, Switzerland (registration number: CH-320.3.067.739-9). The company has no other operations apart the PSA on Visoka oilfield.

The company provides a comprehensive disclosure on its website of its individual owners[29] holding more than 5% of the shares and its operations in Visoka oilfield. According to information disclosed, 46.8% of the shares are held by Albanian individuals. Further details can be accessed at www.transoilgroup.com.

Delvina Gas Company Ltd (Delvina Gas)



Delvina Gas Company Ltd established in British Virgin Islands with register number BVI 1903568 in January 2016 and registered its branch in Albania in February 2016. The company was owned by TransAtlantic Petroleum Ltd listed in New York Stock exchange (TAT: USNYSE) until 1 September 2016, when TransAtlantic Petroleum Ltd transferred 75 % of the outstanding shares of Delvina Gas Company to the Ionian Gas Company in exchange for Ionian's agreement to pay 12 million dollars over an 18-month period, with the first payment of one million dollars due on 15 September 2016[30].

Delvina Gas Company owns 100% interests in Delvina exploration block and Delvina condensate field.

Information on the incorporation details and shareholding of Ionian Gas Company could not be found on publically accessible websites.

[27] Financial Statements of Shell Upstream Albania B.V., published at www.qkr.gov.al
[28] Forbes Ranking of the The World's Biggest Public Companies in 2017 - https://www.forbes.com/global2000/list/#industry:Oil%20%26%20Gas%20Operations
[29] http://www.transoilgroup.com/reports/tog-fin-factsheet-1709.pdf'
[30] http://balkanenergy.com/transatlantic-completed-delvina-gas-joint-venture-albania-9-september-2016/

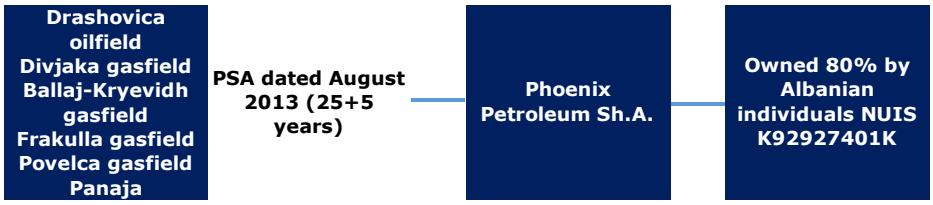
GBC Oil

GBC Oil acquired 100% interest in the Albanian onshore oilfields of Gorisht-Kocul, Cakran-Mollaj, Ballsh-Hekal and Delvina Condensate on February 29, 2016 from TransAtlantic Holdings, a subsidiary of TransAtlantic Petroleum. The sale of the Albanian assets was made in exchange for the payment of $2.3mn to Raiffeisen to pay down a term loan facility dated as of September 17, 2014 between Stream's subsidiary TransAtlantic Albania and Raiffeisen, and the assumption of $29.2mn of liabilities owed by Stream, consisting of $23.1mn of accounts payable and accrued liabilities and $6.1mn of debt[31].

Information on the incorporation details and shareholding of GBC Oil could not be found on publically accessible websites.

In 2017, Albpetrol notified that was in process of terminating the PSA on Gorisht-Kocul and Cakran-Mollaj oilfields due to the contractor's non-compliance with terms and conditions. In May 2017, Albpetrol invited oil companies to express their interest on this oilfield.

Phoenix Petroleum Sh.a.



Phoenix Petroleum registered in April 2011. The Company is owned by three individual shareholders, where Albanian individuals hold 80% of the shareholding. Details of the shareholding can be accessed at www.qkr.gov.al.

Phoenix Petroleum acquired interests in the following oil fields: Pekish-Murriz, Armonice, Ballaj-Kryevidh, Finiq-Krane, and Drashovice and gas fields: Frakulle Gaz, Panaja, Povelce, Divjaka in August 2013 via DCM no. 699 date 16.08.2013.

AKBN announced the transfer of interests in Finiq-Krane oilfields from Phoenix Petroleum to Fin Pek Petroleum on 10 May 2016. No details are available on this transaction.

Fin Pek Petroleum sh.a

Fin-Pek Petroleum registered in February 2010 with a wide range of business activities involving: trade, IT consulting services, construction, petroleum explorations etc.

The Company is owned 100% by Albanian individual shareholders. Details of the shareholding can be accessed at www.qkr.gov.al.

[31] http://ir.transatlanticpetroleum.com/releasedetail.cfm?ReleaseID=958855

Albanides Energy Sh.a.

Albanides Energy acquired 100% of interests in oil exploration block 8 in March 2016 when the Council of Ministers approved the PSA via DCM no. 266 dated 26 April 2016. The DCM and the translated version of the PSA is published in the official gazette number 63/2016 (Link:http://www.qbz.gov.al/botime/fletore_zyrtare/2016/PDF-2016/63-2016.pdf).

Albanides Energy registered as a limited partnership company in November 2010 with its sole shareholder being Dinaric International Energy Corporation, (DINARIC) established in August 2010 in Canada, and registered in British Virgin Islands with registration number BVI 1600158. DINARIC was involved in share transactions in 2015[32].

On 6 March 2015, Columbus Copper Corporation (TSX VENTURE: CCU) (Columbus Copper) announced that it reached an agreement to purchase shares of Dinaric International Energy Corporation and its interest in oil exploration block 8. Under the Agreement, Columbus Copper will acquire all shares of DINARIC for USD 90,000 and issue a total of 9,300,000 of its common shares to the shareholders of DINARIC upon award of the PSA[33].

On 30 March 2015, EnerGulf Resources Inc. (TSX VENTURE: ENG) (FRANKFURT: EKS) ("EnerGulf") reached an agreement with Columbus Copper to buy to acquire all of the outstanding common shares of Columbus Copper (approximately 18,634,798 common shares x $0.05 on 23 March 2015) in exchange for 9,200,000 common shares of EnerGulf (worth ($0.14 on 23 March 2015), upon Columbus Copper being awarded the PSA for Block 8 in Albania and Bulqiza-Batra chromite license in Albania[34].

In November 2017, EnerGulf announced owning 100% of interest in block 8 and two operations licenses in respect of certain chromite exploration assets in Albania (the "Albanian Assets")[35]. Further, the company announced that it was in default with certain payment obligations with respect to the Albanian Assets, and that it was in process of evaluating the Albanian Assets' role in the Company's corporate and exploration strategy going forward.

Pennine Petroleum Albania

Pennine Petroleum Albania (Pennine Petroleum) registered as branch of Pennine Petroleum Corporation in September 2017. Pennine Petroleum acquired 100% of interests in oil exploration Block of Velca,

Pennine Petroleum Corporation (Pennine) is a Canada-based oil and gas company listed in the Toronto Stock Exchange (TSX-V: PNN). The Company was incorporated in 2001 and is engaged in the evaluation, acquisition, exploration and development of oil and gas properties in Western Canada[36]. In 2015, the Company announced that it was awarded exclusivity to negotiate for the Velca Block, in south-central Albania, which finalized in

[32] Information disclosed in www.qkr.gov.al
[33] http://www.marketwired.com/press-release/columbus-copper-acquires-rights-to-pending-hydrocarbon-licence-in-albania-tsx-venture-ccu-1998150.htm
[34] http://www.marketwired.com/press-release/energulf-resources-inc-agrees-to-acquire-columbus-copper-corporation-tsx-venture-ccu-2004788.htm
[35] http://www.marketwired.com/press-release/energulf-resources-inc-corporate-update-tsx-venture-eng-2215788.htm
[36] https://www.reuters.com/finance/stocks/company-profile/PNN.V

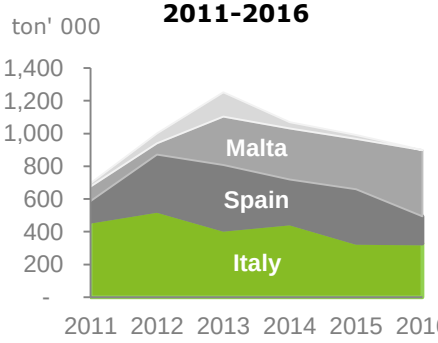
signing a Production Sharing Agreement (PSA) with Albpetrol Sh.A, in February 2017. The PSA was approved by Council of Minister via DCM no. 685 dated 22.11.2017. The DCM and the translated version of the PSA is published in the official gazette number 210/2017 (Link: http://www.qbz.gov.al/Botime/Akteindividuale/Janar%202017/Fletore%20210/VKM%20nr.%20685,%20date%2022.11.2017.pdf).

Exports of crude oil

Crude oil is mostly exported to be refined abroad, meanwhile internal consumption is fulfilled through imported refined oil. In 2016, oil companies exported 899 thousand ton of crude oil or 87% of total output of crude oil in 2016. Export sales were about ALL 19.3 billion (equivalent to USD 155.78 million) and accounted at 7.9% total exports in 2016. As shown in Chart 9, exports of oil increased steadily at a compound annual growth rate of 34% from 2011 to 2013, than dropped by -10% from 2013 to 2016 as a result of the drop in international oil prices and increased domestic refining activity.

During the last five years, petroleum was exported mainly to the Western Europe countries, where Italy appears to be the major importer of oil, followed by Spain and Malta.

Chart 9 - Exports of crude oil 2011-2016



Source: Albanian Custom Administration

Oil refining

Oil refining in the country focuses on production of bitumen, petroleum coke and diesel 10 ppm and virgin naphtha, which should be further refined in order to be consumed. ARMO Sh.a. ("ARMO") is the only oil refining company operating in Albania. ARMO is established as a spin off from the State-owned oil company Albpetrol Sh.a. in April 1999. After the spinoff ARMO owned and operated two oil refineries in Ballsh and Fier, three wholesale branches, a research facility, and an import/export terminal with a total storage capacity of 220,000 cubic meters. The refineries were built in early 70s with technology, which dates back in the 60s. Both facilities have a refining capacity of 1.5 million tons per year, however work at substantially low capacity due to outdated technology. Ballsh is the only complex refinery in the country equipped to produce different oil by-products.

In August 2008, the Albanian Government privatized 85% of the shares in ARMO to Anika Mercuria Refinery Associated Oil ("AMRA Oil"), established by Albanian entrepreneurs, who sold their shares in AMRA Oil to Heaney Asset Corporation (80%) and Refinery Associate of Texas (20%) in August 2013. Since then Heaney Asset Corporation had effective control in ARMO through indirect ownership of 68% of the shares.

Since its privatization ARMO entered into a severe financial situation with an increasing debt which at the end of 2013 amounted to ALL 28.75 billion equivalent to USD 270 million. Currently ARMO's accounts were blocked by many seizure orders issued by its creditor banks, suppliers, tax authorities etc. The operation of the refineries of Ballsh and Fier were rented out to respectively to Deveron Oil Albania Sh.a (Deveron), affiliated to ARMO, and TPD Trading Petrol & Drilling Sh.a. (TPD) for the years 2013 - 2015.

According to public information, ARMO and Deveron have interrupted the operation of Ballsh refinery since June 2015, accumulating among other debts, several months of unpaid salaries to over thousands of employees. ARMO's management left the country, while the company's assets, including the two refineries, are subject to execution orders issued by its creditor banks, suppliers, tax authorities etc. The ownership of the refineries were transferred to two local creditor banks based on the seizure execution

orders these banks held on the refineries as a result of defaulted loans collateralised by the underlying refineries.

In 2016, the Government announced that ARMO reached an agreement with its creditor to allow transfer of its refineries in Ballsh and Fier to Ionian Refining and Trading Co. – IRTC SH.A. ("IRTC"). Flows and benefits arising from IRTC operations are not disclosed for public access.

IRTC established and registered in June 2016. The company has not published any financial information since then. In its website (http://ionianrefining.com/about-us/) IRTC officially announced that its management has owned and operated a 20,000 bbl./d heavy oil in BALLSH Refinery; 10,000 bbl./d bitumen in FIER Refinery and developed the largest bitumen shipping and trading company in the world. In addition, IRTC announced its ownership in Vlora Terminal and Delvina gas field, which is currently operated by Delvina Gas Company as illustrated in table 5.

Neither the Government nor the creditor banks have provided additional comments to clarify the position of IRTC in relation with the two refineries.

In January 2018, media announced that the creditor bank sold the refinery of Fieri to local investors for the price of 5 million EUR[37].

New oil refining concessions

In 2016 the Government of Albania allocated two new licenses for oil refining to RBH BELINE (tax number: L22524401A) and AM-OIL (tax number: K94210401A). License terms approved by Decision of the Council of Ministers are disclosed attached to the decisions and summarized as follows:

Entity	AM-OIL	RBH BELINE
Approval	DCM no. 355 dated 11.5.2016	DCM no. 808, dated 16.11.2016
License term and renewal option[38]	30 years + renewal option upon payment of ALL 5,000,000	30 years + renewal option upon payment of ALL 5,000,000
Capacity	500 ton/24 hour	600 ton/24 hour
Facility	Constructed and owned by the State	Constructed and owned by the company
Operation start		31 December 2016
Signature bonus	ALL 1,001,000	n/a
Annual training bonuses	USD 2,000	n/a
License tariff	ALL 30,000,000[39]	ALL 20,000,000[40]

Refined oil

For the years 2011-2016, MIE announced that both refineries processed about 200 thousand tons of crude oil per year, which is far below to their annual capacity. The Government and the private investors operating the refineries did not disclose information on the output of oil by-products refined by the Ballsh and Fier refinery and their sales in the domestic or export markets.

[37] Source: http://top-channel.tv/2018/01/19/shitet-rafineria-e-fierit-armo-mban-rafinerine-e-ballshit-bashke-me-borxhet/
[38] As per currently enforce license renewal payment referred in article V/4 of DCM no. 19, dated 14.01.2015, amended by DCM no. 717, dated 12.10.2016
[39] License payment referred in article III/6 of DCM no. 19, dated 14.01.2015.
[40] License payment referred in article III/6 of DCM no. 19, dated 14.01.2015, amended by DCM no. 717, dated 12.10.2016.

Oil transportation

Oil transporting capacities include also two crude oil pipelines that connect the refineries of Ballsh and Fier with each other and with the Vlora oil terminal. In total, the oil pipeline network is 188 km long and has a capacity of 2.5 million tons per year[41]. Both pipelines are out of operation due to poor condition.

Currently, crude oil is transported via oil tanks from the oil fields to the costal terminal of La Petrolifera Italo-Albanese Sh.a. in the Port of Vlora. There are no requirements to use any State services in the oil transportation. Bankers Petroleum, accounting for 89% of the oil production in 2016, confirmed selecting the oil transportation companies at its own discretion. The extent of activities performed by SoE Transnafta sh.a., and any Government's share on the activities performed by Transnafta are not known at the date of this report.

Oil storage

La Petrolifera Italo-Albanese Sh.a. (PIA) with fiscal number K71906007R operates the costal terminal for oil, LPG and their derivatives in the port of Vlora serving the upstream oil and gas companies with the deposit of crude oil to be exported. PIA holds a two concession agreements approved by Law 9213 dated 13 May 2004 to:

1. Build, operate and own (BOO) a terminal in the Bay of Vlora for the storage and related handling of oil and other products on behalf of third parties (it cannot trade nor sell products on its own). Under this agreement the Company owns the land and storage facilities.
2. Build, operate and transfer (BOT) the related port infrastructure for processing of oil ships. Under this agreement the Company does not own the port infrastructure but has the right to exclusively use the port infrastructure for a period of 30 years with the option to renew it for an additional 30 years.

PIA completed the construction of the terminal and commenced operations in June 2009.

Currently PIA, ***does not pay any concession fee*** to the Government for the 30 year concession period, and may set and apply service fees at its own discretion. Under the BOT, PIA may renew the concession for another 30 years by paying to the Government a combination of lump sum fee and fee per m^2 per annum.

Information on the company, the concession facilities and the tariffs can be found at the company's website http://www.gruppopir.com/en/la-petroliera-italo-albanese and Foreign Investors Association of Albania (FIAA): http://fiaalbania.al/members-list/la-petrolifera-italo-albanese-sh-a/.

Employment in the upstream oil and gas sector

MIE reports that in the 70s and 80s, when the petroleum upstream and downstream sectors were entirely owned and administered by the State, the sectors employed about 25,000 staff[42].

Based on the data reported by Albpetrol and AKBN (Chart 10), during 2016, the upstream petroleum sector employed about 3,080[43] staff, where Albpetrol represented the largest employer among all with 65%[44].

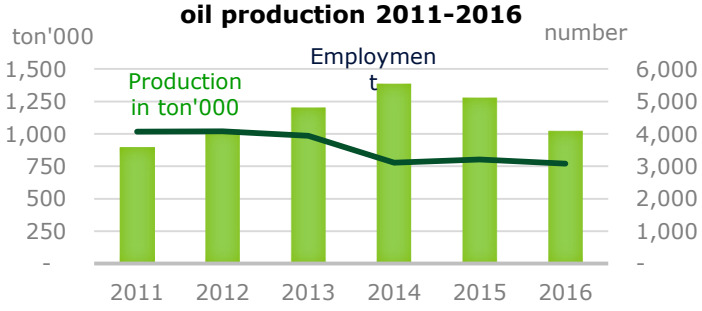
[41] Sourced from: Emergency Oil Stocks in the Energy Community Level, Petroleum Development Consultant Limited, Energetski Institut Hrvoje Požar, April 2011.
[42] Source: http://www.energjia.gov.al/al/publikime/nafta/prodhimi-i-naftes

Employee number in the sector dropped by 21% from 2011 to 2014, when it stabilised to its current level. This drop is attributed to the transfer of production operations from Albpetrol to the private oil companies in accordance with PSA in force. PSAs suggest, but do not force, the private oil companies to employ Albpetrol's former staff previously working at the wells transferred. Albpetrol could not provide statistics on the number of pervious Albpetrol's staff employed from the PSA operators.

In 2015 and 2016, the employee number remained stable, however it is expected to decrease further due to Albpetrol's ongoing restructuring and termination of some of the PSAs.

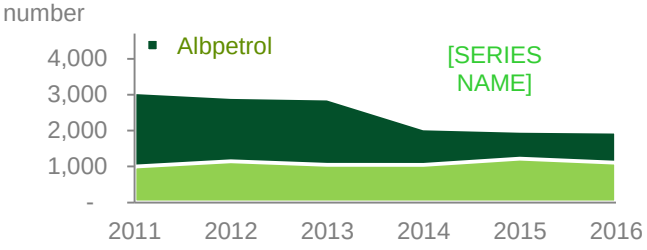
The government introduced a new law in February 2017 (see section 3.2), which shall address the cases of unemployment arising due to restructurings. The number of the benefiting workers and the payments made during 2017, were not available at the date of this report.

Chart 10 - Employment vs. oil production 2011-2016



Source: AKBN and Albpetrol

Chart 11 - Employment in the upstream oil sector 2011 - 2016



Source: AKBN and Albpetrol

[43] GDT shared for the purpose of this Report, information on the staff number of the private companies.
[44] Albpetrol and GDT shared for the purpose of this Report, information on the staff number of Albpetrol.

3.2 Organization and governance of the petroleum sector

Legal framework and fiscal regime

Exploration, development, and production of oil and gas in Albania are regulated by Law no. 7746 "On Petroleum (Exploration and Production)" dated 28 July 1993, amended ("Petroleum law")[45] and its accompanying regulatory acts. The MIE publishes and updates in its website www.energjia.gov.al the full list and content of laws and regulatory acts applicable in the sector.

The Petroleum Law expressly recognizes the Albanian State as the sole owner of all the petroleum deposits existing in their natural condition in strata lying within the jurisdiction of Albania and permits the Ministry responsible for the energy sector to enter into a Petroleum Sharing Agreement or other form of agreement, whereby granting exclusive rights to explore and produce oil and gas for a limited period to an oil company.

The Petroleum Law[46] defines PSAs as agreements under which:

- the Licensee may recover costs incurred from the petroleum produced in the contract area or from a proportionate part thereof through owning of "the cost oil"; and
- the stock of petroleum outstanding after the recovery of contract costs "the profit oil", is divided between the Licensee and the State in accordance with a scale or formula specified in the petroleum agreement.

As stated in the Petroleum Law PSAs for oilfields discovered are granted for an initial production period no longer than 25 years and can be extended further up to 5 years[47].

The Petroleum law guarantees the oil companies operating petroleum agreements, the right to export their share of production derived from operations in Albania, unless there is an emergency call on the supply of crude oil in the local market[48].

MIE provides main terms and conditions of the petroleum agreement in its website: http://www.energjia.gov.al/al/publikime/blloqet-e-lira-te-kerkimit.

Taxation on petroleum, regulated by President's Decree no. 782 "On fiscal system in petroleum sector" dated 22 February 1994 ("Law on petroleum taxation") is levied at 50% flat tax on taxable profit. Under this law, taxable profit is equal to accumulated revenue less accumulated capital and operating expenses as specified in the terms of the Petroleum Agreement. Accordingly, profit tax is applied when cumulative revenue exceeds capital and operating expenses accumulated since the start of operations.

Foreign investors becoming part of a petroleum agreement may negotiate fiscal stability terms to prevent future changes in certain taxes. Since February 2017, the Petroleum law limits the implementation period of the stability terms up to the first 12 years of the petroleum agreement term[49].

In 2016, MIE announced changes in the cost recovery model in order that oil companies pay profit tax since the start of the production phase. According to this new model, 90% of revenue will be allocated for cost

Detailed terms of signed petroleum agreements are considered confidential and are not currently disclosed for public access.

In order to fully disclose PSAs to public, the MIE and the private oil companies shall both grant their explicit authorization.

[45] Summary of the Albanian legal framework for petroleum exploration and production – www.energjia.gov.al.
[46] Law No. 7746 on Petroleum (Exploration and Production), Article 2
[47] Law no. 7746 on Petroleum (Exploration and Production), Article 5, amended by Law no. 6/2017
[48] Law No. 7746 on Petroleum (Exploration and Production), Article 5/c
[49] Law no. 7746 on Petroleum (Exploration and Production), Article 5, amended by Law no. 6/2017

recovery purpose, while 10% of revenue will be classified as net profit and taxed in accordance with Petroleum profit tax law and regulation.

The new cost recovery model described above and limitation in fiscal stability clauses were incorporated in the most recent PSA granted in 2017 for block Velca to Pennine Petroleum Albania. The Albanian version of this PSA is published attached to the DCM no. 685, dated 22.11.2017, in the official gazette no 210/2017.

New law for the employees in the extractive sector of oil and gas

In February 2017 the Albanian parliament approved the law no. 8/2017 "On the status of workers in the petroleum and gas industry". This new law sets minimum financial and healthcare benefits for the workers in the petroleum and gas industry. Both current and former petroleum workers will benefit from the law provisions. Accordingly, current workers will be paid a salary not less than 150% of the minimum salary in force, higher pension payments and will benefit from paid leave accrued at 25% of their working days, which is double the time of paid leave enforced by employment law and regulation in Albania.

In case of illness directly or indirectly caused by their work conditions, the Government will cover the treatment costs through a special health fund.

The workers may benefit a payment not less than 80% of the currently enacted minimum salary in case their employment is terminated due to sector / company restructurings.

Petroleum agreements awarded after the enforcement of this new law shall request oil companies to establish and manage a professional pension fund with contributes amounting to no less than 10% of their employees gross salaries.

State participation in the petroleum sector

The State participates in the oil and gas industry through Albpetrol Sh.A., the state-owned oil company engaged in exploration, development and production of crude oil and gas. Albpetrol Sh.a. was incorporated on 20 March 1993. Prior to its incorporation Albpetrol formed part of the government structure responsible for the entire oil and gas operations in the country. Since its incorporation, the State granted Albpetrol sh.a the administration of all existing oilfields in Albania and some exploration blocks. Extension of Albpetrol exploration and production rights were defined in a separate agreement approved on 26 July 1993 ("The Albpetrol Agreement"), amended further by DCM 279 dated 12 April 2012 and DCM 335 dated 22 April 2015.

Initial Albpetrol's activities included exploration, production, refining, marketing and sales, and petroleum services. In 1999, due to restructuring process, Albpetrol was divided into the following three State-owned companies:

- **Albpetrol Sh.a.** ("Albpetrol", Tax number: J82916500U) which retained exploration and production activity, and inherited administration of all oil fields and exploration blocks allocated prior to this date;
- **ARMO Sh.a.** ("ARMO", Tax number: J82916498D) which retained refining, marketing and sales of oil; and
- **Servcom**, which retained petroleum services[50].

In pursuing better utilization of resources and production efficiency, the Law allows Albpetrol to sub-grant its exploration and production rights to oil and gas companies through petroleum agreements, subject to approval by the Ministry of Infrastructure and Energy. Albpetrol is party to the agreements when PSAs grant oil fields under its administration.

[50] Servcom bankrupted and entered in liquidation.

Albpetrol holds exclusive exploration and exploitation rights in all existing oilfields in Albania and some exploration blocks (table 3 and table 5), and is the contracting party in all PSAs granted rights in areas under its administration.

In addition to Albpetrol, some of the oil related services were operated by the following State Owned Entities:

Entity	**TransNafta Sh.a.**	**Uzina Mekanike e Naftës Sh.a.**	**PetrolAlba Sh.a.**
Tax number	K22627401R	J98323107N	K81706017T
Established	2002	2000	2008
Activity	Transport of oil and transport vehicles' servicing	Mechanic servicing of oil industrial plants	Retail and storing of oil
Financial information	Not disclosed. The Company has not published any financial statements at the NRC since its establishment	Not disclosed. The Company has not published any financial statements at the NRC since its establishment	Not disclosed. The Company has not published any financial statements at the NRC since its establishment
Dividends paid[51]	No dividends paid for the period 2011-2016.	No dividends paid for the period 2011-2016.	No dividends paid for the period 2011-2016.
Status in NRC	Active	Active	Under liquidation since 2011

Uzina Mekanike e Naftës and TransNafta merged with Albpetrol SHA respectively after DCM no. 29, dated 16.01.2003 and DCM no. 30, date 16.01.2003. However, these decisions were not updated in NRC as at the date of this report. Albpetrol shall follow up and ensure that the commercial register of each company informs on their merging with Albpetrol.

PetrolAlba Sh.a gathered certain oil industrial assets planned for privatisation. The company is under liquidation since year 2011.

Albpetrol's governance

The General Assembly ("the Assembly") is the highest governing body of Albpetrol. The Assembly appoints the Supervisory Council ("the Council") entrusted with monitoring of operating and financial activities and internal controls of the Company. The Assembly elects the administrator of the Company with a three year mandate, based in the criteria established by the Supervisory Council. In accordance with the Albpetrol's statute the administration and supervision of the Company are two separate functions, where the administrator reports to the Supervisory Council and may not be a member of the Council. Among other functions, the Council is also responsible for establishment of the administrator's remuneration.

The Supervisory council is composed of members with mixed backgrounds representing the Government of Albania. Currently, the Supervisory Council is chaired by Mr. Gentian Keri, General Secretary of the Ministry of Infrastructure and Energy.

Transfers between the Government and Albpetrol

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.

[51] Based on the information disclosed by the Ministry of Finance and Econcomy in its website: http://www.financa.gov.al/al/raportime/thesari/shpenzimet-dhe-te-ardhurat/dividenti-sipas-periudhave

Albpetrol has been profitable so far, despite its large personnel cost base. Table 6 below summarizes data derived from Albpetrol's annual financial statements and cash payments to the State Budget reported by Albpetrol for the EITI reconciliation reports for the years 2011-2016.

Albpetrol's financials show volatile profit results. Revenue is primarily derived from sale of available oil. Operating profits in 2016 are 62% lower than in 2013. This substantial drop is affected by decline in both oil prices and oil quantities, which are derived from Albpetrol's own oil production and share of oil collected from PSAs granted for areas under Albpetrol's license agreement.

In 2015 and 2016, Albpetrol managed to reduce its personnel costs which comprise a key cost component.

Based on the information disclosed in its financial statements, Albpetrol has not received, nor granted any loan to the Government so far. Albpetrol holds substantially large overdue trade receivables from ARMO amounting to ALL 12 billion at the end of 2016. These balances arise as a result of oil sold in the past to ARMO.

Table 6 – Albpetrol's key financial data[52]

	2011	2012	2013	2014	2015	2016
Key performance indicators						
Net operating revenue in ALL million	9,385	8,035	10,405	8,371	3,101	3,995
Profit before tax (PBT) in ALL million	3,906	1,430	1,457	1,423	1	1,532
PBT margin	41.6%	17.8%	14.0%	17.0%	0.03%	38.4%
Return on Equity (PBT/Equity)	6.3%	2.4%	2.5%	2.4%	0.00%	2.60%
Return on Assets (PBT/Total assets)	5.4%	2.0%	2.0%	2.0%	0.00%	2.13%
Available oil in '000 ton	**176.6**	**156.9**	**144.0**	**149.6**	**98.1**	**79.4**
Own production	34%	29%	26%	30%	48%	64%
PEP and ASP collected in kind	66%	71%	74%	70%	52%	36%
Cash payments to the State Budget in ALL million	**809**	**1,892**	**1,562**	**2,07**	**548**	**935**
Royalty paid	415	978	621	829	187	139
Profit tax & related penalties paid	231	561	850	445	312	796
Dividend paid (including taxes)	163	353	91	799	49	-
Cash payments in % to net revenue	**9%**	**24%**	**15%**	**25%**	**9%**	**41%**
Employee data						
Personnel costs in ALL million	2,558	2,232	2,197	2,064	1,568	1,486
Employee number	4,010	3,072	2,936	2,062	2,032	1,867

Source: Albpetrol' Financial statements

Dividend payments have not been constant either. However, Albpetrol and the Government did not share any specific policy applied in determining the amount of dividend paid to the Government.

[52] The financial information is derived from the annual audited financial statements of Albpetrol for the fiscal years 2012-2016. These financial statements are not available for public access. Albpetrol shared this information with Deloitte for the purpose of this Report.

Quasi-fiscal expenditures

Quasi-fiscal expenditures include arrangements whereby State-owned Entities undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The MIE and Albpetrol informed that law and regulations governing Albpetrol's activity do not include such arrangements. However, as disclosed in section 3.1, Albpetrol employs the largest share of the petroleum workers, despite its declining activity, this could indicate Albpetrol's engagement to employ larger workforce at the cost of its operations efficiency driven by social objectives.

Albpetrol's expected privatization

The Albanian Parliament decided to privatize Albpetrol by Law No.10490 dated 15 December 2011. Under this law exploration and production rights granted to Albpetrol as primary licensee would be subject to the regular terms referred in the Petroleum Law for oil and gas economic operators and will become effective from the date of the privatization. Pursuant to this decision in April 2012 the Ministry responsible for the energy sector allocated to Albpetrol new exploration blocks in the onshore area of Delvina, Panaja, Velca, Dumre, 1, 4, 5, 6, 7 and 8 and the offshore exploration blocks of Adriatik 2, Adriatik 3, Adriatik 4, and Rodoni North[53]. Whilst, in April 2015, the Council of Ministers decided[54] to reallocate to MIE the free exploration blocks of Dumre, Panaja, 1, 4, 5, 6, 8 and C held by Albpetrol at that date. Albpetrol retained the exploration block of Delvina and Velca.

At the date of this report, the MIE informed that Albpetrol is undergoing a restructuring process, and that the Government has not yet decided on its role or any future privatization.

Allocation of petroleum agreements

The petroleum industry recognized two main systems for awarding contracts: competitive bidding, where companies compete against each other to offer the best terms with regard to one or more defined variables, and ad hoc negotiations, where investors come unsolicited with a project proposal and negotiate terms.

The system used depends on the state of the petroleum sector. Ad hoc negotiations usually apply to cases where geological data are not available, oilfields are not discovered or in case of hard to reach areas.

Petroleum agreements in Albania are negotiated in accordance with the "Regulation for approval procedures of hydrocarbon agreements and agreements license and respective deadlines", amended. This regulation provides steps and timeline for the proposals' evaluation. MIE[55], AKBN[56] and Albpetrol[57] summarize the process of this regulation in their website.

Announcement of the application rounds is approved by the Minister responsible for energy. MIE regularly publishes free exploration blocks and announcements for application rounds and respective deadlines in the following link: http://www.energjia.gov.al/al/publikime/blloqet-e-lira-te-kerkimit.

[53] DCM no. 279 dated 12 April 2012 "On approval of the list of the petroleum operation blocks part of the Agreement between the Ministry of Energy and Industry and Albpetrol dated 26 July 1993".
[54] DCM no. 335, dated 22 April 2015 "On some changes to the DCM no. 279 dated 12 April 2012.
[55] MIE: http://www.energjia.gov.al/al/publikime/blloqet-e-lira-te-kerkimit
[56] AKBN: http://www.akbn.gov.al/rregullore-per-procedurat-e-miratimit-te-marreveshjeve/
[57] Albpetrol: http://www.albpetrol.al/marreveshjet-hidrokarbure/baza-ligjore/

Applicants need to demonstrate the possession of technical competences, including know-how, technology, personnel, and previous experiences in the sector and at the same time, possess financial resources to finance a viable investment exploration and development plan for the exploration blocks and oil fields in Albania, as well as the ability to positively affect the surrounding communities.

In case of areas administered by AKBN, the PSA is undersigned by the Minister responsible for Energy, while for areas administered by Albpetrol, the PSA is undersigned by Albpetrol's legal representative.

Where two or more applicants compete for the same oil area, AKBN or Albpetrol submit their preliminary evaluation of technical and financial capacity and application files to MIE. If their proposal is approved they start the negotiation procedures.

PSA allocated

Numerous PSAs are awarded in the upstream oil and gas sector since the sector opened to private oil companies. In the EITI report for 2015, the MIE informed that almost all PSAs signed until the end of 2015, were awarded though ad-hoc negotiations. Technical and financial terms negotiated are not disclosed for public access due to confidentiality terms. The representative of the MIE, expressed being in favour of disclosing the terms, subject to negotiated approval from the oil companies. Disclosure negotiations are less likely to be successful in case of large oil companies and more likely to achieved in case of smaller oil companies.

During 2016 and 2017, the MIE granted two new PSAs on exploration block 8 and Velca. Methods and criteria applied for allocation of the PSAs are not disclosed. However, the Albanian version of the PSAs is disclosed attached to the Government's approval in the official gazette as instructed in contract disclosure further.

Allocation of oil refining concessions

License concessions for the refineries are awarded in accordance with Law no. 8450, dated 24.02.1999 "On refining and transportation of oil, gas and their by-products", as amended and the DCM no. 19, dated 04.01.2015 "Procedures and terms for allocation and renewal of the concession licenses for the refining of oil and production of oil by-products".

In 2016, MIE informed on the award of two new concessions for oil refining as disclosed in above in section 3.2. Methods and criteria for allocating these concessions are not disclosed. The Government does not maintain a public register of refining concessions, so it is not possible to identify whether other refining concessions are granted earlier.

Albpetrol's share of oil

Albpetrol holds shares in oil produced by the companies operating in areas under its administration, based on deemed production (pre-existing production when the well was transferred - PEP) and incremental production (production issued from contractor's investment - ASP).

Currently enacted terms with regard to PEP and ASP for the agreements allocated before 2016 are not disclosed because of the confidentiality clauses. The older version of certain PSAs, disclosed in http://www.resourcecontracts.org/countries/al show that:

- PEP is agreed as a share of the net crude oil produced in the six months before the date of well transfer. This share is reduced on a monthly exponential bases.

- ASP is agreed as a share of oil produced varying based on the level of production and cost recovery stage as measured by R factor[58].

In addition to PEP and ASP, some agreements include also Government's oil allocated based on the level of R factor. None of the companies, nor the Government, disclosed payments of the Government's oil for the period 2011-2016.

The share of production allocated to Albpetrol can be either paid in cash or in kind[59], however current petroleum agreements in the production phase foresee payments made in oil rather than cash. In order to collect the value in cash, Albpetrol and the oil companies need to agree on this change in written. Bankers Petroleum informed that it would not agree to change the payment method to cash, unless the cash delivery procedures consider all necessary handling and financial costs arising due to this change in the method of payment[60].

Albpetrol's license-agreement

Albpetrol is licensed by MIE under the same terms as included in the PSAs under its administration. Hence for each PSA granted for Albpetrol's oilfield and exploration blocks, MIE and Albpetrol undersign the respective license-agreement.

The license-agreement is negotiated at the same time with the PSA and undersigned within 10 days after the PSA's approval.

The PSA and related license-agreement enter in force upon approval of the Council of Ministers.

Sale of Albpetrol's oil (commodity trading)

Albpetrol sells the oil derived from PSAs and extracted through its own oil field operations through open public auctions[61] in accordance with law and regulation on public auctions and rules and procedures set in the Order no. 83, dated 10 February 2012, amended issued by the Minister responsible for the energy sector. Accordingly, Albpetrol organizes open auctions to allocate annual oil contracts. Quantity of oil sold is based on the annual forecasts of oil production and share of oil to be derived from PSAs. Albpetrol delivers oil and collects contract payments based on a defined schedule during the year.

The commission administering the auction comprises 7 members including 3 representatives from the Ministry of Infrastructure and Energy, 2 representatives form Albpetrol, 1 representative from the State's Technical and Industrial Inspectorate ("STII") and 1 representative from AKBN. The commission is primarily responsible for compiling the terms of the bid, overseeing the process and evaluation of the bids.

The auction start price is set with reference to Brent oil prices through a formula that considers quality of oil to be delivered, access to international markets etc. The price includes adjustments for the transport costs with consideration to the delivery point. The price is set by a group of experts from Albpetrol, AKBN, MIE and STII.

[58] Factor R is calculated by dividing oil revenue accumulated since the commencement of the PSA operations by the oil costs accumulated for the same period. Royalty accrued during the period is deducted from revenue.
[59] Instruction of MIE and MF no. 1, dated 26.5.2015 "On rules and procedures for collection in cash of correspondent value of the transferable PPE and Albpetrol's share"
[60] Information shared by Bankers Petroleum for the purpose of this report.
[61] Law no. 9874, date 14 February 2008 "On public auctions" and Decision of the Council of Ministers no. 1719, date 17 December 2008 "Approval of public auction rules", amended.

The table below summarizes the details of the auctions organized in 2013 and 2016.

Table 7 – Summary of Auctions organized 2013 – 2016

Auction year	Quantity in ton	Auction starting price	Winning bid	Non-winning applicants	Access to procedure
2013	200,000	Brent/1.65 $bbl. + k	Consortium between "TPD-Trading Petrol & Drilling (NUIS L21807013N)" and "Interpetrol Ltd (NUIS L52013058A)" with K = 0.12 $/bbl.	Europetrol Durres Ltd	Filed in the Ministry of Infrastructure and Energy archive
2013	30,000	Brent/1.65 $bbl. + K equivalent to Brent x 60.61% $bbl. + K	Liona Sh.a. (NUIS L31731005C) with K = 0.1 $/bbl.	No other applicants	Filed in the Albpetrol archive
2015	100,000	Brent x 72.52% - 5.55 $/bbl. + K	TPD-Trading Petrol & Drilling (NUIS L21807013N) with K = 0.1 $/bbl.	No other applicants	http://www.albpetrol.al/njoftim-ankandi-per-shitjen-e-naftes-brut-sasia-100-000-ton/
2016	30,000	Brent x 69.54% - 3.53 $/bbl. + K	Porto Romano Oil Sh.a. (NUIS K51625501O) K = 0 $/bbl.	No other applicants	Filed in the Albpetrol archive
2016	167,000	Brent x 70.48% - 4.12 $/bbl. + K	Porto Romano Oil Sh.a. (NUIS K51625501O) K = 0.1 $/bbl.	No other applicants	Filed in the Albpetrol archive

Details of quantities and values of sales to each contractor during the years 2013-2016 are as follows.

Table 8 - Summary of sales of Albpetrol's oil 2013-2016

Years	Contractor	Quantity (ton)	Average Price US$/ton	Sales value in US$
2013	"Duçellari 2010" Sh.A	36,976.00	470.00	17,410,844
2013	"Niti Petrol Company" Sh.A	9,971.00	485.00	4,835,915
2013	Interpetrol Ltd	31,754.00	416.50	13,189,167
2013	LIONA Sh.A	15,171.00	435.00	6,578,108
2013	TPD Trading Petrol & Drilling Sh.A.	33,870.00	430.71	14,265,384
		127,742.00	**438.79**	**56,279,418**
2014	LIONA Sh.A	10,482.00	433.00	4,482,997
2014	*Not reported*	8,961.00	426.50	3,831,983
2014	TPD Trading Petrol & Drilling Sh.A.	108,216.00	385.13	42,269,051
		127,659.00	**400.00**	**50,584,031**
2015	TPD Trading Petrol & Drilling Sh.A	84,623.5	181.36	15,347,387
2015	Bankers Petroleum Albania Ltd.	17,676.2	213.97	3,782,225
2015	Sherwood International Ltd.	2,026.8	242.08	490,648
		104,326.50	**188.07**	**19,620,260**
2016	TPD Trading Petrol & Drilling Sh.A	37,786.4	132.10	4,991,560
2016	Porto Romano Oil Sh.a.	39,450.8	184.85	7,292,425
		77,237.20	**159.04**	**12,283,985**

The above disclosed sales are derived from Albpetrol's reporting submitted for the EITI report. Revenue disclosed above were compared and agreed to

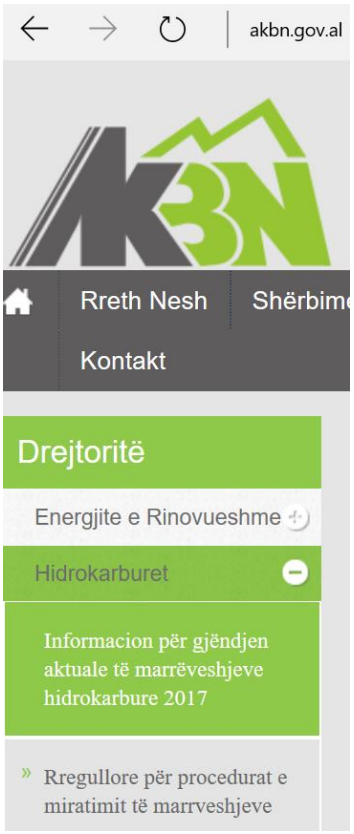
those reported by Albpetrol in its financial statements for the years 2015 and 2016 as shown in table 9 below:

Table 9 comparison of sales of oil disclosed by Albpetrol with the audited financial statements

Year	Revenue in USD (as per table 8 above)	Exchange rate applied for year 2015 and 2016	Revenue (as per table 8 above) converted in ALL '000	Revenue as per Albpetrol's Financial statements in ALL '000	Differences in ALL '000	Differences in %
2015	15,407,550	125.96	2,471,393	2,471,393	-	0%
2016	7,245,184	124.14	1,524,934	1,524,934	-	0%

Contract disclosure

All petroleum agreements in force during 2016 and 2017 were developed as petroleum sharing agreements ("PSA"). Listing of PSA in force and the oil companies is provided in Appendix 5.



The petroleum law does not include provisions on contract disclosure or non disclosure. Representatives of MIE informed that decision on contract disclosure is a result of negotiations between the Government and the oil companies. The Government of Albania is positive towards contract disclosure, however contract disclosure is not set as an unnegotiable term. There are no planned regulatory changes in the short term on contract disclosures.

Detailed terms of signed petroleum agreements signed before year 2016 are considered confidential and not currently disclosed for public access. In order that PSAs are fully disclosed to public. MIE and the private oil companies shall both grant their explicit authorization.

In 2016 and 2017 the Government of Albania disclosed the Albanian version of the two PSAs on exploration block 8 and Velca. Copies of this contract are attached to the DCM approval and can be accessed in the official gazette website www.qpz.gov.al:

- PSA on Block 8 approved by DCM no. 266 dated 6.4.2016, published on the official gazette 63/2016
- PSA on Block Velca approved by DCM no. 685, dated 22.11.2017, published on the official gazette no 210/2017

Old copies of some PSAs granted on exploration blocks and oilfields in Albania prior to 2016 are published in the following websites

Resource Contract - ***http://www.resourcecontracts.org/countries/al***

ResourceContracts.org is a repository of publicly available oil, gas, and mining contracts aiming to promote greater transparency of investments in the extractive industries, and facilitates a better understanding of the contracts that govern them. The repository counts for 1,514 contracts awarded for 45 petroleum and mineral resources across 90 counties.

The organization is supported by many international development partners including the World Bank.

Open data - http://open.data.al/sq/corporates/list/

Open Data Albania is a project pursued by the Albanian Institute of Science aiming to promote transparency and accountability of the public sector and engage citizens' participation.

The repository provides several disclosures of public concessions contracts, procurements and local government spending and counts on the support of several international donors.

Register of licenses

The Ministry does not publish a full updated register of licenses in line with the EITI requirement 2.3. Information on oil and gas exploration fields and blocks is scattered across the websites of MIE, AKBN, Albpetrol and ALBEITI.

AKBN and Albpetrol provide listing of the PSAs under their administration and the license holders in their official websites www.akbn.gov.al and www.albpetrol.al. These listings however do not disclose the date of applications, date of contract award, coordinates of the contract area and may contain outdated information. For example, the registers published by MIE and AKBN at the end of 2017, did not include information on the new PSA granted to Albanides Energy Sh.a. in 2016.

In addition, the registers published in December 2017, provided only initial names of the operators granted with the PSAs and did not informed on subsequent changes in ownership or transfers of rights. For example, the registers did not inform that the operations in the oilfields of Cakran-Mollaj, Ballsh-Hekal and Gorisht-Kocul are controlled by GBC oil Ltd. since February 2016.

ALBEITI's engagement and role

In order to ensure compliance with EITI requirement 2.3, ALBEITI maintains a public register of licensees holding PSA in oil and gas in its website (Link: http://www.albeiti.org/licensat-hidrokarbure/) providing the following information:

- Full name of the contractor including its Tax ID number,
- Date the petroleum agreement entered in force,
- Contract term in years,
- Type of licenses (exploration and/or production),
- Oil field(s) and/or exploration block(s) granted and their respective coordinates,
- Commodity produced,
- Information on subsequent transfer of rights, and
- Other supplementary information such as headquarters location, number of staff employed etc.

ALBEITI collects information from the MIE, AKBN and Albpetrol, and updates the register semi-annually. Respectively at:

- the end of July including information updated up to June, and
- the end of January including information updated up to December of the preceding reporting period.

The public register compiled by ALBEITI discloses all information listed in the EITI requirement 2.3, with except to the date of application. The MIE, AKBN and ALBEITI could not provide this information for PSA granted in the past because of time elapsed since contract award practice.

Beneficial ownership

The MIE does not maintain and publish a register of beneficial ownership engaged in oil exploration and production in Albania.

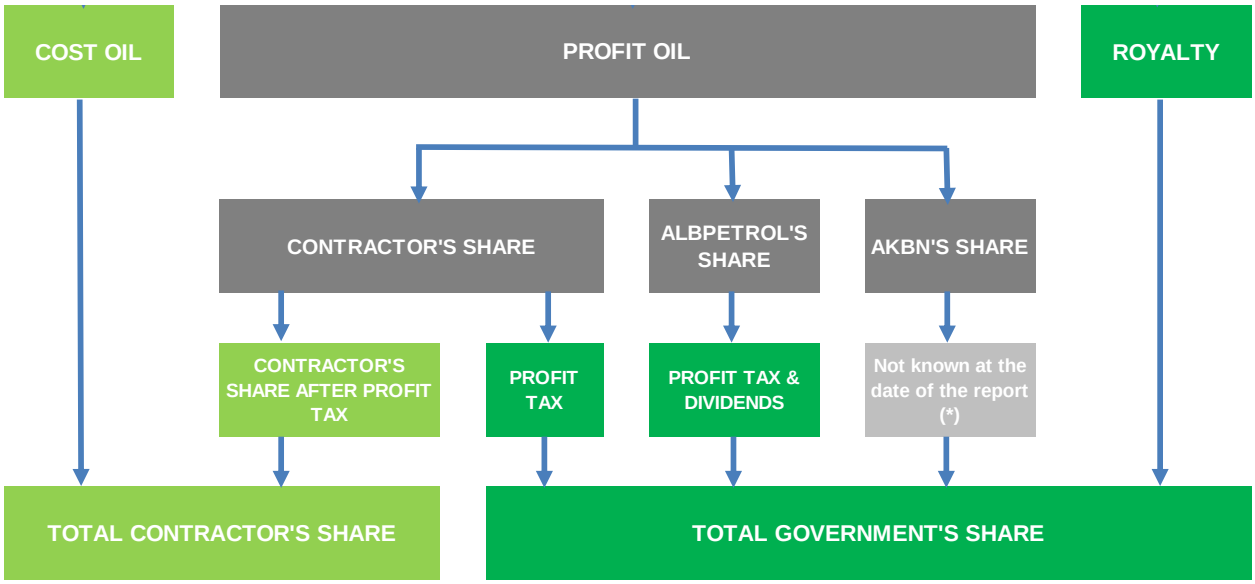
At the date of this report, the Government of Albania is in process of introducing new regulatory changes to ensure full disclosure of beneficial owners by 1 January 2020 (refer to section 7.2). As analysed above in section 3.1, the ultimate individuals owning oil companies engaged in Albania are not disclosed.

3.3. Revenue from the upstream oil and gas

The Albanian State mainly derives its revenue in the oil and gas sector through share of oil, bonuses, royalty tax, profit tax and revenue from direct investments in the sector. In addition, the State collects revenue from service and license fees. The MIE has not reported revenue collected from service and license fees, for the year 2016. However, based on the information reported in previous EITI reports, these did not comprise material flows, and are not expected to be material in 2016, considering that no significant changes were introduced in the regulation of service and license fees.

The figure 4 below shows allocation of total revenue share generated by oil operations between the Albanian Government, Albpetrol, AKBN and the oil contractor. The Albanian State's interests in the PSAs are administered by Albpetrol and AKBN, which derive from PSAs: bonuses, their share of oil and other revenue arising from contract breach and termination such as penalties and executed guarantees, etc.

Figure 4 – Allocation of revenue from the oil and gas sector



(*) PSAs under AKBN's administration have not entered in the production phase. Hence there is no current practice of collecting share of oil from AKBN and there are no current arrangements established between AKBN and the Government on the transfer of oil or proceeds from the sale of oil from AKBN to the Government.

Table 10 – Main revenue from the oil sector

Main revenue streams from the petroleum sector in 2016 as presented as follows:

Oil and gas companies	Revenue Private sector MALL	Revenue Albpetrol MALL	Revenue Private sector M$	Revenue Albpetrol M$	Revenue (M$) allocated to		
					State Budget	Albpetrol	AKBN
Royalty	2,136.9	139.5	17.2	1.1	18.3	(1.1)	-
Tax on profit	906.9	7.4	7.3	0.1	7.4	(0.1)	-
VAT	5.3	234.3	0.0	1.9	1.9	(1.9)	-
VAT on import (*)	4,743.6	-	38.2	-	38.2	-	
Payments for social and health insurance	368.7	288.8	3.0	2.3	5.3	(2.3)	-
Personal income tax	687.8	82.0	5.5	0.7	6.2	(0.7)	-
Tax on dividend		-	-	-	-	-	-
Withholding tax	189.9	-	1.5	-	1.5	-	
Excise (*)	431.9	-	3.5	-	3.5	-	-
Carbon tax (*)	35.0	-	0.3	-	0.3	-	-
Circulation tax (*)	315.0	-	2.5	-	2.5	-	-
Import duties (*)	35.6	-	0.3	-	0.3	-	
Tax penalties	1.0	149.3	0.0	1.2	1.2	(1.2)	-
Share of oil production		1,090.9		8.8		8.8	-
Bonuses		70.5		0.6		0.2	0.4
Total	**9,857.7**	**2,062.8**	**79.4**	**16.6**	**86.7**	**1.7**	**0.4**

These revenue comprised about 2.6% of total revenue recorded in the State's budget in 2016.

(*) These taxes are paid on imports of assets and suppliers made by the mining licenses and may relate with inputs in the extraction activities rather than taxation of benefits. VAT paid on imports may be credited or refunded in full or partially depending on certain criteria. These taxes are not selected for reconciliation in 2016.

Royalty

Royalty represents the principal revenue stream paid from oil and gas sector to the State Budget. Royalty is exclusively applied to the taxable value (or fiscal value) of revenues from extractive activity in accordance with Law No. 9975 "On national taxes", dated 28 July 2008, amended. Royalty on exports is collected by the Albanian Custom Administration and royalty on domestic sales is collected by the General Tax Directorate. Under this law, royalty tax on petroleum extraction is applied at 10%.

As set in the Law on National taxes, royalty is recorded in the National Budget and a portion is transferred to the Local government units (LGUs) at 5% of the royalty portion generated by each unit (refer to chapter 6).

Tax on profit

Taxation on petroleum, regulated by President's Decree no. 782 "On fiscal system in petroleum sector" dated 22 February 1994 ("Law on petroleum taxation") is levied at 50% flat tax on taxable profit. Under this law, taxable profit is equal to accumulated revenue less accumulated capital and operating expenses as specified in the terms of the Petroleum Agreement. Accordingly, profit tax is applied when cumulative revenue exceeds capital and operating expenses accumulated since the start of operations.

During 2016, the State Budget collected tax on profit from Albpetrol and Bankers Petroleum.

None of the other oil companies reported paid tax on profit for the year 2015.

VAT

Value Added Tax (VAT) is payable at 20% of taxable sales in the country based on the Law no. 92/2014 "On Value Added Tax". VAT on exports is taxed at 0%.

Apart from Albpetrol that sells its whole production in the domestic market, none of the other oil companies made VAT payments, as a result of dominated export sales.

Payments of social and health insurance and personal income tax

Compulsory payments of the social and health insurance are calculated and paid in accordance with the Law no. 9136, dated 11.9.2003, "For the collection of compulsory social and health insurance in the Republic of Albania", amended and the Law no. 10383, dated 4.2.2011 "On compulsory health insurance in the Republic of Albania". These laws define the minimum payable contribution for the State pension and public health care and do not provide specific requirements applicable only to the oil sector. As disclosed in section 3.2, in 2017 the Government introduced a new law on petroleum workers that will affect costs of the PSAs in the future.

Personal income tax

Personal income tax (PIT) is calculated and paid in accordance with the provisions set in the Law no. 8438, dated 28.12.1998 "On Tax on income", amended. Based on the law provisions, personal income earned from employment and other sources up to ALL 30,000 is taxed at 0%, income earned above ALL 30,000 and up to ALL 130,000 is taxed at 13% and income earned above this threshold is taxed at 23%.

The State's interest in the upstream oil sector

The State is entitled to dividends from annual financial results and revenue from potential privatization of Albpetrol. Albpetrol is also subject to taxes applicable to oil commercial entities such as profit tax, royalty, VAT etc.

Apart from the distribution of dividend, there are no other transfer policies between the State and Albpetrol.

Revenue generated by Albpetrol from the PSAs under its administration

Main revenue that Albpetrol generates from the PSAs include:

- Share of oil production allocated to Albpetrol, and
- Signature and training bonuses.

In December 2016, MIE introduced new changes to the Law on petroleum in order that oil companies pay profit tax since the start of production phase.

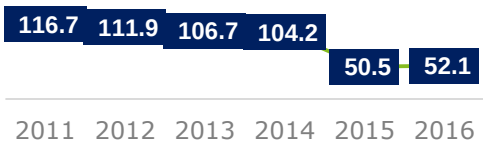
Accordingly, all PSAs signed after the new changes enter in force will allocate at least 10% of the revenues as net profit and pay petroleum taxes at 50%.

Share of oil production[62]

Share of oil production comprised the main flow of revenue collected from Albpetrol and the second largest revenue stream from the private oil sector in 2016. Albpetrol collects its share in crude oil and sells the crude oil collected from the PSAs and produced by its own operations through annual public auctions. Details of public auctions organized for sale of crude oil and revenue earned by Albpetrol are presented in section 3.2 above.

As shown in chart 12, in 2016 Albpetrol collected 52,151 ton crude oil in form of share of production[63]. This flow is significantly less when compared to share of oil collected in the years 2011-2014, attributed mainly to a fall in crude oil output in 2015 and 2016.

Chart 12 - Share of oil allocated to Albpetrol 2011 - 2016 *(ton'000)*



Source: Albpetrol

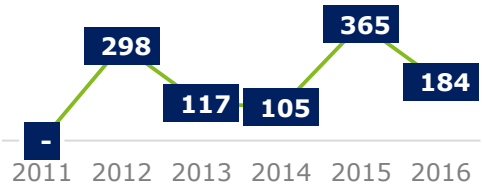
Signature and training bonuses

Signature and training bonuses are typical features of Petroleum agreements. These are determined (based on contract negotiations) upon the granting of exploration permits or production licenses in oil and gas within the context of the specific contractual terms and conditions.

Chart 13 presents bonuses paid by the PSAs to Albpetrol during the period 2011-2016.

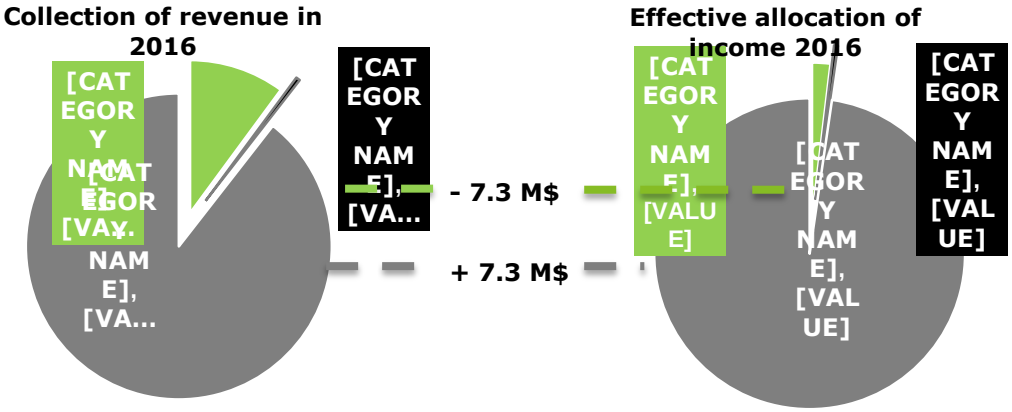
List of PSAs signed for oil operations under Albpetrol's administration is presented in Appendix 6.

Chart 13 - Bonuses collected by Albpetrol 2011-2016 (in USD'000)



Source: Albpetrol

Chart 14 – Allocation of revenue from the oil sector



As depicted in chart 14, approximately 89.5% of revenue generated from the private sector of oil and gas was directly allocated and recorded in the National Budget. About 10.1% of the revenue generated from the PSAs was collected by Albpetrol and a small part of 0.4% was collected by AKBN. At the same time, Albpetrol did contribute about USD 7.3 million to the State Budget, through the payment of corporate income tax, royalty tax, VAT etc.

Revenue generated by AKBN from the PSAs under its administration

AKBN employs and develops technical expertise in the oil and gas sector to pursue its expert role in negotiating petroleum agreements, technical reviews of the petroleum projects, monitoring implementation of negotiated petroleum projects etc..

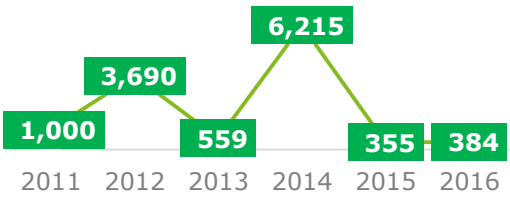
[62] Shared by AKBN for the purpose of this report.
[63] Shared by Albpetrol for the purpose of this report.

AKBN holds shares in the petroleum agreements on behalf of the State and collects signature and training bonuses derived from PSAs. When these PSAs will enter the production phase, AKBN will receive and retain the benefits of share of profit oil negotiated in the PSAs.

Chart 15 presents revenue paid by the PSAs to AKBN during the years 2011-2016. During this period, AKBN derived its share from PSAs through collection of bonuses, except for 2014, when revenue collected relate to the appropriation of guarantee from termination of PSAs in blocks A, B, D and E.

None of the PSAs granted for sites administered by AKBN has entered the production phase; hence, AKBN has no revenue from share of oil in this period. List of PSAs signed for oil operations under AKBN's administration is presented in table 3 and table 5.

Chart 15 - Bonuses collected by AKBN 2011-2016 (in USD'000)



Source: AKBN

3.4 Social and economic spending

Social expenditure

Social expenditures are material social expenditures made by companies in the benefit of the public and civil society, as mandated by law or the contract with the government.

The Government and the oil companies engaged in petroleum sector informed that currently-in-force Petroleum Agreements do not include mandatory social payments to be performed by the oil companies in the benefit of the communities.

The timing and amount of the social payments is decided by the oil companies at their discretion. The companies must disclose the budgeted expenses to AKBN / Albpetrol for approval as part of annual budget approval.

These confirmations were corroborated also with the contract versions publically disclosed.

Infrastructure provisions and barter arrangements

Infrastructure provisions and barter arrangements involve the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities

The Government and the oil companies engaged in petroleum sector informed that currently-in-force Petroleum Agreements do not include barter infrastructure provisions.

These confirmations were corroborated also with the contract versions publically disclosed.

Bankers Petroleum, the largest oil producer, informed that infrastructure investments made so far were part the company's corporate social responsibility activities.

3.5 Gas project and infrastructure

Trans-Adriatic Pipeline project (TAP project)

Source: www.tap-ag.al

Albania is one of the transit countries of the Trans Adriatic Pipeline (TAP). TAP will transport natural gas from Shah Deniz II field in Azerbaijan to Europe (www.tap-ag.al). TAP is expected to promote the economic development and job creation along the pipeline route, including Albania. It will be a major source of foreign direct private investment as it is not dependent on grants or subsidies. TAP commenced the construction of the pipeline infrastructure in 2016 and expects to commence gas transit in 2020.

TAP is currently the largest contributor of the foreign direct investments in the country. Since the commencement of the construction until the end of 2016, TAP has invested about EUR 1.5 billion, out of these EUR 1 billion were invested in 2016. As set in the Host Government Agreement between TAP and the Government of Albania, TAP will spend EUR 14 million in infrastructure and other investments for the benefit of civil society and affected communities.

TAP's investments and corporate social activities are disclosed in its official website www.tap-ag.al.

Jonian Adriatic Pipeline (IAP project)[64]

TAP has entered into multiple Memoranda of Understanding and Cooperation (MoUC) with the developers of the proposed Ionian Adriatic Pipeline (IAP), aiming to take Caspian gas into the un-gasified markets of Albania, Montenegro, Southern Croatia and Bosnia and Herzegovina. Because of the IAP planned route and transport capacities, IAP project comprises a strategically important part of the gas transmission network in Albania

Further support for the TAP-IAP connection came in May 2013 when the governments of Albania, Bosnia and Herzegovina, Croatia and Montenegro signed a MoU in support of both pipelines, as well as a declaration of support by the Adriatic Ionian Initiative Council.

Based on the feasibility study data a 515 km pipeline with an annual capacity of 5 billion m^3 of gas (5 bcm), will connect the TAP sub-station in Fier with Croatia with an estimated total cost of EUR 618 million.

Source: www.tap-ag.al

[64] Source: https://www.tap-ag.al/lajme-dhe-evente/2013/05/27/the-adriatic-and-ionian-initiative-council-signs-a-declaration-in-support-of-tap

Gas infrastructure in Albania

Government of Albania approved the Law no. 102 / 2015 "On gas sector" in March 2015. This law will govern the development and operation of the gas transmission and distribution infrastructure in Albania.

In 2016, the Government established the Operator of the Gas transmission system, Albagaz sh.a. and announced the draft master plan for the gas sector[65]. This study performed by COWI, costed about EUR 1.1 million and it was financed by EU.

The draft master plan analyses the use of gas in the industry, transport and household, etc. TAP will be the primary source of gas supply, followed by the Ionian-Adriatic Pipeline (IAP) and other potential reserves in the country. The draft master plan considers the possibility of linking Kosovo and Macedonia to the Albanian network of gas transmission. In addition, the plan considers the possibility of underground gas storage tanks in Divjakë, Dumre.

According to the study, domestic gas consumption needs are forecasted at 2,167 million m^3 in 2040 (including agriculture and transport). In the same year, potential use of gas in production of electrical power is estimated at 770 million m^3, while potential use of gas in the oil refining process is forecasted at 89 million m^3.

Tirana (the capital) and Durres are expected to count for 32% of the domestic gas consumption, whereas the industrial sector as whole will comprise 37% of total domestic gas consumption.

The draft master-plan is published in the website of MIE and accessible in the following link: http://energjia.gov.al/master-plani-i-gazit-natyror-per-shqiperine/.

In 2016, the Government decided to establish "Albgaz" sh.a. as a spinoff from gas operations previously held by Albpetrol. Albgaz has a share capital of ALL 359,068,000 and is owned 100% by the Government of Albania, represented by the Ministry of Finance and Economy.

Albgaz will perform the function of gas transmission operator in line with Law no. 102 / 2015 "On gas sector".

[65] Source: http://www.energjia.gov.al/al/njoftime/lajme/masterplani-i-gazit-qjiknuri-piketat-e-zhvillimit-te-20-30-viteve-te-ardhshme&page=4

4. Mining sector

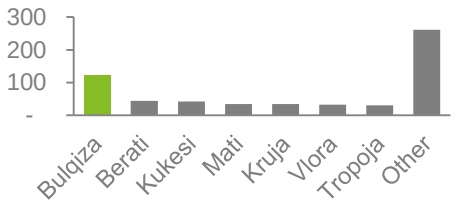
Albania has a longstanding history in mining with significant mineral deposits of chromium, nickel, copper, limestone etc. Geological studies carried out from 1945 to 1995, revealed substantial deposits of chromium ore, ferronickel, copper, bitumen, and non-metallic minerals such as limestone and decorative stones etc. The sector was previously dominated by state-owned enterprises and started to open up to private investment in 1994, when the Mining law was approved.

4.1 Exploration, development, and production of mineral ores

In 2016, the sector is dominated by the private companies holding 600 production licenses, operating in the districts of Bulqiza (123), Berat (44), Kukës (42), Kruja (34), Mat (34), Tropoja (30), with the remaining 261 licenses spread across 29 districts (chart 16).

The Government of Albania is engaged in the mining sector by holding shares in the following companies.

Chart 16 - Licenses by district



Source: MIE

Table 11 – Involvement of the Government of Albania in the mining sector

NUIS	Entity	Government's shareholding	Private shareholding	Comments
J81920006K	ALB BAKRI SH.A.	100.00		Former national copper company in liquidation since 2011
K72120014C	ALBMINIERA sh.a.	100.00		Former national mining company in liquidation since 2016
J61827513H	ALBKROMI SH.A.	100.00		Former national chromium company in liquidation since 2010
J82816206B	ELBASAN CEMENT FACTORY sh.p.k	20.69	79.31	Investment established in the 90's as result of privatization of former national company Sh.A "çimento"
J66703740S	ITALB - MERMERI - MUHUR sh.p.k.	25.00	75.00	The company had no activity since 1997 and is currently deregistered from the Tax office.
J62904210Q	UNITED QUARRIES sh.p.k.	13.09	86.91	Investment established in the 90's as result of privatization of former national company Sh.A "guri gëlqeror"

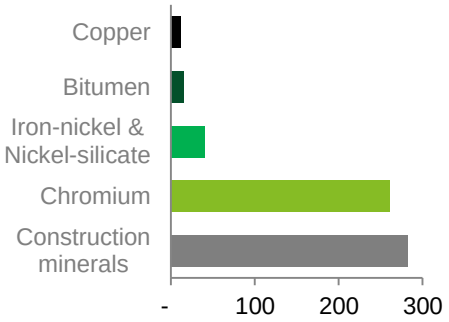
The SoEs are currently under liquidation. The Ministry of Economy and Finance informed that its intentions are to privatise the its participation shares in the other companies. These companies did not pay any dividend to the State in the last 6 years as shown in the dividend report published by the Ministry of Finance in its website: http://www.financa.gov.al/al/raportime/thesari/shpenzimet-dhe-te-ardhurat/dividenti-sipas-periudhave.

Mining activity in the country is mainly focused in the extraction of the minerals of chromium, copper, iron-nickel and nickel-silicate, gravel and tar sands, limestone, clay etc. Mineral processing in the country is insignificant. Concessions and investments in the country allow only for the enrichment of chromium and copper, production of Ferro-chromium and production of construction materials such as cement, concrete, bricks etc. Decision to further process or export the minerals is affected significantly by the international markets.

As shown in chart 17, the construction minerals sub-sector followed by the chromium sub-sector engaged the largest portion of mining companies in the sector with respectively 282 and 261 production licenses. Sub-sectors of iron-nickel and nickel-silicate held 31 production licenses, while tarry and copper had 15 and 11 production licenses each.

SHGJSH reported that few licensee engaged in exploration of chromium, iron-nickel and nickel-silicate, copper and gold. None of these licenses reported a commercial discovery during 2016. List of licenses engaged in exploration activities is provided by ALBETI in its website: www.albeiti.org.

Chart 17 - Licenses by minerals



Source: MIE

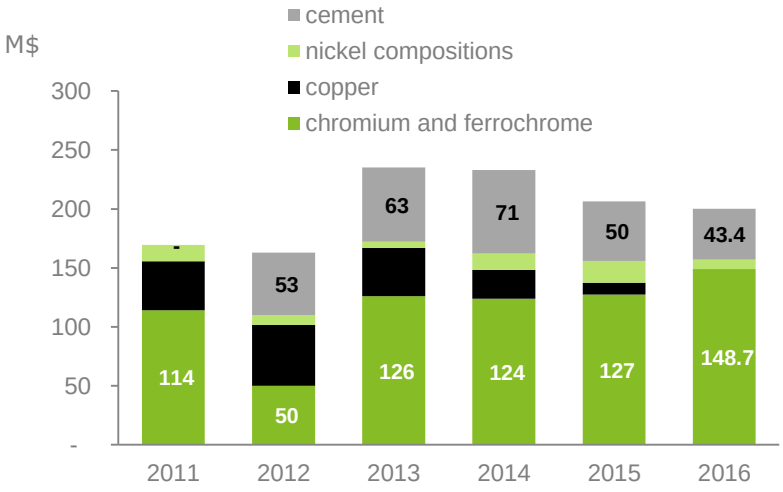
Mining production

Chart 18 on the right presents mining production trend for the years 2011-2016. Year 2013 marked a successful year for the mining sector with a production valued at USD 235 million. In 2016 mining output worth dropped to USD 214.1 million.

Chromium and ferrochrome contributed the largest share of the mining production with about 69% of the domestic production worth in 2016.

Cement represented the second largest sub-sector with about 20% of the domestic production worth in 2016. Copper, of iron-nickel and nickel-silicate and tarry comprised collectively 4% of the domestic production worth in 2016.

Chart 18 - Mining output 2011-2016 (M$)



Source: AKBN and Albanian Custom Administration

Quasi-fiscal expenditures

Quasi-fiscal expenditures include arrangements whereby State-owned Entities undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The Government's involvement in the mining sector include either owning 100% former mining companies, now under liquidation, or holding a participating share up to 25%, resulted from privatisation of mining objects/assets formerly owned by the State or the SoEs.

The MIE confirmed that there are no such arrangements in the mining sector.

Table 12 below summarizes key production data and regions for the main minerals extracted in Albania.

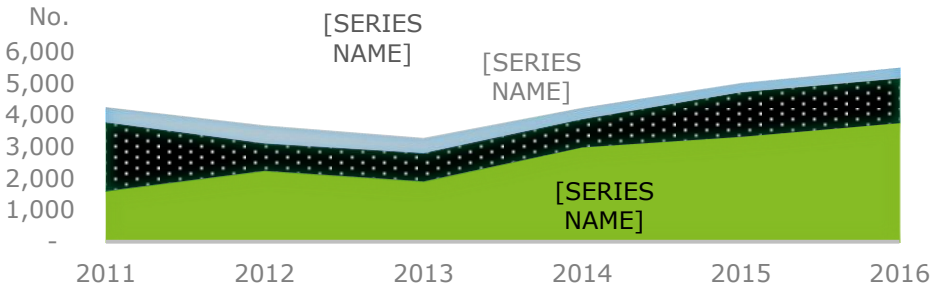
Table 12 – Mining activity

Mineral	Output for 2016 *(ton'000)*	Value in M$	Number of licensees in production	Key production districts	Geological reserves[66] *(million ton)*
Chromium	730	148.7	261	Bulqizë, Kukës, Tropojë, Pukë	10
Ferrochrome	49		1		
Copper	14	0.2	11	Pukë	50
Iron-nickel & nickel-silicate	440	8	30	Kukës, Librazhd, Pogradec	300
Tar sands and gravel	25	0.6	15		
Cement	855	43.4	2	Kruje, Fushë-Krujë, Berat, Tiranë, Lezhë, Vlorë, Kavajë	-
Limestone and other	3,409 ton & 3,161 thousand m^3	13.2	282		
Total		**214.1**	**600**		

Employment in the mining sector

Based on the data reported by AKBN and summarised in chart 19, the mining sector employed approximately 5,500 staff in 2016. Chromium and limestone & other employed respectively 68% and 26% of total employees in the sector.

Chart 19 - Employment in the mining sector 2011-2016



Source: AKBN

The number of employees provided by AKBN is substantially lower than the number of employees disclosed by the General Directorate of Taxes for the same period amounting to 11,000. AKBN has not provided an explanation on this discrepancy. Such could be due to inherent errors embedded in the methods used by AKBN to collate and produce the employment statistics or source of information, which is based on self-declarations submitted by the licensees rather than verified information. Alternatively, information provided by GDT may include number of employees engaged in other non-

[66] DCM 479, dated 29 June 2011 "On approval of the Mining Strategy in the Republic of Albania".

extractive activities, when licensees register extractive and non-extractive activities under the same tax number (NUIS).

In order to clarify and resolve this discrepancy, AKBN shall perform period reconciliations with the GDT on information furnished by the licensees.

Reserves

Studies of mining reserves and maps are all dated prior to 1990. Since then, MIE or SHGJSH did not engage in subsequent studies to assess the available outstanding reserves in the existing or exploration of new mineral deposits in accordance with best international practices.

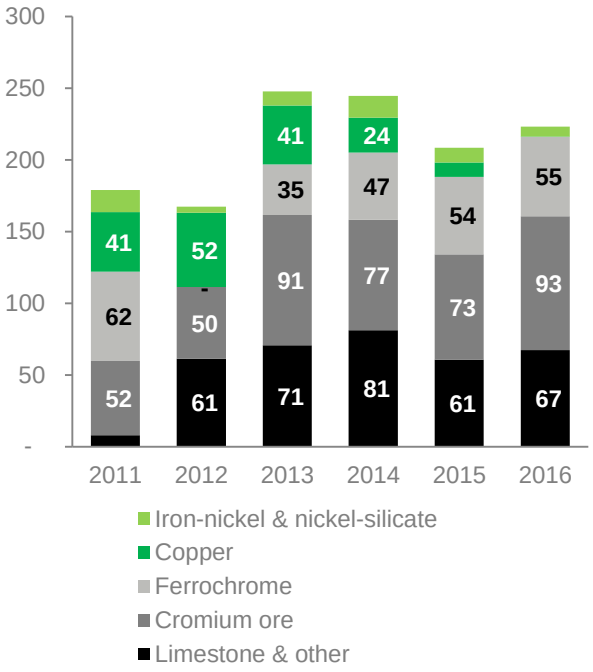
The most recent information on reserves and mineral's deposits is officially published in the Mining strategy for the years 2010-2025 approved by DCM no. 479 on 29 June 2011.

Exports from mining sector

Exports from the mining sector in the amount of **ALL 27.69 billion** (equivalent to USD 223.09 million) represented about 11.4% of the total exports.

Despite the adverse changes in the international prices for minerals, exports of chromium, ferrochrome and cement increased in the last five years as a result of an increase in the respective sub-sectors activity.

Chart 20 – Exports from the mining sector in Milion USD



Source: Custom authorities

4.2 Mining activity in each main sub-sector

Chromium ore

Chromium represents the main mineral extracted in Albania and it is the main contributor to the employment in the mining sector.

Recoverable reserves of chromium (at an average quality 30.8% Cr_2O_3) are estimated at 10 million ton[67], located mainly in the districts of Bulqiza, Kukes, Has, Mat and Pogradec. Current strategy in the sector focuses in attracting large strategic investments in processing of chromium ore (Figure 5).

At the end of 2016, chromium sub-sector counted about 261 production licenses operating in the chromium mines and quarries existing in the '90 and two licenses exploiting chromium sterols and ferrochrome wastes deposited respectively in the district of Bulqiza and Elbasan.

Chromium production activities are concentrated in the district of Bulqiza with 121 active licensees in exploiting chromium during 2016.

Chromium output is exported in form of chromium ore and ferrochrome. In an attempt to incentivize domestic processing of the mining output, in November 2014, the Government introduced a reduced royalty at 2/3 of nominal rate applied for the metallic mineral ores processed in Albania. During 2015, Ferrochrome output increased by 31% as compared to the previous year. At the end of 2016, the Government further reduced royalty at 1/2 of nominal rate applied for the metallic mineral ores processed in Albania.

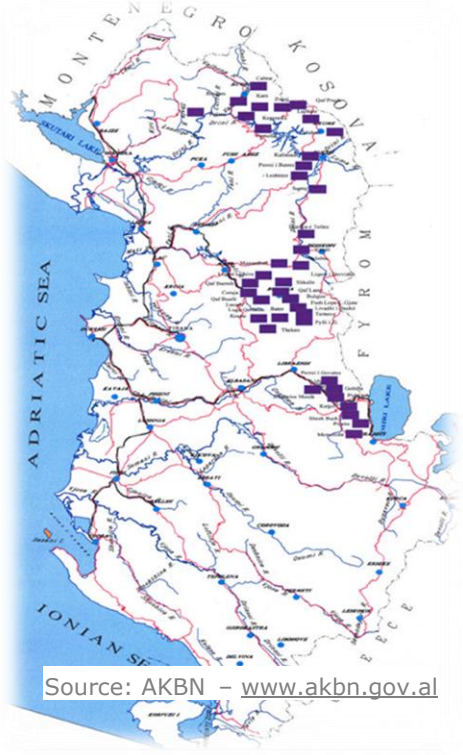
Albchrome[68] shpk (Albchrome) operating the mines in Bulqiza was the largest industrial company and the largest employer in the chromium sector in Albania. Albchrome holds a concessionary contract with the Government of Albania since year 2001 for the extraction and processing of chromium ore and ferrochrome. The Company's assets include chromium ore mines in Bulqiza, ferrochrome factories in Elbasan and Burrel, chromium enrichment plant in Klos, and other mining and metallurgy infrastructure elements.

Chromium output

Chart 21 presents chromium output for the years 2011-2016. In 2016, AKBN[69] reported **chromium output** from active license in the sector at **729,946 ton**, where licensees operating in Bulqiza extracted about 434,713 ton or 60% of total chromium output, followed by Kukesi with 15% and Tropoja with 10% of total chromium output. The 10 largest licensees produced about 43% of total chromium output headed by Albchrome with 12% total chromium output. Chromium extracted in Albania was exported in the form of chromium and ferrochrome.

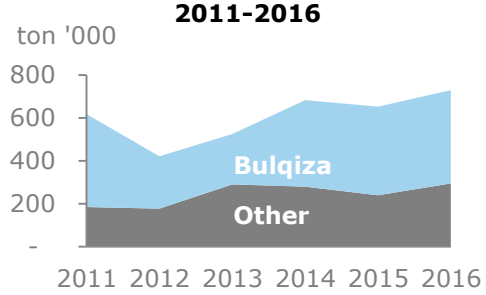
Exports of chromium ore in 2016 were about **591,936 ton** worth **ALL 11.6 billion** (equivalent to USD 93.3 million)[70]. As shown in chart 22, China represents the main destination of the Albanian chromium with 62% of chromium exports. Other export destination for the Albanian

Figure 5 - Chromium deposits



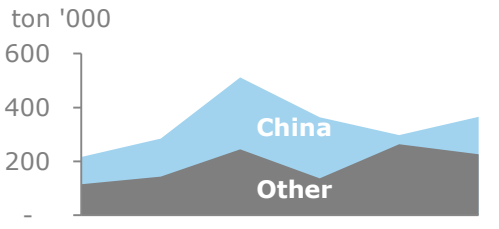
Source: AKBN – www.akbn.gov.al

Chart 21 - Chromium output 2011-2016



Source: AKBN

Chart 22 - Exports of chromium ore 2011-2016



Source: Albanian Custom Administration

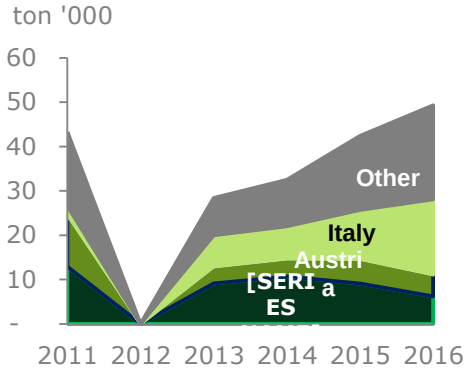
[67] Source DCM no.479, dated 29 June 2011 "Approval of the National mining strategy".
[68] Information on Albchrome is derived from the company's websites – www.balfin.al and www.albchrome.al.
[69] Information on production, regions and number of staff is based on data reported by AKBN for the purpose of this report.
[70] Information on export quantities, values and export countries were reported by Albanian Custom Administrate for the purpose of this report.

chromium include Switzerland (7%), Turkey (7%), Cayman Islands (6%), Hongkong (6%), etc.

During 2016, Albchrome, the sole ferrochrome industrial company in Albania, **produced** and **exported** about **42 thousand ton Ferro-chrome** worth **ALL 6,9 billion** (equivalent to USD 55.4 million)[71]. As shown in chart 23, Italy represents the main destination for the Albanian ferrochrome with 34% of the ferrochrome export, followed by Netherlands (13%), Austria (10%), etc.

Due to lack of sector statistics, the value of chromium and ferrochrome output is based on export values. Collectively, chromium and ferrochrome output exported was worth **ALL 18.5 billion** (equivalent to USD 148.7 million).

Chart 23- Exports of ferrochrome 2011-2016



Source: Albanian Custom Administration

Employment

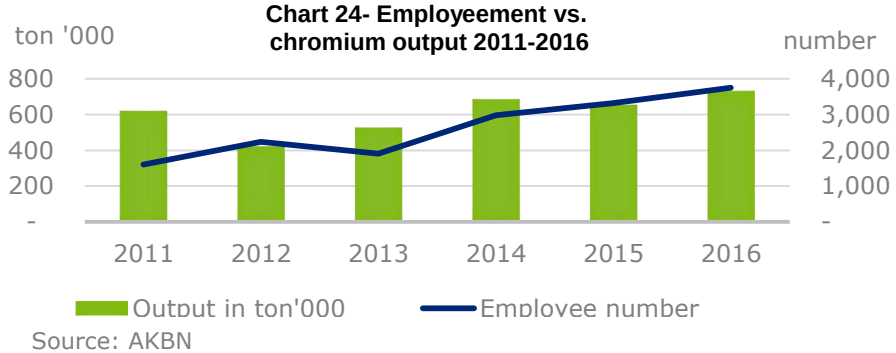
According data reported by AKBN[72], chromium licensees employed about 3,745 staff or 68% of the total workforce employed in the mining sector in 2016.

The 10 largest producers with 43% of total chromium output, employed about 1,324 staff or 35% of the total workforce employed in the chromium sub-sector in 2016. Albchrome reported about 819 employees or 22% of the total workforce employed in the chromium sub-sector.

As depicted in chart 24, despite the output fluctuations through the period 2011-2016, the number of employees in the chromium sub-sector has shown an increasing trend. Licensees operating in Bulqiza employed about 77% of the workforce employed in the chromium sub-sector in 2016.

Based on the data reported by AKBN on the output and employee number, chromium sub-sector produced an average output of 195 ton per employee during 2016. Considering that part of employees is engaged in enrichment plants and Ferro-chrome production, the average output per employee may be even larger. Domestic value added by the chromium sub-sector is estimated at USD 39.7 thousand per employee in 2016[73].

Chart 24- Employeement vs. chromium output 2011-2016



Source: AKBN

[71] Information on export quantities, values and export countries were reported by Albanian Custom Administrate for the purpose of this report.
[72] Information on production, regions and number of staff is based on data reported by AKBN for the purpose of this report.
[73] Domestic value added per employee in 2016 is derived through divding the export values with the number of employees.

Copper ore

During the 80s, copper was the most successful sector in Albania's mineral extraction industry.

Geological reserves of copper deposits (including Cu 1.3-2.65%, zinc, gold and silver) are estimated at about 50 million tons[74]. However, recoverable reserves are estimated at 27 million ton. As shown in figure 6, Copper deposits are located in six districts: Puka, Mirdita, Korça, Shkodra, Has and Kukes regions.

Recoverable reserves at current copper mines sites amount at 4.7 million ton (Cu 1.39%). Recoverable reserves at new sites are estimated at 13.4 million ton, where 7.9 million ton (Cu 1.85%) are located in Munella mining area and 5.6 million ton (Cu 2.65%) are located in Lak Rosh, South Perlat, Karme 2 and Bregu i Geshtenjes.

Copper extraction and enrichment activity were mainly focused in the district of Puka, where the largest industrial company, Beralb operates. Beralb, operating a concession agreement since 2001 (www.beralb.com), was the only industrial company extracting copper in until September 2015, when it announced temporary suspension of the operations.

Beralb holds production licenses for the mines of Munelle, Lak Roshi, Karma and Fushe-Arres, and three other mines all located in the province of Puke. Beralb processes copper through Copper Enrichment Plant of Fushe-Arrez, located north of the town of Fushe-Arrëz. The plant has an annual capacity of 600,000 ton per annum, which generates approximately 45,000 ton of copper concentrate per annum. The Company has realized different studies to increase parameters in ore treatment especially for the recovery of zinc, gold, silver and other precious elements.

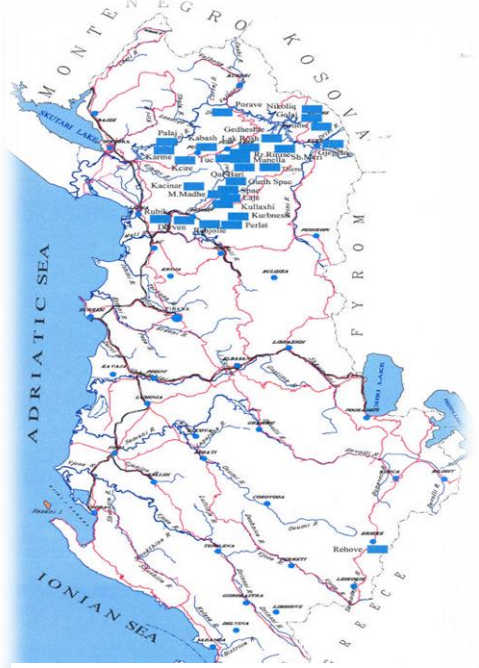
Beralb reported cumulative investments in operations until 2015 amounted to USD 70 million, where USD 40 million were invested in the Munella mine and about USD 30 million in enrichment plant capacities.

Copper business activity suffered substantial losses due to a significant drop in international prices for copper ore. As shown in chart 25, international copper ore prices[75] dropped by 45% from 2011 to 2016. The average price for Copper (LME), grade A, stroke its lowest peak in January 2016 at USD 4,472 per ton. Since then, prices have steadily recovered and jumped to USD 6,808 in September 2017.

In September 2015, Beralb publically announced its decision to suspend its operations for a period of at least 1 year until copper market recovers. The company informed that due to the relatively high extraction costs and poor copper quality (concentration), the business break-even point is reached when international copper prices mark USD 6,000 per ton[76]. The Government accorded a suspension period until May 2017, subject to further extension. Based on the suspension terms Beralb shall pay to its 400 employees a remuneration of USD 220 per employee.

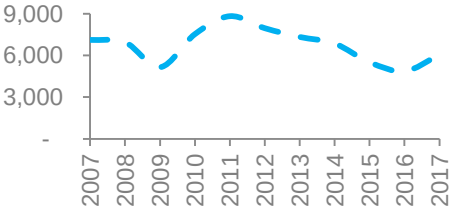
In the years 2011-2015 Beralb, was the largest employer in the copper sub-sector. Despite the slightly recover of the copper prices (chart 25), there were no positive changes on Beralb situation. In 2016, Beralb reported no extraction activity and employed 7 staff across its seven mining units. This

Figure 6 - Copper ore deposits



Source: AKBN – www.akbn.gov.al

Chart 25 - International copper prices (yearly average US$ / Mton)



Source: World Bank Commodity Price Data (The Pink Sheet)

[74] Source DCM no.479, dated 29 June 2011 "Approval of the National mining strategy".
[75] Source for international copper price: http://databank.worldbank.org/data
[76] Information shared by Prof. Sokol Mati, Member of Beralb's Board of Directors for the purpose of this report.

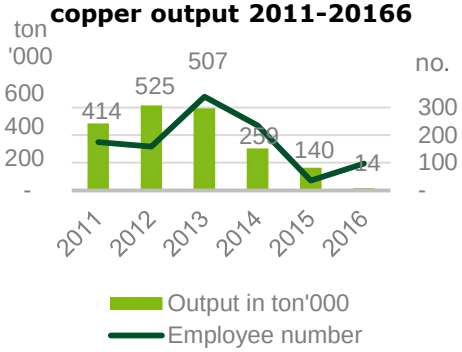
explains the substantial drop in the number of reported employees in the copper sub-sector in 2016.

During these years, Beralb exported output to its strategic partners in China and Turkey.

Based on the data reported by AKBN[77], production of copper ore dropped to **14,265 ton** valued at **ALL 87.6 million** (equivalent to USD 0.7 million) based on export prices in 2016. This production was extracted in Gjegjan, Kukes by Trade Minerals Sh.p.k. which employed a workforce of 75 staff in 2016 (77% of total copper sub-sector workforce in 2016).

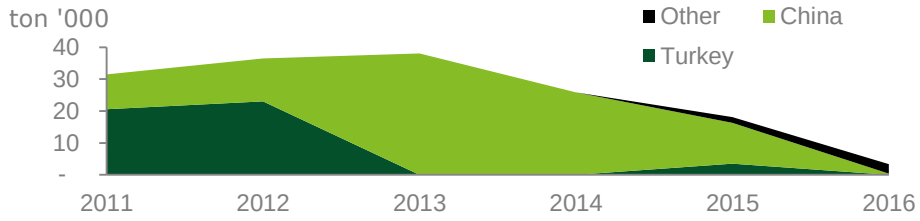
In 2016, Albanian Custom Administration[78] reported total copper exports at **3.5 thousand** ton worth **ALL 20.5 million** (equivalent to USD 0.2 million). As shown in chart 27 China and Turkey were the main destination countries for the exports of copper in 2016.

Chart 26- Employeement vs. copper output 2011-20166



Source: AKBN

Chart 27 - Exports of copper ore 2011-2016



Source: Albanian Customs Adminsitrate

[77] Information on production, regions and number of staff is based on data reported by AKBN for the purpose of this report.
[78] Information on export quantities, values and export countries were reported by Albanian Custom Administrate for the purpose of this report.

Iron-nickel and nickel-silicate

Albania's deposits of nickel (Ni 0.85-1.15%) are estimated at 300[79] million tons and are located near Pogradec, Librazhd, Bilisht, Kukes and Peshkopi (figure 7).

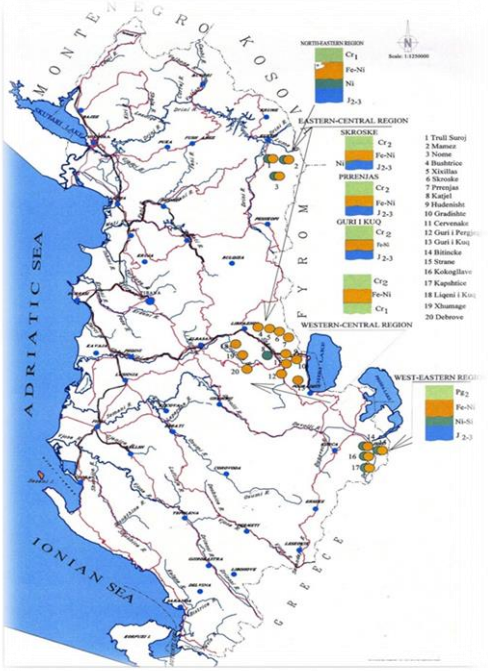
Nickel sub-sector is quite un-exploited as compared to its potential. AKBN[80] reported 30 licensees exploiting iron-nickel and nickel-silicate in the existing mines and quarries. In 2016, 17 out of 27 licensees reported iron-nickel and nickel-silicate **output at 440,432 ton**.

AKBN provided no details on mineral composition and concentration. However considering that iron-nickel and nickel-silicate are exported as extracted, production value was estimated through export prices in 2016 at **ALL 1.1 billion** (equivalent to USD 8.7 million).

Based on AKBN data, the nickel sub-sector employed approximately 127 staff, and generated an average output of 3,468 ton mineral per employee through 2016 (chart 28).

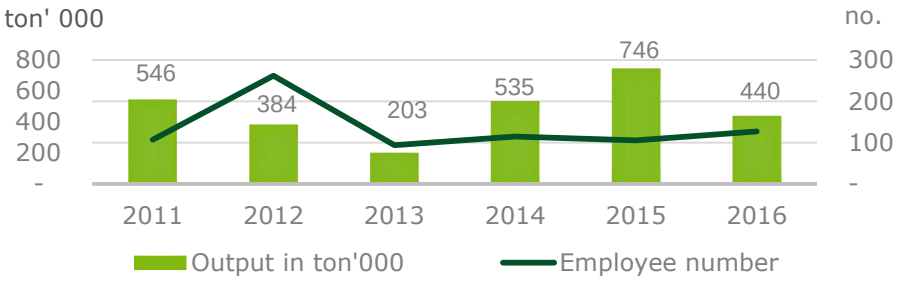
Nickel was mostly extracted in the form of iron-nickel and nickel silicate, in the districts of Librazhd 45%, Kukes 27%, and Pogradec 16%, etc.

Figure 7 –Nickel deposits



Source: AKBN – www.akbn.gov.al

Chart 28 - Employment vs. Output in ton'000 2011-2016



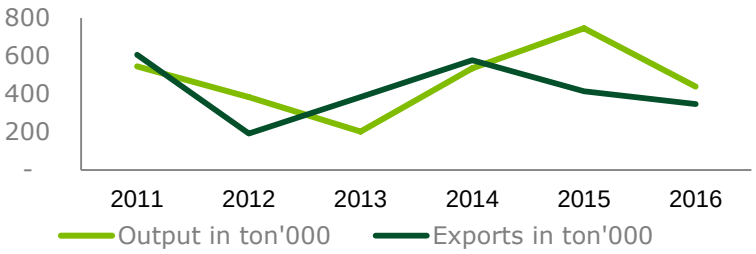
Source: AKBN

Custom authorities[81] reported **exports** of iron-nickel and nickel-silicate at **347 thousand** ton worth **ALL 0.9 billion** (equivalent to USD 6.9 million) in 2016 (chart 29).

Exports of iron-nickel and nickel-silicate represented about 79% of the domestic output in 2016.

In 2016 nickel was mainly exported to Kosovo (68%) and Macedonia (32%).

Chart 29 - Exports vs. Output in ton'000 2011-2016



Source: AKBN

[79] Source DCM no.479, dated 29 June 2011 "Approval of the National mining strategy".
[80] Information on production, regions and number of staff is based on data reported by AKBN for the purpose of this report.
[81] Information on export quantities, values and export countries were reported by Albanian Custom Administration for the purpose of this report.

Limestone and other construction minerals

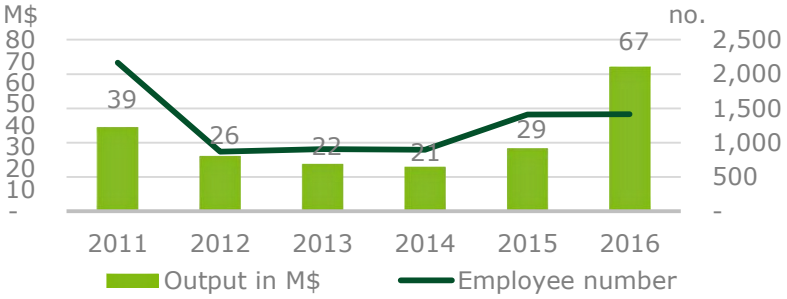
As depicted in figure 8, geological studies in Albania up to 1995 revealed approximately 32 different kinds of rocks and construction industrial minerals, expanded all over the country, including: limestone, sandstones, dolomites, carbonate decorative stones, clay, granites, gypsum etc. These minerals represent principal raw material for Albania's construction industry.

The construction minerals sub-sector counts about 282 licenses, where 227 were granted for the production of limestone and limestone slabs. During 2016, 273 out of 282 licenses reported production of limestone (3.4 million m^3 and 2.1 million ton), clay (0.8 million ton), gypsum (131 thousand ton), sandstones (18.9 thousand m^3) etc.

Domestic sub-sector **output** worth[82] including the value added through mineral processing was estimated at **ALL 1.6 billion** (equivalent to USD 13.2 million) in 2016. Based on AKBN data, the sub-sector employed about 1,416 staff in 2016.

Exports[83] of limestone and construction minerals amounted at **ALL 8.4 billion** (equivalent to USD 67.3 million) in 2016 (chart 30), whereby exports of cement were at **855 thousand ton** worth at **ALL 5.4 billion** (equivalent to USD 43.4 million). The sub-sector output was mainly exported to Kosovo, Montenegro, Macedonia etc. Exports of cement comprised 83% of the value of exports from the subsector with a total quantity of 855 thousand ton.

Chart 30 - Employeement vs. output of construction minerals in M$

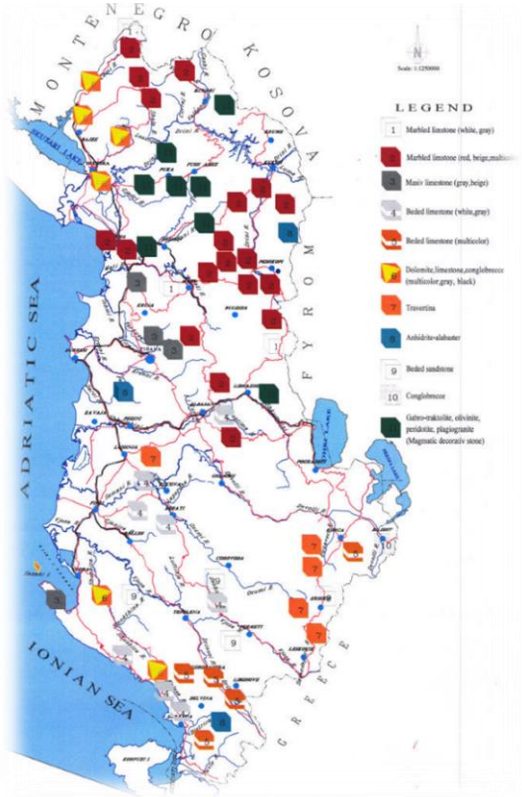


Source: AKBN

Production of bitumen, gravel and tar sands

Albanian bitumen and asphalt deposits were located near Selenica and in the Vjosa River valley. The sub-sector reported 15 licensees exploiting gravel and tar sands. During 2016, 8 licensees reported production of **25.4 thousand ton of tar sands and gravel**, assessed at **ALL 78 million** (equivalent to USD 0.6 million) based on AKBN reported prices. The sub-sector employed about 70 staff in 2016. The sub-sector output was sold in the domestic market.

Figure 8 – Deposits of limestone and other construtions minerals



Source: AKBN – www.akbn.gov.al

[82] Value added is assessed using prices are derived from production and revenue data reported by AKBN, and in the case of cement when output is exported the value is assessed using prices applied in export based on the export values and quantities reported by the Albanian Custom Administration.
[83] Information on export quantities, values and export countries were reported by Albanian Custom Administration for the purpose of this report.

4.3 Organization and governance of the mining sector

The mining sector in Albania is regulated by Law No.10304 "On the Mining sector in the Republic of Albania", dated 15 July 2010 ("Law on mining"), which entered into force in August 2010 and abrogated the Mining Law No.7796, dated 17 February 1994. MIE and AKBN provide a summary of laws and regulations in force for the mining sector in their respective websites: www.akbn.gov.al and www.energjia.gov.al.

The Law on mining groups minerals into the following four categories:

1. Metals, non-metals, coal and bitumen;
2. Minerals used in construction;
3. Precious and half-precious minerals; and
4. Radioactive minerals.

The law on mining and its accompanying regulatory acts set the main licensing terms for exploration and exploitation activities for each of group of minerals

In 2016 all licensees were operating in exploration and exploitation activities in the first two mineral groups, except from Jab Resources sh.p.k, which based on the information disclosed by SHGJSH was operating an exploration license in gold. SHGJSH informed that none of the licensees operating in exploration reported commercial discovery in 2016.

Regulation approved by DCM no. 364 on 4 May 2011 "On setting minimum surface and investment value for mining licensees" sets the minimum license surface term and the minimum investment value. These vary by type of minerals. Nevertheless the maximum licenses areas cannot exceed the limits set by the Law on mining and presented below:

Table 13 – Maximum license terms and surface

	Metals, non-metals, coal and bitumen	Minerals used in construction
Exploration license term	3 years (can be extended up to 2 years)	1 year
Maximum exploration license area	not greater than100 km^2	not greater than 10 km^2
Production license term	25 years (can be extended up to 10 years)	
Maximum production license area	not greater than 10 km^2	not greater than 5 km^2

Production licenses grant the licensee the exclusive right to develop the infrastructure, extract and own the production derived in the licensed area. MIE may also grant licenses for elaboration of mining waste. Licensees are encouraged to invest in processing plants.

Supervision and guarantees

Under the new Law on Mining (2010), licensees in this sector are no longer required to pay surface tax. Instead, the new Law introduces the concept of incorporating an environmental rehabilitation plan and commitment toward the annual investment and work.

As set in the Mining law, licensees shall submit for approval the annual investment and environmental rehabilitation plan. AKBN and SHGJSH approve these financial plans respectively for the licensees under their supervision. Afterwards, licensees shall deposit financial guarantees each year in favour of MIE, in accordance with the approved annual plans. Rules for the deposit and return of financial guarantees and respective minimum

values are provided in the regulation approved by DCM no. 440, dated 16 June 2011, amended[84] and MIE order no. 718 dated 3 October 2011.

Deposits of financial guarantees for minimum investment plan for production licenses is set at 10% of the approved annual plan. The guarantee is returned in full to the licensee if the investment is realized in full and within the timeline set. If the licensee realized less than 90% of the investment, MIE may appropriate the guarantee and record revenue in its budget.

Deposits of financial guarantees for minimum investment plan for exploration licenses is set at an amount equal to the approved annual plan for the exploration license term, anytime not less than the minimum investment values set in DCM no. 364 on 4 May 2011.

Deposits of financial guarantees for environment rehabilitation are set based on annual production plans approved. These deposits are returned when the licensee restores the damaged area in accordance with the plan. Otherwise, MIE may appropriate the guarantee and commission environmental rehabilitation in the area.

The mining law requires that the selected sub-contractors engaged in exploration or extracting of minerals are approved by MIE in accordance with the technical and financial terms set during the license allocation.

In addition, the mining law specifically required exploration and production licensees to employ technical expertise through the whole license term.

Operators perspective on the Mining law[85]

As mentioned in EITI report for 2015, the Foreign Investors Association in Albania (FIAA) informed on several occasions that the minimum amount required to invest and deposit as guarantee for the exploration licenses in Albania were unreasonably high, when compared to neighbourhood countries like Kosovo.

In addition to the investments requirements, FIAA claimed that the license term shall not be less than 6 years, at least for the exploration blocks located in the northern and north-eastern part of the country, where explorations are possible only half-year time due to the cold climacteric conditions in these locations.

Allocation of licenses

AKBN and SHGJSH support MIE with the pre and post-licensing procedures, AKBN for production licenses and SHGJSH for exploration licenses, respectively.

MIE grants mining licenses through round biddings for competitive mining areas and ad hoc negotiations on the basis of first-come first-served for open mining areas. Competitive and open mining areas are set in the annual mining plan based on the following criteria:

- Competitive bids (open public procurement procedures) are granted for areas where known geological and recovered reserves present significant economic interest;
- Add hoc negotiations are usually performed on areas with limited information on reserves, when licensees present an extended plan

[84] DCM no. 440, dated 16 June 2011, amended by DCM no. 741, dated 9 September 2015
[85] Information confirmed by Mr. Përparim Aliaj Director of the Foreign Investors Association in Albania (FIAA) for the purpose of this report.

involving areas neighbouring their current licensed area and other strategies with significant public interest pursuit in the area.

Subject to approval by the Council of Ministers, MIE may grant mining concessions for projects assessed with significant economic and social interest.

MIE publishes the annual plan of mining cadastres for concession for the forthcoming year in its website: http://infrastruktura.gov.al/planifikimi-minerar/. The plan provides technical specification of the mining cadastre including:

- The cadastre number, surface, coordinates and location (district),
- Commodity and its concentration in%,
- Geological reserves,
- Type of license (exploration or production),
- Minimum required output in ton or m^3,
- Minimum required investment in USD,
- Bid allocation procedure (competitive or negotiation basis)

Zona Shfrytëzimi — Plani 2018

Nr. Rendor	Nr. i Zonës	Qarku	Të Dhëna për Vendburimin: Emri i Vendburimit	Lloji i Mineralit	Rezervat Gjeologjike në Ton/m3	Cilësia në %	Lloji i Veprimtarisë Minerare	Lloji i Zonës Minerare	Sipërfaqja Minimale	Prodhimi Minimal	Investimi Minimal	Sipërfaqja e Zonës km2	Kordinatat e Zonës: Pika	X	Y
													1	4482111	4657464
													2	4481897	4657556
													3	4481474	4657858
													4	4481726	4658184
1	12/1	Kukes	Gostil	Argile	94 000 t	12% Al2O3	Konkurruese	Shfrytezimi	0.02	10 000 m3	21.0 mln	0.202	1	4483262	4495409
													2	4484062	4495400
													3	4484059	4495151
													4	4483257	4495150
2	132/6	Korce	Mborje	Gelqeror	750 000 m3	44.5% CaO	Konkurruese	Shfrytezimi	0.02	10 000 m3	21.0 mln	0.203	1	4436899	4469927
													2	4437075	4469968
													3	4437178	4470057
													4	4437294	4470125
3	152/1	Permet	Banja	Ranor Silicor	150 000 m3	54.6% SiO2	Konkurruese	Shfrytezimi	0.02	1 000 m3	28.0 mln	0.050	5	4437382	4470165
													6	4437365	4470005
													7	4437194	4469920
													8	4436910	4469880
													1	4429325	4551336
													2	4429011	4551095
4	201/6	Elbasan	Shushice	Bazalte	5 000 000 m3	46.9% SiO2	Konkurruese	Shfrytezimi	0.02	10 000 m3	21.0 mln	0.231	3	4428628	4551523

Based on interests expressed MIE publishes the individual bid notices, terms of references and bid evaluation criteria in its website: http://infrastruktura.gov.al/procedurat-konkurruese-per-zonat-minerare/.

Mining competitive bids are allocated in compliance with the Law on Public Procurement no. 24/2017. Individual bid notices are published in the website of the Public Procurement Agency: www.app.gov.al.

The Public Procurement Agency (APP) is a public agency reporting directly to the Prime Minister. APP oversees the public procurement activity including mining licenses and concessions.

Each individual bid notice provides the same information included earlier in the annual plan and lists technical and financial criteria to be fulfilled by successful candidates, as summarised below.

- Technical capacity and experience of the firm and its staff; up to 15 points
- Financial capacity including available cash flows and financing facilities; up to 20 points
- Forecasted production for the license terms; up to 15 points
- Forecasted value of the production for the license terms; up to 10 points
- Forecasted production to be elaborated; up to 20 points
- Projected investments in the area; and up to 10 points
- Project's internal rate of return (IRR) up to 10 points

Chair of the bid evaluation commission publishes, within 20 days from the bid date, the evaluation report summarizing information on the bid award, candidates ranked based on the total number of points allocated and proposes to the contracting authority the bid winner. Based on this report, APP, informs officially the candidates via electronic post on the following:

a) names of all applicants;
b) name of wining applicant and the value of the winning bid;
c) name of non-qualified applicants and reason for non-qualification;
d) complaints presented during the process;

Participants may present their claims to the Public Procurement Commission within 5 days from the notification of the bid results by the APP.

The Public Procurement Commission (PPC) is an independent authority in charge for dealing with complaints, alleged discrimination and non-compliance with regulatory procedures. The PPC reports directly to the Albanian Parliament. APP and the Contracting Authority may not proceed with license allocation prior to the conclusion of investigation procedures from the PPC. PPC decision may change the results of the bid and any contract announcement made by the Contracting Authority or APP on behalf of it.

Compliance with EITI requirement 2.2

The procedures followed fulfils the requirements of EITI Standard 2.2, with except for public disclosure of the name of non-winning applicants. The MIE informs that such disclosure is not allowed by the law on public procurement and any changes needs to be carefully considered from the perspective of non-winning applicants. The MIE officially argued that involvement of APP and PPC in overseeing the fair and non-discrimination basis for allocating the mining licenses should be sufficient to prevent any corrupted or discriminatory practices and address the participants' concerns on a timely basis.

The MIE informed that there are no planned regulatory changes to achieve full disclosure of non-winning applicants.

Register of licenses

MIE maintains a public register of licenses in the following link: http://www.infrastruktura.gov.al/lejet-minerare-ekzistuese. This register does not provide the date of applications and license coordinates in line with EITI requirement 2.3. Moreover the register provides only the license holder name and not the tax number. Based on the local experience, the tax number would be necessary to help interested readers access the public information disclosed at the National Business Centre including: legal owners, financial statements & audit reports[86]. Frequency with which the MIE updates this register is not clear. The most updated version of the published register disclosed at the end of 2017, includes licenses granted up to February 2016, listing 643 active licenses.

MIE has not officially informed or commented on what are the barriers to disclosing full information in accordance with EITI standard 2.3. Enquiries with representatives of the MIE revealed that information is not collated and elaborated in the form suggested by the Standard and it would require additional effort and time.

ALBEITI's engagement and role

In order to ensure compliance with EITI requirement 2.3, ALBEITI maintains a public register of licensees in the mining exploration and production sector in its website (Link: http://www.albeiti.org/regjistri-minerar/) providing the following information:

- Full name of the contractor including its Tax ID number,
- License number,
- Date of application (from year 2012)
- Date of license award

[86] When entities are subject to audit according to Law on Audit no. 10091 "On statutory audit, organization of the registered auditor and chartered accountant profession", dated 5 March 2009.

- Contract term in years,
- Type of licenses (exploration and/or production),
- Mining cadastre(s) granted and their respective surface, coordinates and district where they are located,
- Commodity produced,
- Information on any subsequent transfer of rights, and
- Other supplementary information, etc.

ALBEITI collects information from the MIE, AKBN and SHGJSH, and updates the register semi-annually. Respectively at:

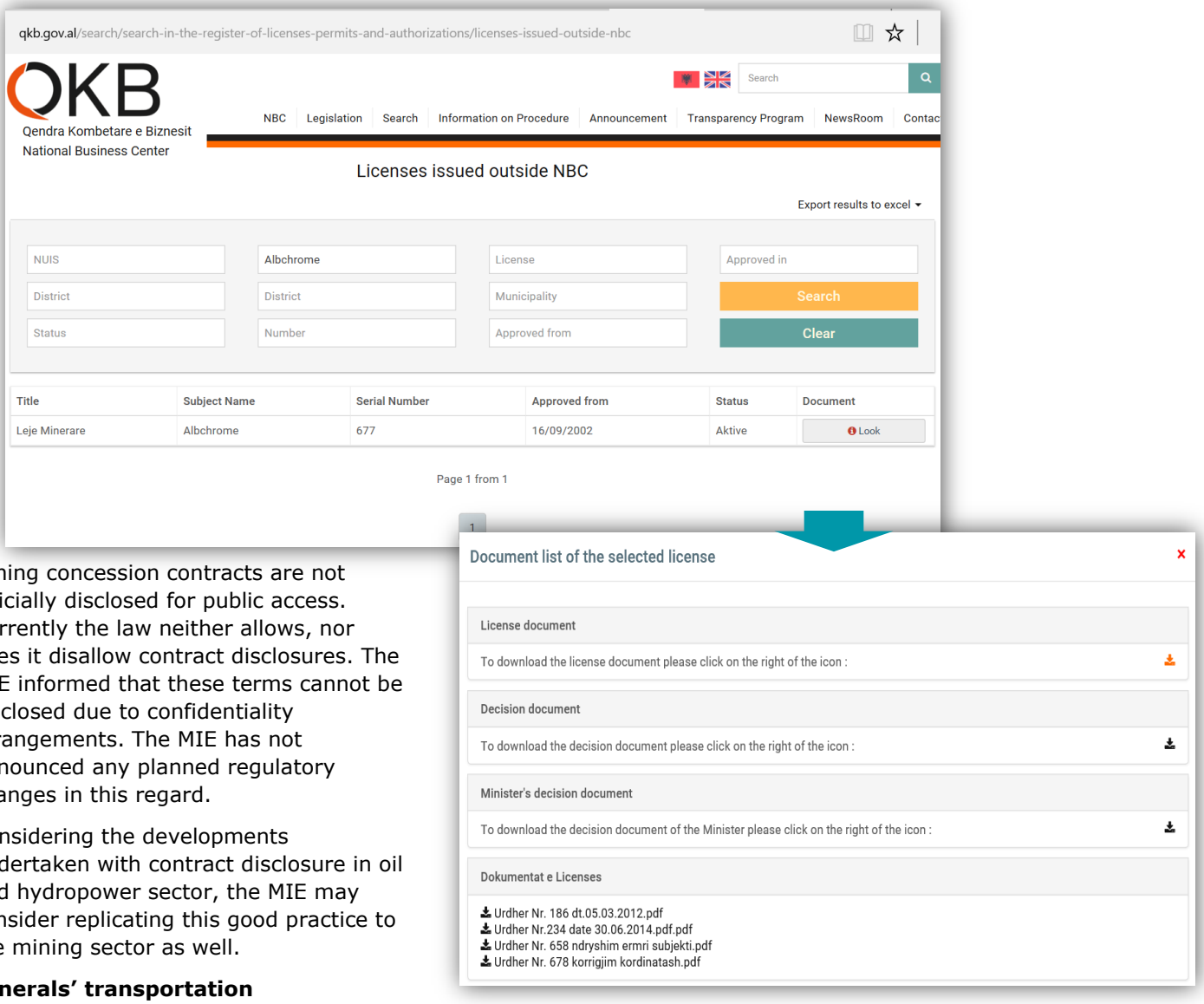
- the end of July including information updated up to June, and
- the end of January including information updated up to December of the preceding reporting period.

In addition to compiling the registers, ALBEITI performs checks and verification of information to source documents disclosed in the National Business Centre or shared by the MIE, AKBN and SHGJSH. Before publishing the registers, ALBEITI confronts information about to be published with the lists disclosed in the MIE's and AKBN's websites. Any discrepancy or inconsistency noted is confirmed with the MIE and AKBN before the registers are updated in ALBETI's website.

The public register compiled by ALBEITI discloses all information listed in the EITI requirement 2.3, with except to the date of application for licenses granted prior to year 2012. The MIE, AKBN and SHGJSH could not provide this information because of time elapsed since license award practice.

Contract disclosure

The Albanian State plans to disclose full mining license terms for public access in the National Business Centre in the following link: http://qkb.gov.al/search/search-in-the-register-of-licenses-permits-and-authorizations/licenses-issued-outside-nbc/. Many license documents and accompanying decisions and changes are already uploaded in this portal and can be accessed via search and download functionalities as illustrated below:



Mining concession contracts are not officially disclosed for public access. Currently the law neither allows, nor does it disallow contract disclosures. The MIE informed that these terms cannot be disclosed due to confidentiality arrangements. The MIE has not announced any planned regulatory changes in this regard.

Considering the developments undertaken with contract disclosure in oil and hydropower sector, the MIE may consider replicating this good practice to the mining sector as well.

Minerals' transportation

Currently, minerals are transported via trucks from the mining fields to domestic or export destination. There are no State-owned entities operating in minerals' transportation.

4.4 Social and economic spending

Social expenditure

Social expenditures are material social expenditures made by companies in the benefit of the public and civil society, as mandated by law or the contract with the government.

The Government and the largest mining companies engaged in mining sector informed that currently-in-force Concession Agreements and mining licenses do not include mandatory social payments to be performed by the mining companies in the benefit of the communities.

The timing and amount of the social payments is decided by the mining companies at their discretion.

These confirmations were corroborated also to a sample of mining licenses disclosed by the ALBEITI and the concession agreements publically disclosed.

Infrastructure provisions and barter arrangements

Infrastructure provisions and barter arrangements involve the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities

The Government and the largest mining companies engaged in mining sector informed that currently-in-force mining concession agreements and mining licenses do not include barter infrastructure provisions.

These confirmations were corroborated also to a sample of mining licenses disclosed by the ALBEITI and the concession agreements publically disclosed.

4.5 Revenue from the upstream and midstream mining sector

The State derives its revenue from the sector through collection of the royalty applied to the sales value of the minerals and profit taxes. Main revenue from the upstream and midstream mining sector in 2016, analysed as follows, were all recorded in the State's Budget:

Table 14 – Main revenue from the mining sector

	Fiscal revenue in MALL	Fiscal revenue in M$	Structure in %
Royalty	1,265.1	10.2	21%
Tax on profit	948.1	7.6	16%
VAT	847.5	6.8	14%
VAT on import (*)	628.9	5.1	11%
Payments for social and health insurance and personal income tax	1,485.0	12.0	25%
Personal income tax	329.3	2.7	6%
Tax on dividend	59.8	0.5	1%
Withholding tax	61.5	0.5	1%
Excise (*)	107.6	0.9	2%
Carbon tax (*)	160.9	1.3	3%
Import duties (*)	16.2	0.1	0%
Tax penalties	38.4	0.3	1%
Total	**5,948.4**	**47.9**	**100%**

These revenues comprised about 1.4% of total revenue recorded in the State's budget in 2016.

(*) These taxes are paid on imports of assets and suppliers made by the mining licenses and may be related with inputs in the extraction activities rather than taxation of benefits. VAT paid on imports may be credited or refunded in full or partially depending on certain criteria. These taxes are not selected for reconciliation in 2016.

Other revenue generated by AKBN and SHGJSH for services performed are collectively lower than ALL 50 million.

Royalty

Royalty represents the main revenue stream earned form the upstream mining sector. Royalty is exclusively applied to the taxable value (or fiscal value) of revenues from extractive activity in accordance with Law No. 9975 "On national taxes", dated 28 July 2008, amended. Royalty for exports is collected by the Albanian Custom Administration and for domestic sales by the General Tax Directorate. As set in the Law on National taxes, royalty is recorded in the National Budget and a portion is transferred to the Local government units (LGUs) at 5% of the royalty portion generated by each unit (refer to chapter 6).

Royalty rate applied for the main minerals and shown in table 15 below:

Mineral	Royalty applied 2011-2016
Chromium	6%
Copper	6%
Nickel-silicate	6%
Iron-nickel	5%
Coals and bitumen	200 – 19,940 ALL / ton
Limestone	47 ALL / m^3
Sandstone	491 ALL /m^3
Gips - Alabaster	21 ALL / ton - 423 ALL / m^3

Table 15 – Royalty applied for main minerals

In November 2014, the Government introduced a reduced royalty at 2/3 of nominal rate applied for the metallic mineral ores processed in Albania and the royalty is expected to be further reduced at 1/2 of nominal rate applied for the metallic minerals processed in Albania.

Tax on profit

Tax on profit is levied from the General Directorate of Taxes as a percentage of the company's net profit. Up to December 2013, in accordance with "Law on Income tax" No. 8438, dated 28 December 1998, amended, profit tax in Albania was charged at 10% on net profit. Starting from 1 January 2014 profit tax rate increased to 15% of the company's net profit. Full requirements of this Law apply to the mining sector.

VAT

Value Added Tax (VAT) is payable at 20% of taxable sales in the country based on the Law no. 92/2014 "On Value Added Tax". VAT on exports is taxed at 0%. VAT payments made from the mining companies comprise about 2.9% of the mining output value, as a result of dominated export sales.

Payments for social and health insurance and personal income tax

Compulsory payments for the social and health insurance are calculated and paid in accordance with the Law no. 9136, dated 11.9.2003, "For the collection of compulsory social and health insurance in the Republic of Albania", amended and the Law no. 10383, dated 4.2.2011 "On compulsory health insurance in the Republic of Albania" and Law no. 150/2014, "For the pensions of the underground workers". These laws define the minimum payable contribution for the State pension and public health care applicable to the mining sector. Specifically for the mining workers, these laws foresee an additional contribution at 5% of the salary for social security and benefit of the State's pension at the age of 55.

Payments shown above include both share of contribution paid by the employer and the employee. This payment stream is relatively high when compared to the other streams because of the large number of employees engaged in the sector.

Personal income tax

Personal income tax (PIT) is calculated and paid in accordance with the provisions set in the Law no. 8438, dated 28.12.1998 "On Tax on income", amended. Based on the law provisions, personal income earned from employment and other sources up to ALL 30,000 is taxed at 0%, income earned above ALL 30,000 and up to ALL 130,000 is taxed 13% and income earned above this threshold is taxed at 23%.

Tax on dividend

Tax on dividend is calculated and paid in accordance with the provisions set in the Law no. 8438, dated 28.12.1998 "On Tax on income", amended at 15% of the declared dividend. This tax is withheld at source and paid from the Company when dividends are declared. This tax is not applied when the shareholders are registered entities in accordance with the tax laws and pay taxes in Albania.

5. Hydro-energy sector

Electrical power is ranked the second most important energy source in the country after oil and oil by-products, with 33% of the energy produced from primary sources and 24% of domestic energy consumed. The Albanian power system relies practically only on hydropower plants (HPPs). The sector is dominated by the public companies, and few private hydropower concessions increasing from 2016.

5.1 Overview of the Hydropower sector

Albania is rich in water reserves and a hydropower potential that bears an important developmental role for the country. Albanian hydrographical territory is 44,000 m^2 or 57% larger than its geographical territory. As shown in figure 9, the country counts eight main rivers: Drini, Buna, Vjosa, Semani, Mati, Shkumbini, Ishmi and Erzeni. Formation of the cascades along the main rivers makes these substantially important for the hydropower potential in the country.

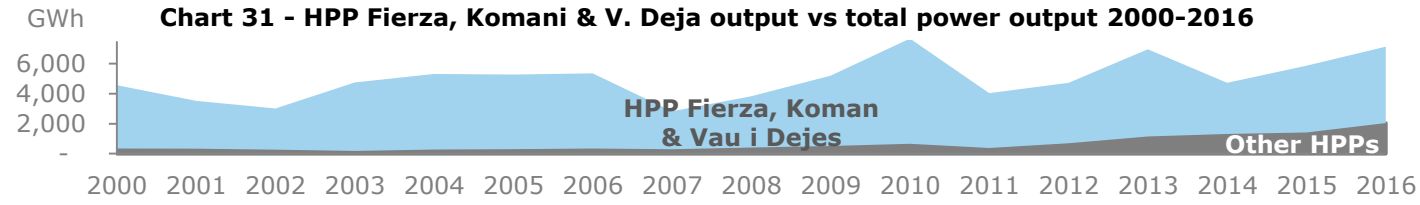
According to the National Energy Strategy, total annual potential production from hydropower plants in Albania is estimated at 16-18 TWh and can be derived from an installed capacity of 4,500 MW[87].

The three largest hydropower plants of Fierza, Koman and Vau i Dejes were built in a cascade form on the Drini River from year 1971 to 1985 with an installed capacity of 1,350 MW. The HPPs of Fierza, Koman and Vau i Dejes on Drini River have generated about 90% of the hydropower in the last 15 years with an average annual output of 4,300 GWh. The net domestic output slightly increased in the last 5 years as a result of private and concession HPPs starting production. In 2016, domestic power output was about 7,134 GWh, where the three largest HPPs generated about 71.4% of the power output at 5,091 GWh (Chart 31).

Figure 9 – Main Rivers crossing Albania

Source: AKBN – www.akbn.gov.al

Chart 31 - HPP Fierza, Komani & V. Deja output vs total power output 2000-2016

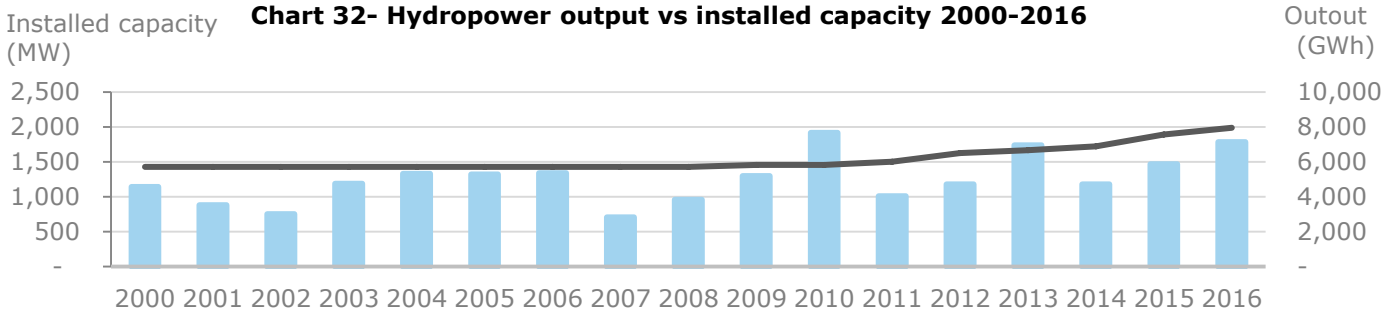


Source: ERE reports 2009-2016 – www.ere.gov.al

[87] National Energy Strategy 2013-2020, publihsed by MIE in its website: www.infrastruktura.gov.al.

Chart 32 presents the power output and capacity installed throughout the period 2000 – 2016. Annual domestic output varies largely on hydrological cycles. In the last 15 years, the annual power output reached its highest peak in 2010 with 7,674 GWh and lowest peak in 2007 with 2,826 GWh, where the maximum output was 2.7 times larger than the minimum output.

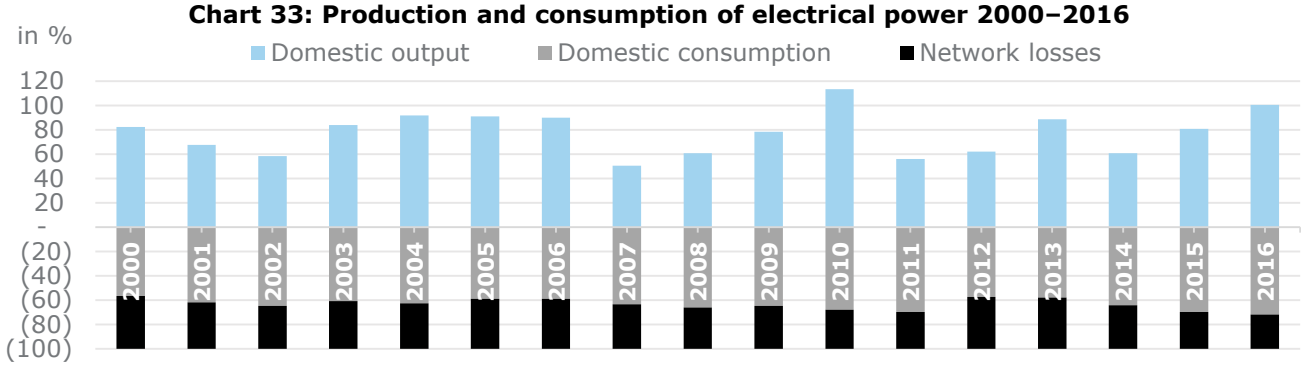
Chart 32- Hydropower output vs installed capacity 2000-2016



Source: ERE reports 2000-2016 – www.ere.gov.al

Up to 2007, the installed capacity in the country of 1,350 MW was entirely administer by Korporata Elektro-Energjetike Shqiptare (KESH). At the end of 2016, the installed capacity increased to 1,990 MW upon entering in production of the private and concession HPPs.

Chart 33: Production and consumption of electrical power 2000–2016



Source: Power Balance, 2000 -2016 - INSTAT

Despite its abundant hydropower potential, Albania has been a net importer of hydropower to compensate for its negative power balance in the last 15 years.

The negative power balance resulted mainly due to high level of losses in the distribution network. Based on the data reported by INSTAT, the annual average power output for the period from year 2000 to year 2016 comprised about 77%[88] of the domestic annual average of energy needs (including losses). If assumed that technical and financial losses in the network are completely eliminated, as shown in Chart 33, the energy balance would improve significantly. Based on this scenario the annual average power output would fulfil at 123%[89] the annual average of energy needs.

[88] Calculated as a simple annual average of the ratio production / usage during years 2000 - 2016. Data sourced from "Power balance, 2000 -2016" - www.instat.gov.al.
[89] Calculated as a simple annual average of the ratio production / consumption during years 2000 - 2016. Data sourced from "Power balance, 2000 -2016" - www.instat.gov.al.

5.2 Organization and governance of the power sector

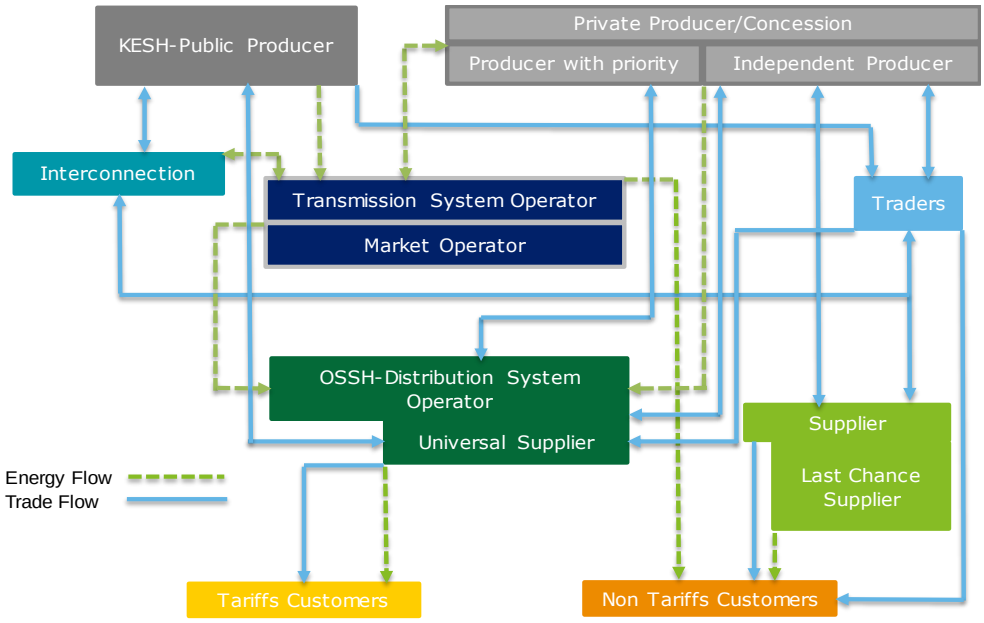
The country's power system including power generation from water, thermal and alternative sources, power transmission and distribution is regulated by law on power sector. In April 2015, the Government of Albania approved a new law no. 43/2015 "On power sector" ("Law on power sector")[90], in attempt to reflect the EU Directives on power sector. This law sets the minimum requirements for the allocation of concessions for the construction or reconstruction of the hydropower plants and licensing in power generation. Main terms and procedures are summarized in section 5.3 in the following.

The Law on power sector assigns ERE as the responsible authority for allocating rights and obligations among the power market participants, and regulatory control over the Albanian power market.

Albanian power market model ("Market") applied during 2016[91], presented the transitional rules towards market liberalization in accordance with the new Law on power sector. In July 2016, the Albanian government introduced the new market model approved via DCM no. 519, dated 13 July 2016 as a final step towards the development of a liberalized and competitive power market, in compliance with the requirements of the Energy Community Treaty of Southeast Europe. This model foresees establishment and operation of the Albanian Power stock exchange within 2017 and liberalization of access to all market participants.

Market Rules along with the Grid Code, Distribution Code, Metering Code and Market Model are part of the acts that regulate the power market and are published in the official website of ERE: http://www.ere.gov.al/. Key market participants and their role is presented in the following:

Figure 10 – Energy flows between the power market participants



[90] This Law abrogated Law no. Law No.9072, dated 22.05.2003 "On power sector" amended.
[91] Albania power market model was approved by DCM no. 519, dated 13.07.2016.

Key market participants

Albanian Electrical Power Corporation (KESH)

KESH is the largest the public power producer and supplier in the country. KESH owns and operates the largest HPPs on Drini River, HPP Fierza, HPP Koman and HPP Vau i Dejes, with a total installed capacity of 1,350 MW, and a thermal power plant (TPP) in Vlora built in 2009, with an installed capacity of 98 MW. The three HPPs on Drini River are in operation and contribute to the largest share of domestic power output, while TPP of Vlora is not in operation due to a defect in the cooling plant turbine.

Fierza HPP is located near the village of Fierza about 20 km from the town of Bajram Curri. The HPP was built in the period from 1971 to 1978. Koman HPP, built from 1980 to 1988, is located in the Drini River Valley, between Fierza HPP and Vau i Dejes HPP, and about 2 km from the Koman village. Vau i Dejes HPP, built from 1967 to 1971 is located in the lower part of the Drini River Valley, about 18 km from the city of Shkodra.

KESH performed several interventions to increase efficiency of the operations and dam safety[92]. Details of HPPs, power output, imports and projects pursued by KESH can be accessed in its official website: www.kesh.al.

KESH sells the energy produced to the OSSHE at quantities and prices regulated by ERE. To fulfil its obligations for supply, KESH imports power in the international market with market prices. At the same time, sells to the domestic or international market the energy surpluses beyond the requirements for public supply.

KESH has historically been and continues to be 100% owned and administered by the Albania since its establishment.

Due to current power supply structure and consumption, output generated by KESH comprises the main source of energy in the country.

The new market model releases KESH from its obligation to supply OSHEE at regulated prices and creates opportunities so that KESH manages its power resources and sells energy at the highest prices in the market.

[92] Dam safety project financed by the World Bank and international financial organizations: http://projects.worldbank.org/P125856/dam-safety-additional-financing?lang=en.

Transmission System Operator ('TSO' or 'OST')[93]

OST was established in 2004 as a spun off from KESH. OST operates the transmission network including ownership, maintenance and expansion of the network. OST transmits power through the transmission lines and interconnection lines with voltage of 110-400kV and substation points.

Along with system operation, OST is also the market operator responsible for managing and organizing payments and exchanges of power between market participants on the market imbalances.

OST charges system users for the transmission system services, ancillary services, payments under the Interconnection Agreement and for the purchase of balancing power under the Market Rules. Fees for transmission service are regulated by the ERE.

OST transmission network include the following interconnection lines, which provide necessary infrastructure for international exchange of power:

- 220 kV interconnection line between Fierza (Albania) – Prizren (Kosovo)
- 220 kV interconnection line between Koplik (Albania) – Podgorica (Montenegro)
- 400 kV interconnection line between Zemblak (Albania) – Kardia (Greece)
- 400 kV interconnection line between Tirana (Albania) – Podgorica (Montenegro)
- 400 kV interconnection line between Tirana (Albania) – Prizren (Kosova)[94]
- 150 kV interconnection line between Bistrice (Shqipëri) – Myrtos (Greqi)

Through continuous improvements of its capacities, in May 2016, OST announced the inauguration of the National Dispatch Centre and New Control System SCADA / EMS, as one of the most important projects of the Transmission System Operator worth of EUR 23 million. The SCADA / EMS System project, has been the main prerequisite for the membership of OST in the European network of the electric power transmission system operators (ENTSO-E)[95].

OST has been historically owned 100% by the Albanian State since its establishment.

The new market model assigns OST with new responsibilities for the administration of the Albanian Power Exchange.

[93] Source of information on transmission line – ERE's Report on the Power sector activity in 2016 - www.ere.gov.al.
[94] Source: OST webpage - http://www.ost.al/sq/inaugurohet-linja-400-kv-shqiperi-kosove-nje-nga-veprat-me-te-rendesishme/
[95] Source: http://www.ost.al/en/it-is-inaugurated-the-modern-dispatch-center-of-the-transmission-system-operator/

Distribution System Operator - OSSH (currently known as OSHEE)[96]

OSHEE was established in 2006 as a spinoff from KESH. OSHEE currently owns, maintains, expands and operates the distribution system across the country composed of substations 110/20, 15,600 km of distribution network of 35/20/10/6 kV, and transformers 110/35/20/10/6kV and acts at the same time as Universal Supplier (US), for the power to tariff customers under contract terms and rates regulated by ERE.

At the end of 2014 OSHEE is again 100% owned by the Albanian State, after the unsuccessful privatization history with CEZ AS.

To fulfil the US role OSHEE shall buy energy from KESH and the independent power producers with prices regulated by ERE and when the energy to be supplied exceeds the budged and approved figures, OSHEE pays the difference at market prices.

OSHEE provides connection and distribution services to tariff customers, non-tariff customers, producers and suppliers connected to the distribution, on a non-discriminatory basis. Fees, terms and conditions of distribution services are regulated by ERE.

Distribution network assets are old dated ranging from 12 to 40 years old. Poor technical conditions of the distribution network in combination with financial losses due to energy theft and unpaid bills caused significant losses to the OSHEE, making above 42% in the years 2011 and 2012. As a result of integrated actions of OSHEE and the Albanian Government losses decreased to 28.04% in 2016[97].

Wholesale public supplier and retail public supplier operate under special licenses issued by ERE.

Private power producers and concessions

Private power producers are divided into producer with priority and independent producers. Independent Power Producers (IPPs) are independent producers that relate directly to the transmission system. They can sell electricity to the Wholesale Public Supplier with regulated prices, or to the other market operators based on market negotiated terms.

Retail Customers

Tariff Customers purchase electricity by Universal Supplier - OSSHE at prices regulated by ERE.

Non-Tariff Customers are those who can freely choose the energy supplier, including the Last Chance Supplier.

Other market operators

Energy traders purchase and wholesale power to other market operators, with exception of Universal Supplier and Tariff Customers. Traders may purchase power from KESH Gen (for the surpluses), SPPs and IPPs and sell power to the Qualified Suppliers, Wholesale Public Supplier or OSHEE.

Qualified Suppliers are domestic or foreign suppliers licensed by ERE, who may purchase power from traders, SPPs or IPPs and sell to the Eligible Customers. Qualified Suppliers may also sell power to the Public Wholesale Suppliers, Traders or other Qualified Suppliers. SPPs and IPPs must be licensed in order to act as Qualified Suppliers, if they wish to sell power directly to the Eligible Customers.

[96] Source – ERE Report for 2016 -- www.ere.gov.al.
[97] Source – ERE Report for 2016 -- www.ere.gov.al.

Guaranties and other transfers between State and State Companies

Alongside the benefits in the form of taxes and fees from hydropower sector, the State injects funds into the sector through investment in equity and direct lending to state-owned companies. The Albanian State, also guarantees banking and other loans granted to the state-owned companies KESH and OST. At the end of 2016, loans taken by the SOEs for the improvement of power generation and transmission infrastructure amounted respectively to ALL 101 billion (equal to ALL 122,499 million less ALL 21,524 million).

Table 16 - Key financials of the SoEs in the sector[98]

In million ALL	2015				2016			
	KESH	OST	OSHEE	Total	KESH	OST	OSHEE	Total
Property, plant, and equipment	93,890	50,942	21,081	**165,913**	94,554	51,834	29,372	**175,760**
Intangible assets	-	86	373	**459**	-	284	512	**796**
Receivable financial assets	16,628	19	2	**16,649**	14,878	18	2	**14,898**
Total of long-term assets	**110,518**	**51,047**	**21,456**	**183,021**	**109,432**	**52,136**	**29,886**	**191,454**
Inventories	2,432	709	2,464	**5,605**	2,489	654	4,469	**7,612**
Receivable financial assets	5,462	241		**5,703**	6,131	495		**6,626**
Trade and other payables	53,563	9,551	7,587	**70,701**	53,599	9,331	20,864	**83,794**
Cash and cash equivalents	1,260	607	6,619	**8,486**	805	223	6,740	**7,768**
Total of current assets	**62,717**	**11,108**	**16,670**	**90,495**	**63,024**	**10,703**	**32,073**	**105,800**
Total Assets	**173,235**	**62,155**	**38,126**	**273,517**	**172,456**	**62,839**	**61,959**	**297,254**
Long term Loans	31,481	23,199	13,298	**67,978**	30,612	23,585	11,119	**65,316**
Long term trade and other payables	1,445	2,411	-	**3,856**	1,318	1,512	-	**2,830**
Total of long term liabilities	**32,926**	**25,610**	**13,298**	**71,834**	**31,930**	**25,097**	**11,119**	**68,146**
Loans	44,141	4,330	6,205	**54,676**	45,107	5,451	6,625	**57,183**
Trade and other payables	19,966	3,641	74,379	**97,986**	18,033	3,166	79,753	**100,952**
Total of current liabilities	**64,107**	**7,971**	**80,584**	**152,662**	**63,140**	**8,617**	**86,378**	**158,135**
Total Liabilities	**97,033**	**33,581**	**93,882**	**224,496**	**95,070**	**33,714**	**97,497**	**226,281**
Equity	20,170	9,694	30,099	**59,963**	20,170	17,201	30,083	**67,454**
Reserves	73,894	14,126	2,916	**90,936**	72,729	10,689	4,429	**87,847**
Retained earnings & EAN	(17,862)	4,754	(88,770)	**(101,878)**	(15,513)	1,235	(70,050)	**(84,328)**
Total equity	**76,202**	**28,574**	**(55,755)**	**49,021**	**77,386**	**29,125**	**(35,538)**	**70,973**
Total equity and liabilities	**173,235**	**62,155**	**38,127**	**273,517**	**172,456**	**62,839**	**61,959**	**297,254**

Source: Financial statements of KESH, OSHEE and OST for the year 2015 and 2016.

[98] Summary of Key financials is derived from the annual financial statements of KESH, OST and OSHEE. The companies shared these financial statements with us for the purpose of this report.

Following to the financial difficulties encountered by the public power sector, State-guaranteed borrowings are expected to increase further. These loans will be used to finance investments in improving the efficiency of power generation, transmission and distribution and also enhance tools and systems in measurement of power consumption, by the tariffs' customers and collections of bills for the power consumed.

In September 2014[99], the World Bank approved financing of USD 150 million from the International Bank for Reconstruction and Development (IBRD) to be disbursed for the Project of Energy Sector Recovery approved by DCM no. 171, dated February 25 2015 "On Approval of the Plan for the financial recovery of the Power Sector". The Project will support reforms in the Albanian power sector, particularly those undertaken to improve the reliability of power supply and financial sustainability of the sector, including reforms to diversify the sources of energy production, reduce losses and improve collections.

In May 2016[100], European Bank for Reconstruction and Development (EBRD) granted a government backed loan of EUR 218 million for the refinancing of KESH borrowings and provision of technical assistance to the improvement of the overall governance and operations of KESH in the context of the power sector reforms.

[99] Source: http://www.worldbank.org/sq/news/press-release/2014/09/29/world-bank-approves-us150-million-project-for-albanias
[100] http://www.energjia.gov.al/al/njoftime/lajme/berzh-jep-218-milione-euro-hua-ne-shqiperi-per-kesh&page=5

5.3 Private and concession HPPs

The Ministry responsible for energy acts as the Contracting Authority for all concessions granted in hydropower sector. HPP concessions are granted in accordance with Law No. 123/2013 "On Concessions and Public-Private Partnership" ("Law on Concessions and PPP")[101] as amended[102] and accompanying Regulations "For the evaluation and granting of concessions and public-private partnership" approved with DCM. No. 575 dated July 10, 2013 ("Concessions Regulation").

Definition of public private partnership

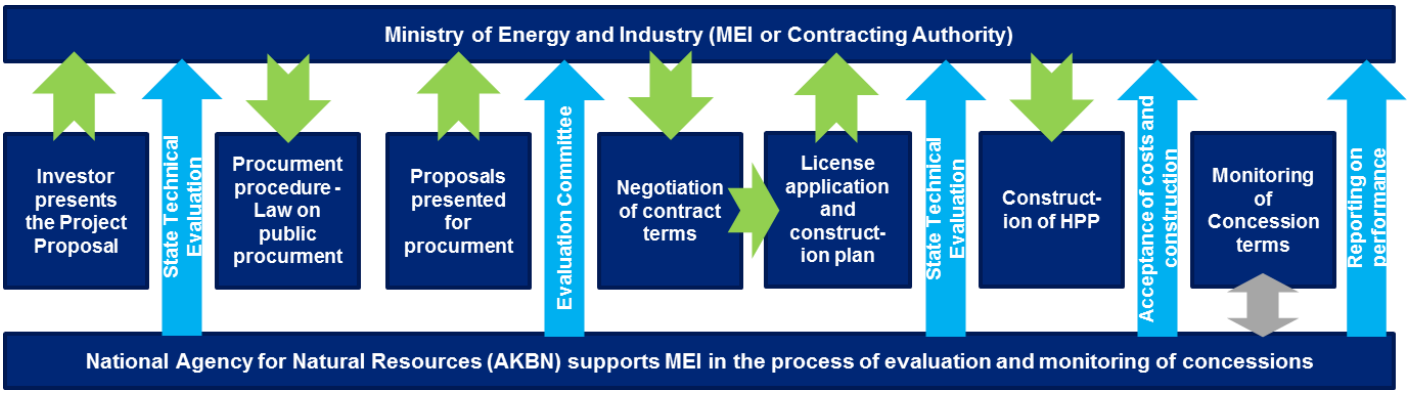
According to the Law on Concessions and PPP, Public Private Partnership establishes a long-term cooperation, regulated by contract, between the contracting authority (public partner) and one or more economic operators (private partner), where the private partner undertakes the obligation to provide public services within the competencies of the public partner and / or the obligation to provide to the public partner the necessary prerequisites for providing public services.

These prerequisites include the construction or renovation of public infrastructure and / or its operation and maintenance.

Legislation and regulations for concessions define the principles and procedures for the evaluation and granting of the concession opportunities in the hydropower sector. According to the concession law and regulation, all concessions in Albania are approved by the Council of Ministers.

HPP concessions in Albania are organized as Build-Operate-Transfer (BOT) or Reconstruct-Operate-Transfer (ROT). According to this regulation, the operator finances the construction / reconstruction of the power plant and benefits from operation of the plant. The sale of power generated by the Operator is guaranteed through the Power Purchase Agreements signed between the Operator and Wholesale Public Suppliers, with tariffs regulated by ERE using the "feed in" model. According to the concession law and regulation, all concessions in Albania are granted for a period not longer than 35 years.

Figure 11 – Granting and monitoring process of concessions



Allocation of HPP concessions

Identification of concession HPP opportunities

Ministry of Infrastructure and Energy may identify areas for concessions through review of submissions received (unsolicited proposals) from private

[101] This law was aligned with the EU directive 2004/18/EC
[102] Amended by Law no. 88/2014, and Law no. 77/2015

investors or other government institutions and non-governmental organizations.

Before announcing the concession opportunities, MIE will ensure on the technical feasibility and economic, environmental and social impact of any agreement, in accordance with the applicable laws.

When private investors initiate unsolicited proposals, they need to carry out and present a feasibility study in their project proposal in accordance with minimum requirements of the applicable laws. The project proposal undergoes through a technical evaluation in accordance with DCM. No. 191, dated March 22, 2007 "For the establishment of state technical opposition to construction projects of HPP under concession". This evaluation is carried out by the group of hydro-energy, geology and the environment experts appointed by the Minister responsible for the economy and approved by AKBN in accordance with Law No. 8093, dated March 1, 1996, "On water reserves" and the Law No. 8402, dated September 10, 1998 "On the control and regulation of construction works"[103].

Procurement procedures

When project proposals turn into concession opportunities the Ministry invites all interested applicants to a tender procedure published through a contract notice, in accordance with Law No. 9643 November 20, 2006 "On Public Procurement" ("The law on public procurement"). By the decision No. 130 dated 12 March 2014 the Council of Ministers decided that the procurement of concessions, including acceptance of the projects and communication with the operators will be carried out via the official website of the Public Procurement Agency www.app.gov.al.

Concessions are allocated in accordance with the provisions of the Law No. 9643, dated 20 November 2006, and amended "On Public procurement".

According to Concession law and regulation each applicant shall be treated fairly, however Article 7 of the new concession law allows evaluation committee to assign a bonus up to 10% credits to the project proposer. If the concession is assigned to an investor other than the initial proposer, the new regulation provides compensation for the concession project proposer that varies from 0.5% to 2% of the concession value based on the extent of the feasibility study carried out in the initial project proposal.

The concession price is assessed against:

- Greater technical and economic advantages as assessed by the Contracting Authority, or
- Higher concession fee offered for the technical specifications required in the contract notice.

The operator must guarantee the performance of his duties up to 10% of the investment. This guarantee is executable in cases of termination of contract or violation of contractual terms.

Approval of concessions

All concession contracts are signed by the Ministry of Infrastructure and Energy in the capacity of contracting authority and approved by the Council of Ministers. Upon the concession contract is signed and approved, the operator develops the detailed construction plan, which undergoes the state technical evaluation before being approved. Construction of hydropower

[103] DCM No. 191 dated March 22, 2007 "For the establishment of state technical opposition for to construction projects of HPP with concession"

plants is subject to 10 up to 20 permits and licenses from various regulatory bodies, including: environmental permit (annual), permits for construction (preconstruction), permission for the use of water resources (annual), license for power generation (before start of operations), permission to connect to the transmission, etc.

Technical and non-technical terms of the concession agreements and public-private partnerships are confidential and cannot be disclosed by any party without the consent of all parties to the concession agreement. The main terms and conditions of the concession agreements for the construction of hydropower plants are listed as follows:

1. Object of agreement

   The object of the concession agreement includes financing, design, construction, operation, management and maintenance of hydropower plant and at the end contract term transfer of plant to the Contracting Authority (Ministry of Infrastructure and Energy) at the terms and technical conditions agreed.

2. Duration of the Concession

   The concession is granted for a period up to 35 years. The concession period may be extended in case of an Event of Force Majeure or as approved by the Council of Ministers.

3. The Concessionary Company

   Upon signing the concession agreement the concessionaire must establish a special purpose entity and pass all rights and obligations of the under concession contract to the new Concessionary Company. The Concessionary Company shall be organized as a Limited liability company or Joint stock company in accordance with the Albanian laws and shall conduct solely commercial activities under the terms of the concession contract. This company will operate until the duration of the concession agreement.

4. Features of the hydropower plant

   The concession clearly determines the name, location, number and technical terms of the hydropower plants and forecasted annual power production. The contract also determines the installed capacity plant.

5. Investment Value

   The concession agreement clearly states the total value to be invested by the Concessionaire in monetary terms and also the part that will be invested in machinery and equipment. Because of the estimated risk, the actual investment may change from the forecasted investment, however cannot be lower than 95% of the forecasted value.

6. Concession fee and re-investment value

   Concession fee is expressed as a percentage of the forecasted annual power production. The fee is fixed and no changes apply until the end of the concession agreement. After 15 up to 25 years from contract signing the concessionaire shall reinvest a portion of the initial investment (given in percentage) for machinery and equipment.

7. Contract guarantee

   The Concessionaire must issue a performance on behalf of the Contracting Authority at an amount that varies form 5% to 10% of the total investment value, depending on the contract negotiations. Such

will guarantee the proper construction of the plant and adherence to operation, maintenance and other the contract terms for the concession period.

8. Guaranteeing of Concession benefits

   In accordance with the market rules the operator may sign a power purchase agreement with the Public Wholesale Supplier and will sell the electricity to the latter with applicable tariffs, set by ERE.

9. Other terms related to the projects risks

   In the case of complex and risky projects, the contract foresees allocation of certain risks and related costs associated to construction of the plant and other project features between the public and private partners.

Concessions Register and contract disclosure

Until year 2013, the register of concessions was kept by the Contracting Authority in accordance with the old legislation of the concessions. The new law defines ATRAKO, established within the Ministry of Finance and Economy as responsible authority for maintaining the Concession Register.

ATRAKO published in its website the listing of concessionaries and full terms of the concession agreement: http://www.atrako.gov.al/?page_id=112

A copy of the hydropower concessions register is published by ALBEITI in its website: www.albeiti.org.

Monitoring the Concessions

MIE in association with AKBN are responsible for monitoring the implementation of concession and public private partnership contracts. AKBN reports to the Contracting Authority the situation of the concessions in the construction phase and related violations on quarterly basis. Currently, AKBN is in the process of evaluation of actual investment and installed capacity for concessions that have completed the construction phase and are in operation.

Licensing in power production

When HPP construction is completed, the Concessionaire undergoes a final technical review before applying for the power production license. ERE grants power production license based on regulations in force. Regulations and licensing practices for the production, trading and supply of power and the register of licensees for each type license is continuously published on the official website of ERE: www.ere.gov.al.

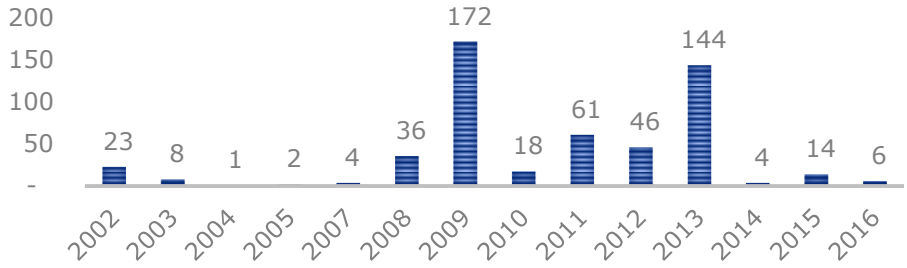
Reports published for the Power sector

In the first quarter of the following year, ERE publishes a comprehensive report on the state of the power sector through the reporting period. This Report includes information on a) generation, transmission and distribution of power, b) regulation and monitoring of operators in the power market, c) activity of licensing and handling of conflicts, d) legislation developments, e) Institutional and international relations on the power sector etc.

5.4 Concessions and private investments up to 2015

Based on data reported by AKBN[104], the Albanian state signed about 183 concession agreements for the construction of 545 HPP across the country during the period from 2002 to 2016. As shown in chart 34, 2009 and 2013 are marked as years with high concession activity.

Chart 34 - Number of HPP granted through concession (2002-2016)



Source: Concession register reported by AKBN / ERE report – www.ere.gov.al

Out of 545 HPPs under concession, 74 HPPs with installed capacity of 270 MW were in production and generated about 876 GWh during 2016.

Main concessions and private investments[105]

AKBN reports that during the years 2008 - 2011 Albanian Government signed concession agreements for the construction of six large hydropower stations as follows:

HPPs Ashta 1 and Ashta 2 on Drini River[106]

In 2008 the Government of Albania awarded a 35 year concession (build, operate and transfer - BOT) for construction of two hydropower plants Ashta 1 and Ashta 2 on Drini river that would utilize residual water released form HPP Vau i Dejes. The HPPs were completed and started production in 2013. The project brought a new technology with increased efficiency of water utilization, employing several small turbines instead of one large turbine. Investment of the project partners EVN AG and Verbund AG accumulate to EUR 200 million. Both HPPs have a total capacity of 53MW and are expected to generate an annual output of 240 GWh.

Ashta has signed a power buyout agreement with KESH, for the sale of power generated at prices regulated by ERE. In case the company does not deliver the daily budget (declared production), it will compensate KESH for the imbalances at market prices, and be compensated in case of reverse position.

Details of the project and investments are presented in Ashta's website: http://www.energji-ashta.al/.

HPPs on Devolli River[107]

In 2009, the Government of Albania awarded the right to develop three hydropower plants on Devoll river in Albania, through a Concession Agreement (build, own, operate and transfer - BOOT) to Devolli

[104] AKBN shared this information with use for the purpose of this Report.
[105] Source: "Hydro-energetic Potential" published by AKBN- www.akbn.gov.al
[106] Information presented in this section is derived from the Company's website - http://www.energji-ashta.al/
[107] Information presented in this section is derived from the Company's website - http://www.devollhydropower.al/

Hydropower Sh.a. (Devolli HPP) owned by Statkraft Markets B.V. for 75 years.

Currently, the project consists of building two hydropower plants, Banja and Monglice in the valley of Devoll, with an installed capacity of 256 MW. The power plants are expected to generate an annual output of 729 GWh, which represent an increase of 15% compared to domestic output in 2014. HEC Banja was completed and entered in production in 2016, while HEC Mongolica is expected to be completed in 2018. Upon successful completion of the two HPPs, DHP will consider investing in a third HPP on Devoll River.

Devolli HPP will sell the power generated at prices negotiated in the power market. Details of the project and investments are presented in DHP website: http://www.devollhydropower.al/

HPP "Kalivaç" on Vjosa River

In May 2017, after terminating an unsuccessful concession granted to Becchetti Energy Group (BEG SPA), the Government of Albania granted a new BOT concession for the HPP Kalivaç.

The winning bid was awarded to the joined venture between Ayen Enerji A.S. and Fusha Sh.p.k. qualifying with the highest points (95). The concessionaire will build on HPP with installed power of 111 MW expected to produce 366 GWh per annum. The concession fee is set at 2.1%.

HEC Ulza, Shkopet, Bistrica 1 and Bistrica 2

KESH owned and operated the medium sized HPPs of Ulez, Shkopet and Bistrica 1 & 2 with a total installed capacity of 78 MW. These HPPs were sold to Kurum International Ltd in the second semester of 2013 for price of USD 130 million.

5.5 Value generated by the power sector

Revenue generated through sale of energy amounted to ALL 27,245 million[108] (equivalent to USD 219.5 million) in 2016. Domestic energy needs are fulfilled through domestic output and imports of energy. Table 17 below presents an estimation of the value created collectively by the activities of power generation, supply, transmission and distribution.

In ALL million		2010	2011	2012	2013	2014	2015	2016
Sales of power produced from private & concession HPPs (i)		1,118	1,008	2,590	6,629	8,139	8,026	10,822
Public power producer (KESH) (ii)		20,614	23,620	(2,683)	7,221	13,503	23,989	30,070
Power transmission and capacity allocation (OST) (iii)		3,895	4,415	5,767	5,534	6,417	6,394	5,714
Distribution and universal supplier (OSHEE) (iv)		24,588	(7,366)	12,990	16,237	976	8,766	8,144
Total in ALL million		**50,216**	**21,677**	**18,665**	**35,622**	**29,036**	**47,174**	**54,750**
Value created vs. GDP in %[109]		**4.1%**	**1.7%**	**1.4%**	**2.6%**	**2.1%**	**3.3%**	**3.7%**
(a)	Domestic power output *(GWh)*[110]	7,674	4,036	4,725	6,959	4,726	5,866	7,136
(b)	Domestic use of power *(GWh)*	(4,606)	(5,032)	(4,369)	(4,551)	(5,011)	(5,069)	(5,108)
(c)	Network losses *(GWh)*	(2,167)	(2,179)	(3,250)	(3,306)	(2,783)	(2,196)	(1,986)
(d)	Import / export *(GWh)*	(901)	3,174	2,895	898	3,067	1,399	42
Network losses vs. % total available energy (a+d)		**32.0%**	**30.2%**	**42.7%**	**42.1%**	**35.7%**	**30.2%**	**28.04%**

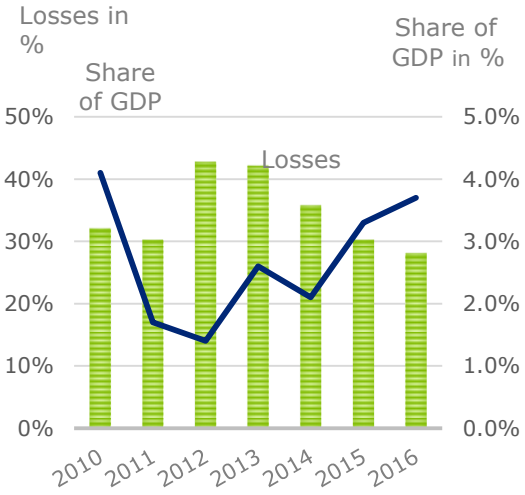
Table 17 – Value created collectively by the activities of power generation, supply, transmission and distribution in Albania

i. Information is based on revenue disclosed in ERE report. (Source: ERE reports for the years 2010-2016).
ii. Value derived as revenue generated from sale of energy less costs incurred for the purchase of energy. (Source: Financial Statements KESH).
iii. Value derived based on revenue generated from energy transmission and allocation of transmission capacities. (Source: Financial Statements OST).
iv. Value derived as revenue generated from sale of energy less costs incurred for the purchase of energy. (Source: Financial Statements OSHEE).

The contribution of the hydropower sector, including generation, transmission and distribution is estimated to be about ALL 54.75 billion (equivalent to USD 441 million) or 3.7% of GDP in 2016. As shown in chart 35, during the years 2010-2016, the sector contribution to GDP did fluctuate significantly and reached its lowest peak at 1.4% in 2012 when network losses were about 42.7%

Fluctuations in the net income generated by KESH and OSHEE arise due to their public duties to secure power supply to all customer tariffs at regulated prices and procure additional energy to close the domestic

Chart 35 - Share of GDP% vs. network losses in % 2010-2016



Source: GDP stucture and Power Balance, INSTAT

[108] Value derived by adding revenue generated by KESH (ALL 16,423 million) shown in the annual audited financial statements and revenue generated by the private and concession HPPs disclosed in ERE annual report for 2016.
[109] Source: "Gross Domestic Product by economic sector activity" INSTAT – www.instat.gov.al
[110] Source: "Electrical Power Balance, 2000-2016" INSTAT – www.instat.gov.al

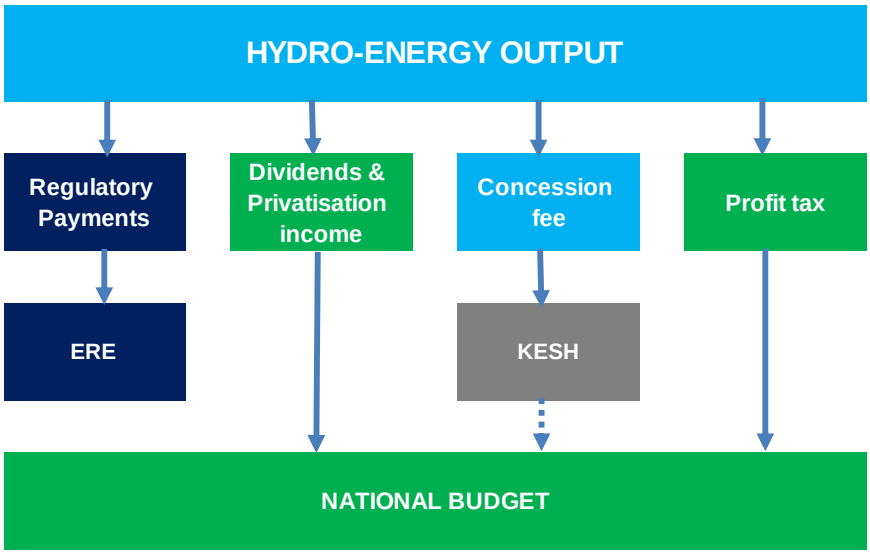
power deficit at market prices. Both entities sell the energy at regulated prices below the energy costs procured through imports.

5.6 Revenue from the Power sector

The Albanian Government receives its share of the value created from the hydro-energy sector through:

- Taxation of activities
- Tariffs / fees and
- Dividends or profit from selling of direct investments in hydropower sector

Figure 12 - Allocation of revenue from the hydro-energy sector



Main revenue streams contributed by the hydropower sector are analysed in the following:

Table 18 - Main revenue streams contributed by the hydropower sector

	Fiscal revenue in MALL	Fiscal revenue in M$	Structure in %	State's Budget	KESH	ERE
Tax on profit	1,181.5	9.5	24.50%	9.5	-	-
VAT	1,519.6	12.2	42.90%	12.2	-	-
Payments for social and health insurance and personal income tax	515.4	4.2	14.20%	4.2	-	-
Personal income tax	372.6	3.0	9.20%	3.0	-	-
Tax on dividend	16.1	0.1	0.40%	0.1	-	-
Tax penalties	4.0	0.0	0.20%	0.0	-	-
Concession tariff	688.6	5.5	5.70%	-	5.5	-
Payments for licenses and regulation	116.8	0.9	3.00%	-	-	0.9
Total	**4,415**	**36**	**100.00%**	**22.9**	**1.4**	**0.8**

These revenues comprised about 0.9% of total revenue recorded in the State's budget in 2016.

Concession fees and contract related income

Concession fee is paid to the Contracting Authority as a percentage of the value of annual power output generated from the HPP and any other benefit arising from the agreement. This percentage is a confidential part of the agreement and differs in various concessions. The fee is calculated as a percentage on each monthly bill for power sold to KESH, and is collected by KESH on behalf of the Contracting Authority, in accordance with Order No. 4 dated January 9, 2012 of the Minister of Economy, Trade and Energy, responsible for the energy sector at that time.

Other income arising from HPP agreements

In addition to concession fee, HPP concessions may generate significant penalties for non-compliance with concession and PPP agreement

Penalties are negotiated as part of the contract negotiations. The concession agreement stipulates penalties for:

- Breach of the deadlines for the submission of the construction project;
- Breach of the terms and conditions of the contract;
- Failure to invest at least 95% of the contracted value;
- Failure to install capacity agreed;
- Failure to produce the annual power output compared to forecasted output, etc.

Contracting Authority benefits the contract guarantee up to 10% of the investment value, if the contract is terminated, as a result of the failure of the private partner to fulfil the contractual terms.

MIE did not report income from penalties in 2016.

Income from investments and privatization of state-owned companies

Power sector is dominated by State-owned companies. As a Shareholder, the State receives dividends distributed out of the companies' net profit and income and revenues from partial or complete sale of its shares. MIE and MEDTTS did not report material income from the privatization of public entities or sale of their sale of assets during 2016.

Tax on profit

Tax on profit is levied from the General Directorate of Taxes as a percentage of the company’s net profit at 15% of the company’s net profit. Full requirements of this Law apply to the hydropower sector.

VAT

Value Added Tax (VAT) is payable at 20% of taxable sales in the country based on the Law no. 92/2014 “On Value Added Tax”. VAT on exports is taxed at 0%. VAT represent a material revenue stream in the power sector, as a result of dominated domestic sales.

Tariffs for licensing and regulation of the power sector

All tariffs for licensing on production, trade, supply and distribution of power are paid at the time the license is granted, modified or transferred as set by ERE. ERE collects from the licensee annual regulatory fees, which are derived on the basis of revenue generated from the licensed activity. These revenues are part of the budget of ERE and are used to cover the operating costs of the institution.

6. Revenue allocation

Subnational transfers of royalty comprise the main revenue allocated. 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, 5% of royalty tax collected shall be allocated to each local government unit ("LGU") in proportion with their contribution to the domestic output of oil, gas and mining.

Instruction no. 26, dated 4.9.2008 "On national taxes", as amended, sets the reconciliation procedures necessary to ensure accurate allocation of royalty. Accordingly, at the end of month each LGU is responsible to:

- maintain an updated list of the extractive oil and mining companies operating in its administered area;
- collect information from the extractive companies on the royalty payments made to the tax and custom authorities during the month;
- collect information from the regional directorate of taxes and customs on royalty payments collected during the month, and
- agree amounts reported made by the extractive companies to those reported by the regional directorate of taxes and customs.

Afterwards, the regional directorates of taxes and customs submit within 5 days from the end of the reporting month, the analytical list of royalty agreed with each beneficiary LGUs to the Directorate of Budget at Ministry of Finance, which initiates monthly transfers of royalty to LGUs.

For certain oil companies, which operate simultaneously in several LGUs the instruction no. 26 provides specific weights for sharing royalty among the LGUs, based on the generating oil and gas fields.

The following table presents the subnational transfers made so far out of royalty collected for the year 2016.

Table 19 – Royalty collected and transferred 2016

Amounts in ALL million

Total royalty	3,542
Transferable royalty @ 5%	177
Royalty transferred (*)	153
Difference	(24)

(*) This amount include royalty transferred so far out of the collected royalty for the year 2016, including subnational transfers made in 2016 and 2017.

Total royalty payments in 2016 amount to ALL 148 million, where ALL 2.8 million were paid in January 2016, out of the royalty collected in December 2015. In January 2017, the MFE made subnational transfers of royalty of ALL 8.4 million, out of the royalty collected in December 2016.

Royalty is the main tax levied by the State from the extractive sector in the country.

Starting from 2015, 5% of the royalty collected and recorded in the National Budget will be allocated to the producing LGUs.

Based on the data reported by the Ministry of Finance, Custom authorities and tax authorities' sub-national royalty payment comprised about 4.3% of total royalty payments levied in 2016 (2015: 3.5%). The amount of ALL 24 million is not yet allocated to the generating LGUs at the date of this report.

Ministry of Finance explained that LGUs are responsible to initiate the process through reconciliation procedures and that the amount not yet allocated were not claimed by the LGUs.

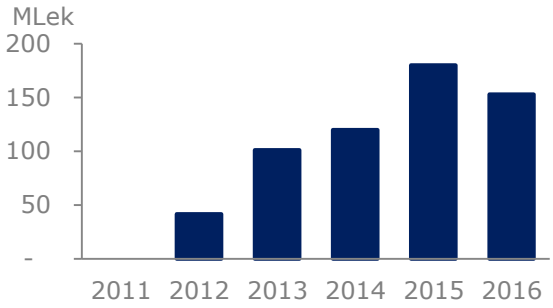
These underpayments, might be explained to a certain extend from the value added by the resellers who buy the minerals from the licensees and resell those in export or domestic markets. Resellers may be not part of the list of companies maintained by the LGUs, and hence are not part of the monthly reconciliation procedures.

The analysis of company-by-company royalty payments, revealed that 196 private entities not licensed in extraction of oil, gas and mining made royalty payments amounting to ALL 140 million in 2016.

Chart 36 shows the trend of subnational royalty for the year from 2011 to 2016.

Up to 2014, only oil producing countries could benefit from the subnational transfers of royalty and no clear correlation could be made between royalty collected and subnational transfers. Since 2015, royalty transfers procedure provide clear references for allocation and led to increased level of subnational transfers of royalty. These transfers will be even higher when the royalty for 2015 is fully allocated to the producing LGUs.

Chart 36 - Subnational transfers of royalty 2011-2016



Source: EITI reports 2011-2016

Reconciliation of subnational transfer of royalty

In 2016 the MSG selected seven LGUs, which represent major extracting districts in Albania. These included the Municipality of Fier, Patos, Roskovec, Kukes and Kruje, as presented in table 20 below:

Table 20 – Reconciliation of subnational transfers of royalty

Municipality	Royalty claimed by the LGU	Transferred as per MFE	Difference
Bulqizë	28,759,884	24,504,592	*4,255,293*
Krujë	*Not reported*	2,672,631	
Patos	42,579,479	43,525,958	*(946,479)*
Prrenjas	465,143	202,369	*262,774*
Roskovec	29,383,861	38,556,377	*(9,172,516)*
Kukes	*Not reported*	262,079	
Fier	*Not reported*	24,907,622	
Total sub-national transfers of royalty		**134,631,628**	

Table 21 lists all subnational transfers of royalty made in 2016, informing on whether the transfers related with royalty collected in 2015, 2016 and 2017.

Table 21 – Listing of subnational transfers of royalty made in 2016

No.	Local Government Units	Total subnational transfers of royalty in 2016	Subnational transfers of royalty in 2016 for the year 2015	Subnational transfers of royalty in 2017 for the year 2016	Total subnational transfers of royalty made out of royalty collected in 2016	In % to total transfers out of 2016 royalty
1	Berat	31,120	-	570	31,690	0.02%
2	Bulqizë	24,504,592	1,509,265	243,062	23,238,389	15.14%
3	Cërrik	43,312	12,923	23,400	53,789	0.04%
4	Devoll	37,115	-	-	37,115	0.02%
5	Dibër	38,183	4,976	-	33,207	0.02%
6	Durrës	73,332	-	2,848	76,180	0.05%
7	Elbasan	623,817	62,819	-	560,998	0.37%
8	Fier	24,907,622	839,586	1,439,213	25,507,249	16.62%
9	Gramsh	26,960	1,884	-	25,076	0.02%
10	Has	91,297	-	92,340	183,637	0.12%
11	Himarë	47,211	7,163	8,845	48,893	0.03%
12	Kamëz	6,801	-	-	6,801	0.00%
13	Kavajë	28,049	5,271	7,837	30,615	0.02%
14	Klos	427,110	76,102	-	351,008	0.23%
15	Kolonjë	9,387	-	-	9,387	0.01%
16	Korçë	87,790	16,475	4,730	76,045	0.05%
17	Krujë	2,672,631	-	134,246	2,806,877	1.83%
18	Kuçovë	180,729	2,018	-	178,711	0.12%
19	Kukës	262,079	-	86,446	348,525	0.23%
20	Kurbin	60,866	-	2,059	62,925	0.04%
21	Lezhë	594,431	59,971	22,151	556,611	0.36%
22	Librazhd	129,656	-	24	129,680	0.08%
23	Lushnje	5,061,371	-	359,803	5,421,174	3.53%
24	Malësi e Madhe	48	-	-	48	0.00%
25	Maliq	3,339	-	-	3,339	0.00%
26	Mallakastër	3,319,572	131,971	158,139	3,345,740	2.18%
27	Mat	65,513	6,229	96,620	155,904	0.10%
28	Mirditë	437,075	-	-	437,075	0.28%
29	Patos	43,525,958	4,274	3,108,525	46,630,209	30.38%
30	Përmet	11,123	-	-	11,123	0.01%
31	Pogradec	93,152	-	-	93,152	0.06%
32	Polican	24,616	-	331	24,947	0.02%
33	Prrenjas	202,369	-	-	202,369	0.13%
34	Roskovec	38,556,377	-	2,446,662	41,003,039	26.72%
35	Selenicë	511,005	7,233	-	503,772	0.33%
36	Shijak	73,314	-	5,473	78,787	0.05%
37	Shkodër	82,438	10,275	1,291	73,454	0.05%
38	Skrapar	319,141	-	59,814	378,955	0.25%
39	Tepelenë	18,205	17,550	-	655	0.00%
40	Tiranë	323,827	14,042	50,391	360,176	0.23%
41	Tropojë	189,405	-	-	189,405	0.12%
42	Ura Vajgurore	136,353	13,894	-	122,459	0.08%
43	Vau i Dejës	93,798	44,761	-	49,037	0.03%
44	Vlorë	806	-	-	806	0.00%
45	Vorë	35,261	-	5,248	40,509	0.03%
	TOTAL	**147,968,156**	**2,848,680**	**8,360,068**	**153,479,544**	**100.00%**

7. Data quality, assurance and disclosure

7.1 Quality and assurance of data

EITI standard 4.9 (a) requires that flows compiled in the annual EITI report are reliable and subject to assurance in line with international standards on audit. The MSG suggested asking the reporting licensees to provide assurance on the EITI reported numbers, via the approved terms of references for the year 2016. Assurance on EITI reported data comes with additional challenges and costs in Albania, because no special audit requirements are imposed with regard to the numbers reported under EITI. Moreover these data cannot be easily agreed and corroborated with audited financial statements and other publically available financial statements.

No special audit requirements apply to licensees operating in the extractive sectors and public institutions providing supervision and oversight to the extractive sector.

Assurance and reporting requirements for incorporated entities in Albania

Accounting standards applied

Current regulatory provisions in Albania require incorporated entities to apply either International Financial Reporting Standards (IFRS) published by International Accounting Standards Board (IASB) or the National Accounting Standards (NAS) published by the National Accounting Council for statutory accounting and reporting purposes. The NAS were initially derived as a simplified version of IFRS and subsequently amended to comply with the IFRS for SMEs, which is a simplified version issued for adoption by smaller entities and with less complex activities. In line with accounting law in 2016, all incorporated entities in Albania had to adopt the IFRS, either the full set of standards or the simplified version for SMEs.

Auditing standards applied

All incorporated entities including Join stock companies ("JSC") and Limited liability companies ("LLC") are subject to statutory audit, except, if the LLC is classified as smaller entity based in accordance with the definition provided by article 41 of the Law on Audit no. 10091 "On statutory audit, organization of the registered auditor and chartered accountant profession", dated 5 March 2009, as amended. According to this law, smaller entities are those who meet two of the following criteria:

- Total assets are lower than ALL 50 million;
- An average of no more than 30 persons are employed; and
- Annual revenue does not exceed ALL 100 million.

In addition, the law requires that all entities electing to report under IFRS for statutory purposes, including smaller entities that voluntarily adopt IFRS, to undergo through statutory audit.

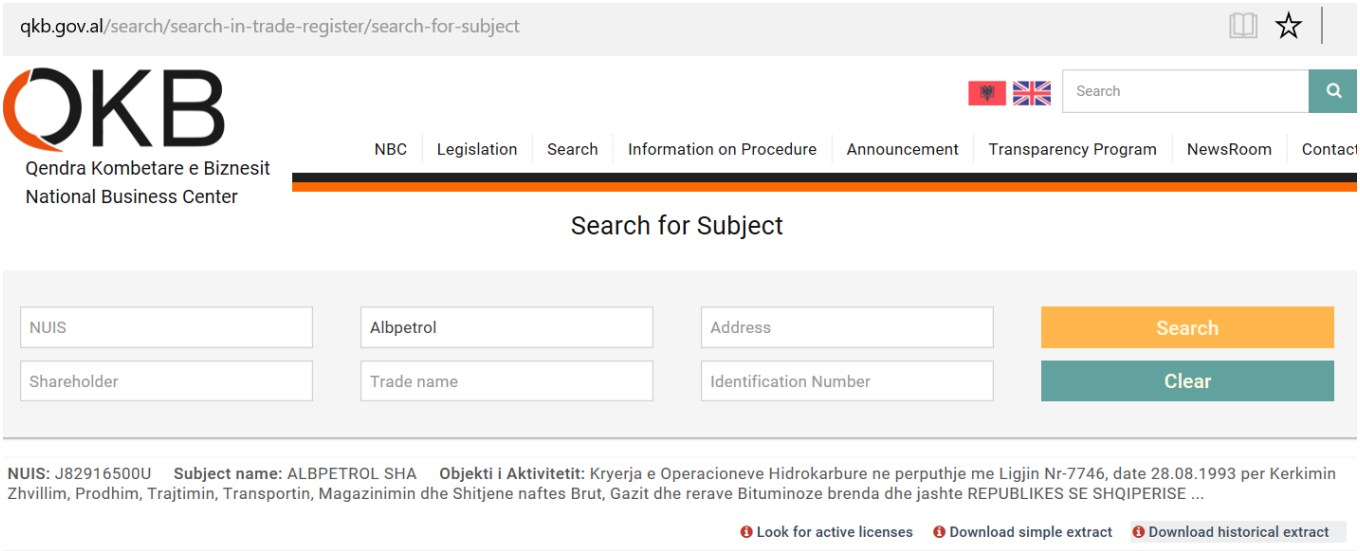
Entities registered as branch of foreign corporations are not subject to statutory audit procedures, unless they voluntary elect to be audited.

International Standards on Audit issued by the International Auditing and Assurance Standards Board (IAASB: https://www.iaasb.org/) are applicable on all external audit and assurance engagements performed by licensed auditors in Albania. The professional auditor and accounting body (the Institute of Authorized Chartered Auditors of Albania, IEKA: www.ieka.org) is a member of the International Federation of Accountants (IFAC: www.ifac.org) since year 2000.

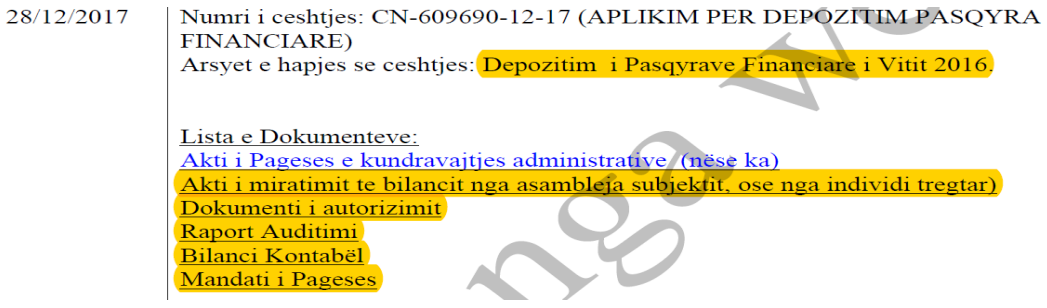
Accounting transparency provisions in Albania require all entities registered in Albania to submit their financial statements and audit reports, when subject to statutory audit, to the National Business Centre (www.qkb.gov.al) within July 31 of the subsequent calendar year. The annual financial reporting together with legal ownership information are published and can be freely accessed by all interested parties at the NBC official website (link: http://qkb.gov.al/search/search-in-trade-register/search-for-subject/).

Instruction for accessing and downloading financial statements from the NBC website

Input the NUIS number as indicated below and search for the commercial register extract and licenses attached to the NUIS number. Company name, shareholders etc. can be used for search, alternatively to the NUIS number.



Download the historical extract and scroll down through the history of uploaded decisions and financial statements. As shown below, links to the financial statements is embedded in the historical extract document and these documents can be downloaded by clicking on the indicated links.



Currently-in-force accounting and audit laws do not foresee special requirements for disclosure or audit of the key performance indicators or EITI reporting of the concessions and licenses granted for the extractive sector in Albania.

Analysis of the situation in 2016

For the year 2016, only 135 out 141 selected reporting entities had published their financial statements at the NBC web portal. One reporting entity did not publish its financial statements at the NBC, however did submit those together with EITI reporting.

In general financial statements disclose limited information on the level of production, investments made and the assessed reserves. Out of 136 entities only 65 had their financial statements audited in 2016. Out of 65 entities undergoing through statutory audit, 8 had modified audit opinions on the 2016 financial statements. These included: Albpetrol Sh.a., Phoenix Petroleum Sh.a., Kurum International sh.a., Brisel Sh.p.k., Al-Gem sh.a., T.M.C - Transport - Mining – Construction, KESH and Power Elektrik Slabinje sh.p.k.

Number of selected reporting entities by sector	Number of reporting entries that published financial statements for 2016	Number of reporting entities that published audit opinions for 2016	Number of reporting entities having qualified opinions for 2016
Oil and gas	9	4	2
Mining	115	50	3
Hydro-energy	12	11	3
Total	**136**	**65**	**8**

Basis for modified opinion included different matters. However auditor's inability to confirm inventory balances was the most frequent reason for a modified opinion in case of oil and mining companies, including Albpetrol. Inability to confirm inventory balances ultimately affects the opinion on production and revenue level. In three cases the auditor's ability to confirm inventory balances was limited because the auditor was appointed after the year end. Entities can avoid this limitation by appointing the auditor earlier and prior to year-end.

Please refer to Appendix 6 for the full list of reporting entities publishing their financial statements and audit reports in the NBC web portal.

Assurance on EITI numbers

The reporting entities were requested to provide assurance report issued by their statutory auditors or selected auditor confirming the completeness and accuracy of the flows disclosed in the EITI reporting templates. The reporting entities were instructed to apply international standards on audit in performing the assurance engagement.

At the date of this report only 17 out of 121 entities who reported for 2016, submitted an assurance report. Total number of flows assured amounts to ALL 5.7 billion and accounts for 39% of the total flows reported by the licensees in 2016.

Bankers Petroleum was the only oil company submitting an assurance report on the EITI reported flows in 2016.

Please refer to Appendix 6 for the full list of reporting entities providing assurance on EITI numbers for the year 2016.

Regulatory reporting and audits

Entities engaged in the extractive sector of oil and mining and hydropower sector are required to report to AKBN information on:

- Investments performed
- Level of production
- Quantities and value of sales
- Civil works performed
- Rehabilitation of the environment
- Change in reserves,
- Etc.

AKBN performs its own audit of the performance of the petroleum agreements, mining licenses and hydropower concessions operating in Albania. Supervision methods and audit procedures selected by AKBN are not disclosed.

Based on inquires with representatives of AKBN, we understand that AKBN's audits aim to monitor compliance with financial and environmental covenants of the licenses and / or concessions.

AKBN informed that statistics on commodity output, reserves, and employee number submitted for the purpose of this report are derived from self-declarations submitted by the licensees to AKBN as part of annual reporting and are not confirmed through any assurance process.

In addition to AKBN, Albpetrol is actively engaged to monitor the production and operations of the entities operating a license under its administration. These include all licenses operating a production oil-field. Albpetrol is focused on monitoring the compliance with the covenants of the agreement and settlement of contractual obligations to Albpetrol.

Output of the hydropower sector is measured and reported by the operators of the distribution and / or transmission network as hydropower producers connect to these networks. Connection points are equipped with meters measuring power flows. In addition, hydropower produces reconcile the power flows transmitted to the power distribution and transmission network, regularly.

AKBN collects and collates the balance of power inflows and outflows by each power produces and network operator and produces a power balance report for the sector.

Audit of government entities

Government entities in Albania are subject to performance and compliance audits performed by the Supreme State Auditor in Albania. These audits are performed in accordance with laws and regulations of the Office of the Supreme State Auditor, and with the standards and guidelines of the Office of the Supreme State Auditor, which are based on the INTOSAI standards for government auditing (http://www.klsh.org.al/). The compliance and performance audits are published and can be freely accessed by all interested readers in the SSA website: http://www.klsh.org.al/web/Raporte_Auditimi_201_1.php

The following government entities were selected to report EITI flows for the year 2016:

Government entity	Reported flows for 2016	Assurance on EITI flows
General Directorate of Taxes	Yes	No
Albanian Custom Administrate	Yes	No
AKBN	Yes	No
Albpetrol	Yes	No
MIE	No	No
Municipality of Fier	No	No
Municipality of Bulqizë	Yes	No
Municipality of Krujë	No	No
Municipality of Patos	Yes	No
Municipality of Prrenjas	Yes	No
Municipality of Roskovec	Yes	No
Municipality of Kukes	No	No

We read the reports published by the SSA during 2017 and 2016 for the public institutions and SoEs operating in the energy and resources sector and did not identify any finding which might affect the accuracy and comprehensiveness of the EITI report numbers. The scope and frequency of these reports, however, is not appropriate to provide assurance on the data and numbers reported by the public institutions and included in this report.

Albpetrol was the only public entity producing annual financial statements which were subject to statutory financial audit. None of the other public institutions did provide annual financial statements.

Analysis of Albpetrol's audited financial statements

Albpetrol's audited financial statements for the year 2016 were compared to the extent possible with the flows and data reported by Albpetrol for the EITI report.

Tax payments reported by Albpetrol could not be reconciled with the information presented in these financial statements, due to different basis of reporting (accrual vs cash basis) and lack of detailed disclosures on the flows presented in the Albpetrol's financial statements.

Moreover we noted that assurance provided by the statutory auditor on Albpetrol's inventory and sales in 2016 was limited due to the auditor's inability to participate in the inventory count at year end. As a result of this

limitation, the Albpetrol's statutory auditor did not express an opinion on the revenue reported by Albpetrol for year 2016.

Assurance on Albpetrol's revenue and inventory is a paramount to transparency. In this context, the MSG shall consider asking Albpetrol to appoint its auditor earlier and grant the auditor all necessary accesses in order to avoid such limitations in assurance on its annual revenue.

Reconciliations of Albpetrol's sales

In line with EITI requirement 4.2, in attempt to increase the accuracy and completeness of commodity trading data, the MSG agreed to reconcile quantities and values of crude oil sold from Albpetrol to its contractors.

The reconciliation template also included open questions to trace and any disagreements between Albpetrol and its contractors.

However the procedure was not successfully implemented because Albpetrol could not provide access to its contactors. One of the reason brought was time elapsed since the contract termination etc.

Involvement of SSA for government entities

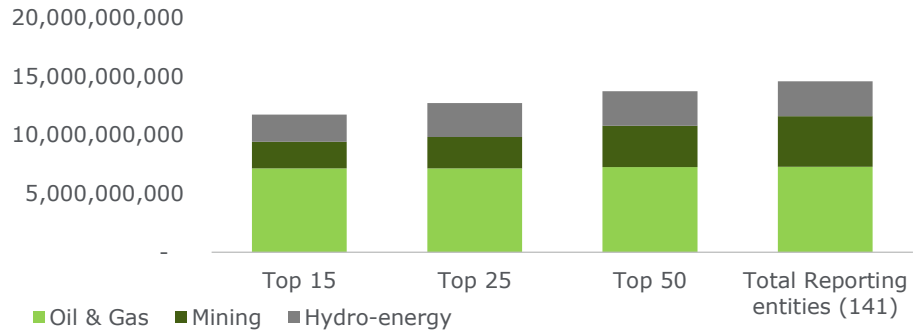
As noted above government entities including the General Directorate of Taxes, Albanian Custom Administration, AKBN, Local government units etc., do not publish annual financial statements or undergo through annual financial audits. However these entities provide key input for the numbers reported under EITI. In order to increase assurance of the numbers reported by these government entities, the MSG may consider engaging the Supreme State Auditor to perform specific audit procures and provide assurance on EITI reported numbers.

As concerning assurance on the numbers reported by Albpetrol the MSG may either require Albpetrol to engage its statutory auditor to perform additional procedures on EITI numbers or engage the SSA to perform specified audit procedure in this regard.

Analysis of level of assurance of the data presented in this report

Chart 37 below presents a structural analysis of flows reported by the selected licensees. Flows reported by the largest 50 licenses comprise over 94% of total flows selected for reconciliation among 141 licensees.

Chart 37 – Structure of the reported flows

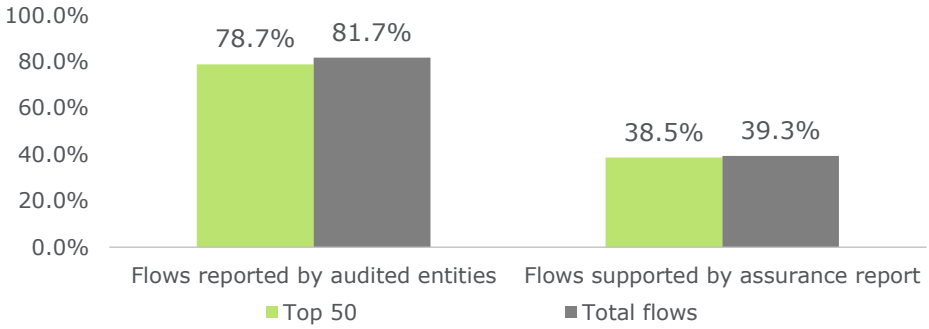


This analysis shows that material flows selected for reconciliation under EITI are paid by a significantly lower number of reporting entities. In this context, for efficiency purposes the MSG may consider changing the threshold and ask only the largest entities to report under EITI.

As shown in chart 38, the largest 50 licensees by reported flows, have undergone through statutory audit in almost all cases and in addition

provided specific assurance on EITI numbers for 38.5% of the reported flows.

Chart 38 – Assurance over the reported flows



Reporting entities, which have not undergone a statutory audit in 2016, were typically smaller and within the thresholds set by the audit regulatory requirements in Albania.

The following presents an analysis of risks attached to each reported flow and the overall level of assurance on the EITI flows for the year 2016.

Fiscal payments made to the Tax and Custom authorities

Fiscal payments comprise the largest share of cash flows paid by the companies engaged in the extract sector and hydro energy sector. These payments comprise over 80% of the total flows reconciled in this report.

Fiscal payments are either made to the tax authorities or custom authorities and include:

- Tax on profit
- Royalty
- Payments for social and health insurance
- Payments for employment tax
- VAT
- Tax on dividend
- Tax penalties
- Etc.

Fiscal payments are highly regulated by law and regulation that introduce clear requirements and instructions on taxes applied. Any omission in tax reporting and delays in paying taxes are subject to heavy penalties and interest.

Licenses monitor and reconcile their tax payments and liabilities, on a regular basis through dedicated online access to the tax system.

The likely chances of omissions in EITI reported taxes is very low due to high regulation of these payments and active engagement of the fiscal agents in fighting tax evasion. Due to this fact the paying licenses are keen to report all payments made and have these numbers agreed to the fiscal agents reporting.

The nature or errors and inconsistencies that have arisen during the past and current EITI reconciliations of fiscal payments were typically:

- Payments reported on accrual versus cash basis
- Payments reported on an aggregated versus disaggregated basis
- Amounts forgotten in the initial reporting
- Misclassification of tax payments with related tax penalties
- Etc.

Most of the errors were solved by reconciliation and analysis performed on a payment-by-payment basis. Fiscal payments reported by both parties for the year 2016 were reconciled to 98% of the flows reported. Reconciliation procedures performed are not aimed to uncover fiscal evasion. However this risk is mitigated by the fact that 78.7% (chart 38) of flows were reported by entities that have undergone through statutory audit.

Considering the facts listed above and level of reconciled numbers any remaining omission or misstatement uncovered by the reconciliation would not significantly affect the comprehensiveness of the EITI Report.

Bonuses collected from AKBN and Albpetrol

Bonus payments made to AKBN and Albpetrol based on the current petroleum agreements in force comprise 0.3% of the flows reported. Their share has been lower than 1% of the reported flows over the past 5 years. The petroleum agreements for Albanian operations accessed in the web, have not revealed substantially higher amounts in order to cast doubts on any omission of payments reported in 2016 and over the past five years.

Moreover, Banker Petroleum submitted an assurance report on the EITI reported flows, giving an assurance level of 35% of bonus payments reported for 2016.

Considering the relatively low materiality of this payment flow and level of assurance achieved, any omission or misstatement would not significantly affect the comprehensiveness of the EITI Report.

Share of oil payments made to Albpetrol

Share of oil payments are made to Albpetrol based on PSAs in production phase and comprise 8% of total payment flows reconciled in 2016. Albpetrol collects these payments in oil at the Company's production site. Bankers Petroleum, the largest oil producer, was the only oil company submitting an assurance report covering all payment flows reported in 2016. Payments reported by Bankers Petroleum comprise 45% of total share of oil payments reconciled in 2016.

All share of oil payments reported in 2016 by the licensees and Albpetrol were fully agreed and reconciled and there was no history of unexplained misstatements over the past five years. In addition companies and Albpetrol undergo through periodical reconciliations of oil payments every year including 2016.

Considering the relatively low materiality of this payment flow, the level of assurance provided, and history of misstatements over the past five years, any omission or misstatement uncovered would not significantly affect the comprehensiveness of the EITI Report.

Other payments made to State

Other payment to the State comprise 9% of the total payments flows reported and reconciled in 2016. Out of these payments, 90% are fiscal payments made to the custom authorities for the imports of diluents and

other oil by-products used by the oil companies for the extraction of crude oil and the mining industrial companies in their smelting processes. The reporting entities provided assurance reports amounts comprising 59% of the flows reported and reconciled in 2016 for this payment stream.

Considering the highly regulated nature of these type of payments, the low risk of misstatement and the level of assurance provided by the reporting entities, any omission or misstatement uncovered would not significantly affect the comprehensiveness of the EITI Report.

Other payments made to the LGU

Other payments to the LGU comprise local taxes reported by the reporting entities for seven selected LGUs including the Municipality of Fier, Patos, Bulqizë, Roskovec, Prrenjas, Kukes and Kruje, which represent major extracting districts in Albania. These payments comprise 2% of the total payments flows reported and reconciled in 2016.

The reporting entities provided assurance reports amounts comprising 61% of the flows reported and reconciled in 2016 for this payment stream.

Considering the relatively low materiality of this payment flow and the level of assurance provided, any omission or misstatement uncovered would not significantly affect the comprehensiveness of the EITI Report.

Subnational transfers of royalty

Based on the MSG decision, the subnational transfers of royalty were reconciled for the seven LGUs selected including: the Municipality of Fier, Patos, Bulqizë, Roskovec, Prrenjas, Kukes and Kruje, which represent major extracting districts in Albania, which collectively comprise 91% of the subnational transfers of royalty made in 2016.

LGUs reported amounts claimed against the Ministry of Finance, instead of the actual transfers receipt. The amount claimed was compared with the transfers declared by the Ministry of Finance. The results of the reconciliation show that payments transfers were higher than the amount claimed in case of oil extracting districts and lower than the amount claimed in other mineral extracting districts (chapter 6). Entities did not provide clarification details to the date of this report.

None of the entities reporting was subject any assurance procedure. The MSG could benefit from the involvement of SSA to provide assurance in this area.

7.2. Information reported and level of disaggregation of information

Disclosure of flows by entity and payment stream

EITI Reporting in Albania for the mining and petroleum sector are regulated respectively, through Law No.10304 "On the Mining sector in the Republic of Albania", dated 15 July 2010 (as amended in March 2015) and Law No. Law no.7746 "On Petroleum (Exploration and Production)" dated 28 July 1993 (as amended in October 2014).

Both laws demand reporting of flows made from the licensees operating in the oil and mining sectors and the recipient counterparties including the General Directorate of Taxes, Albanian Custom Administration and the central and local public institutions collecting revenue from the sector. EITI reporting requirements for the recipient Government institutions currently conflict with their statutory duty to maintain confidentiality over the information obtained in terms of their regulatory duties. This confidentiality provisions, referred to in the laws applicable to tax and custom procedures

in Albania, allow access to the data only upon explicit consent from the Licensee. Government bodies may exchange the data under strict confidentiality terms.

Current regulatory enforcement does not address forms of reporting with regard to cash flows and contextual information. An initial version of the reporting template applicable to reporting from the mining sector is approved via DCM no. 233 on 23 March 2011. Because approved before the publication of new EITI standard in 2016, the form fails to address many aspects of current reporting requirements such as publication of data on a disaggregated level and assurance process.

In order to overcome this barrier, the reporting templates included a letter granting explicit consent of the licensee:

- to the recipient public entities for reporting of information on licensees, which classified as confidential under governing laws, regulations and agreements;
- to allow publication of the concerning cash flows by payments stream by licensee on a disaggregated level in the EITI report.

However due to significant delays in the reporting process from both licensees and recipient public institutions, this procedure resulted not to be effective for the purpose of this reporting as we received signed official confirmations from 58 out of 102.

Considering the low number of signed official confirmations, we sent a negative confirmation by email:

- explaining to the reporting entities that the information reported for the EITI reconciliation process in 2016 would be published in the EITI report disaggregated into the level of taxes paid by each licenses; and
- asking reporting entities to express their explicit non-consent in case they did not agree on the disaggregated disclosure of their reported flows.

Reporting entities were allowed one month time to respond. Only 3 out of 44 reporting entities, gave their explicit non-consent. As a result, the flows pertaining to these three reporting entities were aggregated and presented in total in the Annexes of this report.

Forthcoming regulatory changes

The Government of Albania is in process of issuing a new law on EITI implementation in Albania. This new law sets the roles, definitions, reporting requirements and timeline for reporting.

According to the draft law, private and public entities operating in the sector will report the payments and information requested by the secondary regulatory act that will accompany the law for the purpose of the EITI reporting not later than March 31 of the subsequent calendar year. In addition to the flows, regulatory public entities shall report, on an ongoing basis, contextual information on the sector regulation and activity.

The MSG informed that the law is under review and is expected to be finalized in 2018.

Disclosure of beneficiary owners

EITI standard amended in 2016, requires that by 1 January 2020, all implementing countries must ensure that corporate entities that bid for, operate or invest in extractive assets disclose the identity of their beneficial

owners. It is recommended that the beneficial ownership information is made available through a public register. In addition, any politically exposed persons who are beneficial owners must be identified.

Current status

The Government of Albania does not maintain and publish a register listing all the beneficial owners and their shares in accordance with EITI definition. Information is gathered to a certain extent when PSA is awarded however, the process for updating, publishing and ensuring accuracy of the information is not established.

Current transparency disclosures include providing updated information on the names of the direct legal shareholders and activity of all companies operating in the Republic of Albania and they can be accessed at the National Business Centre website: http://www.qkr.gov.al/kerko/kerko-ne-regjistrin-tregtar/kerko-per-subjekt/. This information is disclosed in the Commercial register extract or in the documents attached to it.

Forthcoming regulatory changes

In order to ensure that the necessary preparatory steps and reforms are undertaken, EITI Albania engaged a legal due diligence aiming to agree and publish a roadmap to beneficial ownership disclosures by January 2017 and draft a new law which provides the definition for beneficiary ownership and sets the reporting requirement.

According to the draft law, beneficial owners are those persons who individually own or control more than 25% of a company's shares or of voting rights and/or if he or she is politically exposed, regardless of their participation in the company, provided that, in the event of companies not carrying out any economic activity but rather acting as intermediary channelling income from other sources, the applicable threshold shall be lowered to 10%.

The law charges the Ministry responsible for extractive resources to maintain an updated register of extractive resources that bid for, operate and/or invest in extractive assets. For this purpose, beneficial ownership will be disclosed since the bidding process and any changes will be disclosed to the responsible Ministry within 10 days after the transaction has occurred. The register shall be publicly available and instantly accessible, except for the information on the date of birth and residential address of the beneficial owner.

The draft law further mandates the public and private legal entities carrying out exploration and/or exploitation activities in the extractive industries in Albania to disclose and report data on their beneficial owner(s) annually, submitting the relevant beneficial ownership EITI Declaration Form including:

a) the full name, date of birth, nationality, country or state of residence, residential addresses and service address of each beneficial owner; and
b) a statement of the nature and extent of the interest held by each beneficial owner.

Politically exposed persons are defined by law no. 9049, dated 10.04.2003 "On the declaration and audit of assets, financial obligations of the elected officials and certain public employees", as individuals who have had or have important functions in a government and / or in a foreign country, such as: head of state and/or government, senior politicians, senior officials of government, judiciary or the army, senior leaders of public companies, key

officials of political parties, including the members of the family or associated persons in close personal, working or business relationships.

The law requirements extend also to the members of the family or associated persons in close personal, working or business relationships, excluding employees of the middle or lower management level, according to the provisions of the civil service legislation. According to the legal due diligence result, this definition is in line with Financial Action Task Force.

Currently the only law providing a definition of "beneficial owner" is the Law No.9917, May 19, 2008 "on the prevention of money laundering and financing of terrorism" as amended (the "Anti Money Laundering Law"). The legal due diligence review recommended some changes to the Anti Money Laundering Law in order to incorporate a suitable lower threshold and expressly refer its application to all companies in the extractive industry.

The MSG informed that the law is under review and is expected to be finalized in 2018.

Enquiries on beneficial ownership for the year 2016

In addition to the legal due diligence, the MSG decided to perform enquiries of the reporting entities in order to receive feedback on their readiness to cooperate.

Similar to year 2015, the reporting templates for the year 2016 included a specific form explaining the beneficial ownership and asking the reporting entities to provide information. At the date of this report we received filled reporting forms on beneficial owners only for 1 out of 12 hydropower companies and 31 out of 81 mining companies which submitted their reporting for the year 2016.

None of the oil companies filled the beneficial ownership template. Information compiled in the templates disclosed the direct shareholders, which are also published in the National Commercial register at www.qkb.gov.al.

During the data collection process, some representatives of the reporting entities commented that they were not able to or authorized to provide this information.

8. Overview of flows reported and reporting entities

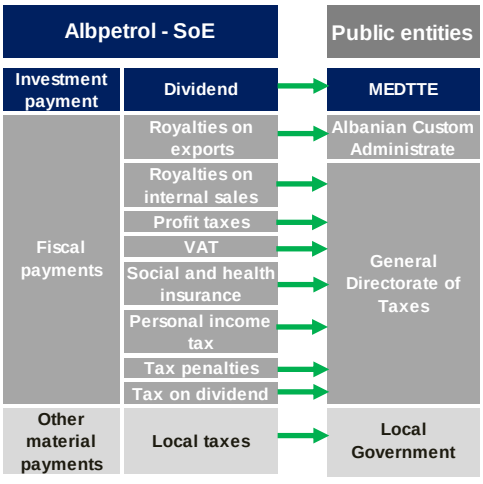
Companies and Government entities must report material taxes and revenues. The MSG defines the payments and companies to be included in the reporting based on the substantial revenue that flows into the State budget from the extractive sector and hydro-energy sector.

Accordingly, licensees shall report these payments made in the year 2016 in relation to the oil, gas, mining activity and hydro-energy activity. The MSG, through the terms of references for EITI reporting, specified revenue streams to be reconciled as described in the following.

8.1 Selection of payments and reporting entities in the oil and gas sector

In accordance with the requirements set in EITI standard 4.1[111], the MSG selected for reporting:

1. All material payments arising from the contractual terms set in Petroleum Agreements such as share of oil production and bonuses. These payments are collected by Albpetrol for areas under Albpetrol's administration or AKBN for areas under AKBN's administration. Currently, petroleum agreements granted for areas under AKBN's administration have not entered the production phase and therefore did not generate share of oil payments in the year 2016.
2. All material payments arising from the State's direct investment in the sector. These include typically dividends paid from Albpetrol. However no dividend payments / receipts were declared in the year 2016.
3. Fiscal payments such as royalty, profit tax and tax on dividend, which are directly related to the petroleum operations. In addition to the payments listed in EITI requirement 4.1, the MSG decided to reconcile also payments for tax penalties, payments for social insurance, health insurance and personal income tax and VAT as these have shown to be a substantial flow to the National Budget in the past.



[111] EITI REQUIREMENT 4 lists the minimum payments which are required to be reconciled.

4. Other payments made if exceeding USD 50,000 for payments made to the State and 5,000 USD for payments made to the LGUs.

The MSG asked to report all oil and gas companies operating in 2016, except for Albanides Energy which was not included in the lists provided by MIE and AKBN. This company was granted a PSA on an oil exploration block in 2016 (approved by DCM no. 266 dated 6 April 2016). List shown in Appendix 1.

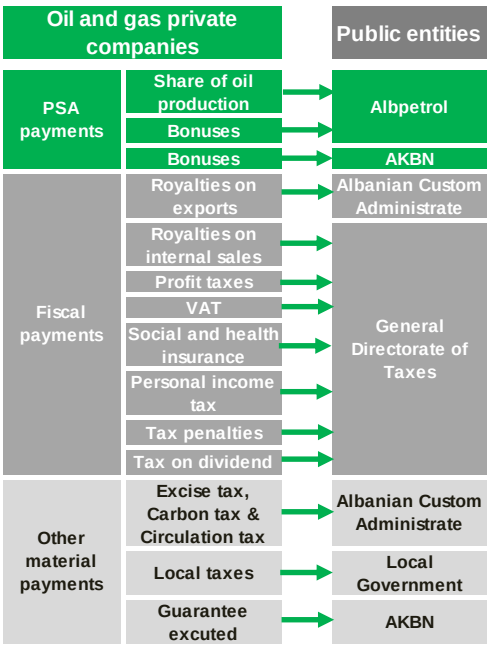
In Albania, the MSG (through terms of references) have excluded payments that are not directly related to upstream oil, gas and mining activity, such as import duties and local taxes are general in nature and apply to all industries. Such fees and taxes are similar for all industries and no special rates apply for oil, gas and mining companies. In addition, licensee and entry fees do not give rise to substantial payments from the sector based on information collected in previous years and hence are not included in the reconciliation.

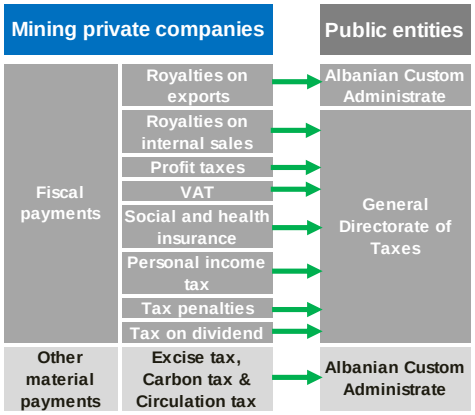
Social payments

Companies were asked to declare details of mandatory social payments referred in their license arrangement in excess of ALL 5 million per payment. The recipient of the payment was not required to confirm the receipt and accordingly, any payments declared were not reconciled between paying and receiving entities.

Payments in kind

Reporting entities were requested to report any contributions in kind made to or received by Government or state owned entities. However, apart from share of oil, no other in-kind payments were reported in 2016.





8.2 Selection of payments and reporting entities in the mining sector

Payment streams selected for reconciliation in the mining sector include all fiscal payments such as royalty, profit tax and tax on dividend, which are directly related to the mining operations. In addition to these payments, the MSG decided to reconcile also payments for tax penalties, payments for social insurance, health insurance and personal income tax and VAT as these have shown to be a substantial flow to the National Budget in the past.

Companies operating in mining were instructed to report and describe other material payments to the State in excess of USD 50,000 and to LGUs in excess of 5,000 USD.

In the mining sector, the MSG and EITI Albania selected for reporting all mining companies operating an exploration license in attempt to discover material payments arising from exploration activities and the largest mining producers based in the following criteria:

- for the Chromite sub-sector, all companies with annual revenue > USD 600,000;
- for the Copper sub-sector, all companies operating in this sector;
- for the Nickel Sub-Sector, all companies with annual revenue > USD 300,000;
- for the bitumen or bitumen sands sub-sector all companies with annual revenue > USD 320,000;
- for the limestone sub-sector all companies with annual revenue > USD 250,000;

- for the clay sub-sector all companies with annual revenue > USD 260,000;
- for the Gypsum alabaster sub-sector all companies with annual revenue > USD 650,000;
- for the limestone slabs sub-sector all companies with annual revenue > USD 180,000.

The selection resulted in 120 reporting entities in the year 2016. (List of selected reporting entities in the mining sector is shown in Appendix 2)

No material payments related to mining concession agreements in were reported by licensees in 2016.

The selection is assumed to cover above 80% of the estimated mining production value in 2016. However, this analysis is limited because information provided by AKBN on production for 2016 did not include details of minerals quality (concentration). Under these circumstances, mining production could not be priced after international prices for mineral ores. In addition, as explained in section 4.1, AKBN alerts that production data reported is based on self-declarations submitted by licenses. AKBN did not perform further tests to confirm accuracy and completeness of the production data reported.

8.3 Selection of payments and reporting entities in the hydro-energy sector

The MSG decided to include the hydro-energy sector under the cadre of EITI reporting starting from year 2013. In order to assess importance of the sector and materiality of payment flows the MSG engaged Deloitte Audit Albania sh.p.k. on February, 11 2015 "To perform a scoping study for the assessment of the contribution of the hydro-energy production sector to the Albanian economy and its inclusion under the "cadre" of Albania EITI reports".

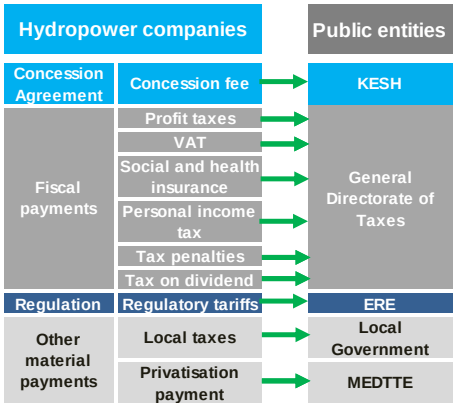
The scoping study brought main facts on:

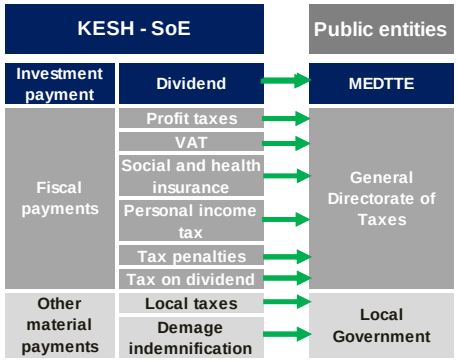
- the State's participation in the sector and material flows and relations between the State and the SoEs;
- Payments generated by the hydropower companies in the production phase and pre-production phase based on applicable law and regulation in force; and
- Proposed materiality thresholds.

The study revealed that material flows are contributed by companies operating in the production phase, whereas KESH, the public power generating company contributes the largest share. The MSG asked to report the 12 largest hydro-energy producers including KESH, which generated 90% of the output in 2016. List of selected reporting entities is shown in Appendix 3.

Payment streams selected for reconciliation in the hydro-energy sector include:

1. *Concessionary fee*, which is payable in accordance with the concession agreement based on the annual output generated by companies operating HPP concessions; and
2. *Fiscal payments* such as royalty, profit tax and tax on dividend, which are directly related to the mining operations. In addition to these payments, the MSG decided to reconcile also payments for Tax penalties, payments for social insurance, health insurance and personal income tax and VAT as these have shown to be a substantial flow to the National Budget in the past.





3. *Investment and other payments made by KESH to the State* in the capacity of its shareholder.
4. *Companies operating in the hydropower sector* were instructed to report and describe other material payments to the State in excess of USD 50,000 and to LGUs in excess of 5,000 USD.

8.4 Other limitations in the analysis of material payments

The Government's reporting systems could not produce information on revenue generated by each sector aggregated for each applicable payment stream. We understand that the Government revenues and expenditures are recorded through a single cash management system: the Treasury system. This system can provide information on a monthly basis on revenue generated for each tax, however cannot disaggregate for the upstream oil and gas sector, the mining sector and the hydro-energy sector.

In absence of such information, the MSG cannot receive from the Government's information system accurate and complete information on the total revenue generated for each applicable revenue stream by the extractive sectors of oil, gas, mining and hydro-energy.

In addition, the Government's information system cannot produce information on total revenue generated by each individual license due to the following reasons:

1. Companies may operate one or more license, however, taxes and payment streams are not recorded separately for the individual license, but for the entire business operating a Unique Tax Identification Number (NUIS). Hence, the cost account systems can produce information for taxes paid by a NUIS, but not for taxes paid by each license, unless a separate NUIS is granted for each operating license.
2. Each public entity collecting revenue maintains its own management accounting system for recording and administering payments made by each NUIS. More specifically, the General Directorate of Tax, Albanian Custom Administration, Local tax directorates, Local government units, Ministries and other public entities that collect revenue have their own records on revenue accrued and payments made by each NUIS, however this information is not consolidated in the Government's information system to provide aggregated revenue generated by each individual NUIS. Therefore, the MSG cannot retrieve information on total revenue generated by each NUIS in a fiscal year in order to identify material reporting entities.

Furthermore, management accounting systems held separately by each public entity (including tax and custom authorities) could not produce information on revenue disaggregated by payment streams for the sector of oil and gas, mining and hydro-energy. We understood that sectors' classifications in their management systems are not set in order to include licensees operating in the upstream oil and gas, mining and hydro-energy sector. Therefore, the MSG cannot retrieve accurate and complete information on the revenue generated in total and by payment stream from the sectors under EITI reporting.

9. Approach, methodology and work done

Companies and Government entities must report material taxes and revenues. The MSG defines the payments and companies to be included in the reporting based on the substantial revenue that flows to the State budget from the extractive sector and hydro-energy sector.

We conducted our work in accordance with the terms set forth in the consultancy contract dated July, 18 2016 ("the Administrator's term"). The objective of our engagement was to compile the EITI report for the years 2015 and 2016 in accordance the EITI Standard published, amended in February 2016.

In accordance with our scope of work we performed the following:

1. **Collated the necessary contextual information with regard to the following:**
    a. Description of the legal framework and fiscal regime governing the extractive industries (Requirement 2).
    b. Overview of the extractive industries, including any significant exploration activities (Requirement 3);
    c. Contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report (Requirement 6) limited to the analysis and information published by the Albanian Institute of Statistics;
    d. Production data for the fiscal year covered by the EITI Report (Requirement 3);
    e. Information regarding state participation in the extractive industries and hydro-energy sector (Requirement 4);
    f. Distribution of revenues from the extractive industries (Requirement 5);
    g. Information on the licensees register and process for allocation of licenses (Requirement 2);
    h. A compact description/guideline of the licensing steps, requirements and involved institutions per each of the industries analysed on the report;

i. Any information requested by the MSG on beneficial ownership (Requirement 2);
j. Any information requested by the MSG on contracts (Requirement 3).

Process and approach for collating and analysing contextual information

We performed a preliminary desk review and analysis of the following background information:

- Law and regulation, including the governance arrangements and tax policies;
- Conclusions and recommendations from previous EITI Reports and Validations.
- Facts and procedures published on the websites of:
- Ministry of Infrastructure and Energy - www.energjia.gov.al;
- Ministry of Finance - www.financa.gov.al;
- Ministry of Finance and Economy - www.ekonomia.gov.al;
- General Directorate of Taxes – www.tatime.gov.al;
- Albanian Custom Administrate – www.dogana.gov.al;
- AKBN – www.akbn.gov.al;
- Albpetrol – www.albpetrol.al;
- Albanian Statistic Institute – www.instat.gov.al;
- Albanian Energy Regulator - www.ere.gov.al;
- KESH – www.kesh.al;
- OSHEE – www.oshee.al;
- OST – www.ost.al; and
- Major companies in the operating private sector of oil and gas, mining and hydro-energy: www.bankerspetroleum.com; www.albchrome.al; www.beralb.com; www.devollhydropower.al; www.energji-ashta.al etc.

Based on the preliminary summary and analysis of contextual information, we developed reporting templates to collect information that was not published/accessible in the government entities' websites in July 2017.

The public entities submitted their reporting of contextual information via email from August until February 2018. We collated, analysed and corroborated the information received through meetings and correspondences.

Where applicable, we identified and analysed limitations and barriers to collating and publication of contextual information in the report.

Disclaimer

Our work with regard to contextual information is limited to gathering and analysing the information presented in this Report in accordance with the terms of references, which were an integral part of our engagement contract. Our work did not extent to providing assurance or reconciliation of the contextual data and information presented in this study. All sources of information are clearly referenced across the study.

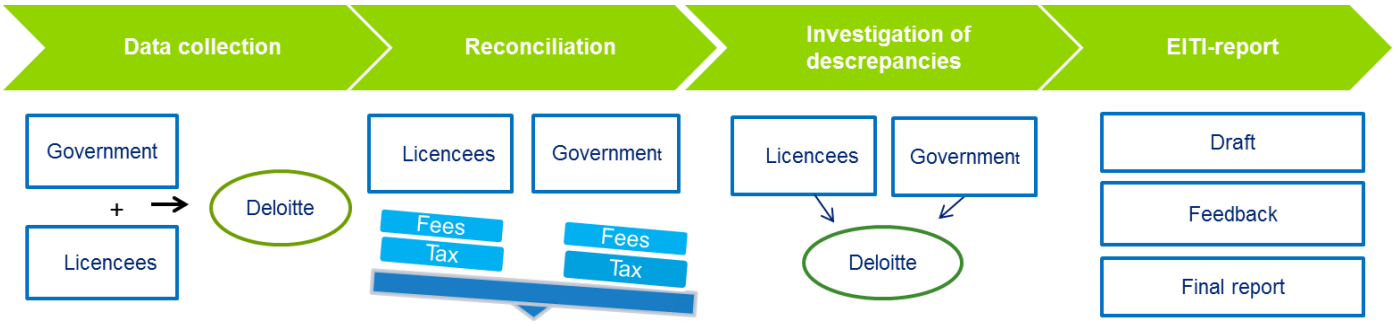
2. Approach the collating and reconciling payments

In accordance with the Administrator's role set in the EITI Standard and the terms of reference, which were an integral part of our engagement contract with regard to reconciliation of material payments, we:

- Reviewed the materiality thresholds, reporting entities and payment streams selected by the Albanian Working Group. Commented, as applicable, on limitation of data used for setting materiality thresholds and making selections.
- Based on the revenue streams approved by the Albanian Working Group, prepared the draft EITI Reporting Template for review and approval by Albanian EITI Secretariat and Albanian Working Group.
- Provided ongoing instructions and tips for the reconciliation process and submission of reporting to companies operating in the oil and gas, mining and hydro-energy sector.
- Distributed the reporting templates electronically via email to all the selected reporting companies and public institutions. In many cases information obtained with regard to reporting licensees on tax identification number, contact details, address etc. resulted to be incorrect. Such barrier complicated and extended further the process of collating and reconciling payments;
- Collected reporting of payment data from the recipient public entities and licensees that provide the basis for reconciliation. Public entities and licensees submitted their electronic reporting via email from 11 November to 13 February 2018, substantially beyond the deadline set as at 30 September 2017;
- Updated ALBEITI on regular basis on the status of reporting of public entities and licensees in order to ensure cooperation of these parties within the timeline set by our engagement contract;
- Compared amounts reported by the recipient public entities and the licensees to determine if there were discrepancies between what the public entities report as received and the licensees report to have paid;
- Contacted with public entities and licensees to clarify the reason for the discrepancy. Because of significant delays in reporting from both parties the process of investigating and clarifying the payments was extended until the end of February 2018;
- Reconciled the reported figures against other publicly available information, including the State Budget accounts, where these were provided at a disaggregated level;
- Prepared the draft report summarizing the results of the work and lessons learned including recommendations for improvement and follow up on prior year's recommendations;
- Where applicable commented on limitation and barriers identified during the process;
- Obtained and reflected on the draft report, input from stakeholder groups and delivered the final report.

Figure 13 as follows summarizes the reporting and reconciliation process.

Figure 13 – Flow of the reconciliation process



We obtained the financial statements of Albpetrol and KESH, but because these entities receive payments in kind rather than cash flows, we could not directly compare cash flows reported by the licensees to what was disclosed in Albpetrol's and KESH's audited financial statements for the year 2016. We requested the audited financial statements of AKBN, but did not receive them until the date of this Report.

We requested confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements, but received only few (respectively 17 out of 121). We understand that this request comes with extract costs for the companies when asked after the audit of financial statements for the years under report have been completed. We recommend the MSG ask for the confirmation letter to be integrated into the usual work program of the company's auditor and ensure that all reporting entities be audited regardless their legal form.

By the date of this Report we received reporting templates for 102 out of 141 selected licensees in 2016. Out of these, we received official reporting signed by senior company official attesting that the completed reporting form is complete and accurate only by 58.

Because the financial accounts produced by the General Directorate of Taxes and the Albanian Custom Administration do not provide disaggregated disclosures of revenue collected by the oil and gas, mining and hydro-energy sectors, we could not compare the information included in this Report to their published annual accounts.

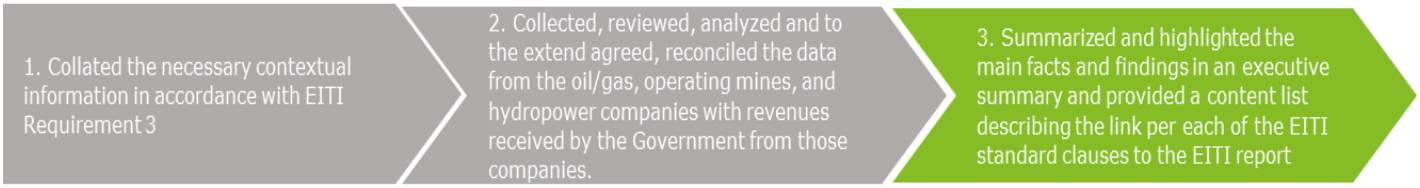
The EITI Standard provides no materiality for explanation of discrepancies. Consequently, to the extent that we did not succeed in finding the reason for the discrepancy through contact with the licensees, we contacted the governmental agency and asked for details of the cash flows.

Due to lack of disaggregated information, we could not compare the reported cash flows under EITI with cash flows from the petroleum and mining industry as presented in the state accounts for the year 2016.

This process does not confirm that there were no other payments made to the government other than those that were reported, as such amounts may have been omitted in the reporting from licensees and governmental agencies at the same time.

The current regulations do not require us to perform detailed testing in order to uncover such omissions; and to uncover these omissions would be difficult even through detailed testing of all licensees.

The results of our procedures are presented in chapter 10.



Finally, in order to highlight main facts and provide an easy-to-read information we summarized the main facts and findings from the report in an executive summary, provided key facts over the sectors in section 2.1 and summarized results of the reconciliation in chapter 10.

10. Results of the reconciliation

This chapter presents reconciliation of cash flows from the oil and gas licensees, the selected mining licensees and hydropower companies, as well as a reconciliation of payments made by Albpetrol to the State budget.

The table below summarizes the result of the reconciliation for the year 2016:

Table 22 – Results of reconciliation for the year 2016

Amounts in ALL thousands

Revenue Stream	Sum of Payer	Sum of Recipient	Explained discrepancies		Adjusted reporting		Remaining discrepancy	
			Payer	Recipient	Payer	Recipient	Without counterparty	Unidentified
Oil and gas sector	7,262,967	7,107,077	4,547	-	7,267,514	7,107,077	63,708	96,728
Mining sector	3,421,746	3,901,967	5,525	7,201	3,907,492	3,909,168	(738,858)	256,961
Hydro-energy sector	2,820,163	2,938,945	-	-	2,820,163	2,938,945	30,557	(149,339)
Total	**13,504,876**	**13,947,989**	**10,072**	**7,201**	**13,522,927**	**13,955,190**	**(644,593)**	**204,350**

10.1 Reconciliation of aggregated cash flows from the oil and gas

In total, 9 private oil companies were asked to report payments in 2016, respectively 6 production licensees and 4 exploration licensees. Bankers Petroleum holds both production and exploration licenses. We received reporting from all private oil companies and Albpetrol.

The table below presents the aggregated cash flows reported by petroleum companies.

Table 23 - Aggregated payments from the oil and gas sector in 2016

Amounts in ALL thousands

Aggregated payments	Initial reporting	Explained discrepancies		Adjusted amount	Without counter-party
		Payer	Recipient		
Licenses	7,262,967	4,547	-	7,267,514	-
Government	7,107,077	-	-	7,107,077	63,708
Discrepancy	**155,890**	**4,547**	-	**160,437**	**(63,708)**

The licensees initially reported payments of TALL 7,262,967 to the Government, which were TALL 155,890 higher than the payments reported by the Government.

The discrepancy of TALL 4,547 was explained through the reconciliation work. A list of discrepancies noted is presented in the reconciliations by revenue stream below.

The column "without reporting from counterparty", includes amounts reported unilaterally by the Government for those licensees mentioned above, who failed to report by the date this Report is published and vice versa.

Reconciliation of cash flows from oil and gas by revenue stream

Table 24 - Aggregated payments from the oil and gas sector– by revenue stream

Amounts in ALL thousands

Revenue Stream	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without counterparty
Bonuses - AKBN	60,082	60,078	-	-	4	-
Bonuses-Albpetrol	22,858	14,481	-	-	8,377	-
Other Payments - LGU	171,550	141,646	-	-	(41)	29,945
Other Payments - State	966,286	887,985	-	-	44,935	33,366
Payments for SI and HI	1,401,252	1,390,091	1,118	-	12,279	-
Royalty - exports	1,925,844	1,928,613	-	-	(2,769)	-
Royalty - internal sales	342,273	341,050	1,082	-	2,304	-
Share of oil production	1,029,637	1,029,637	-	-	-	-
Tax on profit	928,206	914,581	250	-	13,795	80
Tax penalties	212,985	159,429	-	-	53,240	316
VAT	201,994	239,487	2,098	-	(35,395)	-
Total	**7,262,967**	**7,107,077**	**4,547**	**-**	**96,728**	**63,708**

Royalty stands out as the largest cash flow paid from the oil and gas sector, with 31% of the total payments reported above. Royalty paid to the custom authorities on exports was 27% of total payments reported in 2016, which is explained with export trends of the crude oil. Payment of Social insurance

and health insurance was the second largest payment stream reported in 2016, respectively at 19% of the total payments reported above. Bankers Petroleum contributed the largest share of the total cash flows, respectively at 70%.

Other reporting matters

As at the date of this Report, 4 out of 9 licenses submitted officially signed declarations and authorizations for publication of data, beside the electronic declarations submitted earlier via email. In order to increase feedback, we asked the non-reporting companies to inform if they disagreed to the disaggregated publication of flows.

None of the oil companies disagreed to disaggregated publication of the flows, so all reported flows are presented on a disaggregated basis by entity and payment stream.

Discrepancies in reporting

In total, 2 oil companies adjusted their initial reporting, whilst Government entities did not make corrections in their initial reporting. In total 35 discrepancies were explained through reconciliation work. By the date of this report 32 discrepancies amounting TALL 160,437 remained unsolved.

The main reasons and explanations for the resolved discrepancies were as follows:

- Amounts not reported initially by Tax authority. In these cases licensees provided payment documents showing the beneficiary entity.
- In some cases the Licensees had not reported payments, which were declared from the Tax authority.
- Parties reported accruals versus cash flows
- Different assumption used in conversion from barrel to ton.
- In many cases, licensees and the tax authorities reported taxes which were not in scope of the reconciliation.
- Many licensees confused payments of taxes with each other and penalties paid.
- Licensees reported deposits made for royalty, rather than actual royalty paid on exports to the custom authorities. (*)

(*) In case of exports, the licensees deposit in advance prepayments for royalty at the Custom’s account. Royalty is withheld out of this prepayment on the export date. The Government’s revenue is recorded on the export date and prior to this date the prepaid deposit pertains to the licensee. Therefore, prepayments are not considered as cash revenue, until used to pay royalty on export.

A disaggregated company-by-company overview is presented in Appendix 1

Social expenditures

Oil companies did not report any mandatory or voluntary payment for social expenditures for the year 2016.

10.2 Reconciliation of aggregated cash flows paid to the State budget from the mining sector

In total, 120 production mining companies were asked to report payments to the State budget, where 3 companies held also an exploration license.

We received declarations for 81 out of 120 companies. The companies who failed to report until the date of this Report were 39, which are detailed in Appendix 2.

Based on unilateral declarations from the government agencies, the cash flows from these companies amounted to TALL 640,432 thousand or 19% of total cash flows reported from the mining licensees.

The table below presents the aggregated cash flows reported by mining companies.

Table 25 - Aggregated payments from the mining sector in 2016

Amounts in ALL thousands

Aggregated payments	Initial reporting	Explained discrepancies		Adjusted amount	Without counter-party
		Payer	Recipient		
Licenses	3,421,746	5,525	-	3,427,271	(88,971)
Government	3,901,967	-	7,201	3,909,168	(649,887)
Discrepancy	**(480,221)**	**5,525**	**(7,201)**	**(481,897)**	**(738,858)**

The licensees initially reported payments of TALL 3,421,746 to the Government, which were TALL 480,221 lower than the payments reported by the Government.

The discrepancies of TALL 5,525 and TALL 7,201 were explained through the reconciliation work. A list of discrepancies noted is presented in the reconciliations by revenue stream below.

The column "without reporting from counterparty", includes amounts reported unilaterally by the Government for those licensees mentioned above, who failed to report by the date this Report is published, and vice versa.

Reconciliation of cash flows from mining by revenue stream

Table 26 - Aggregated payments from the mining sector– by revenue stream

Amounts in ALL thousands

Revenue Stream	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without counterparty
Payments for SI and HI	1,180,592	1,302,323	(67)	-	8,178	(129,976)
Tax on profit	603,338	733,309	(39)	186	11,647	(141,844)
VAT	496,555	714,088	24	-	125,102	(342,611)
Royalty - Custom authorities	467,608	600,988	4,523	5,256	5,827	(139,940)
Other Payments - State	300,151	250,702	-	-	39,668	9,781
Royalty - Tax authorities	172,927	180,277	1,116	1,758	4,528	(12,520)
Other Payments - LGU	86,889	68,713	-	-	19,219	(1,043)
Tax on dividend	84,177	44,813	-	-	27,889	11,475
Tax penalties	29,508	6,753	(32)	-	14,903	7,820
Total	**3,421,745**	**3,901,966**	**5,525**	**7,200**	**256,961**	**(738,858)**

Payment of social and health insurance, Profit tax and royalty comprise respectively 35%, 18% and 19% of total reported cash flows from the

mining sector. Contributions from the largest producers of chromium and limestone comprise together 43% of the total cash flows reported from the mining sector. Respectively, Albchrome (chromium) contributed with 20% and Fushë-Kruja Cement Factory (limestone) and Antea Cement (limestone) contributed with respectively with 6% and 17%.

Other reporting matters

By the date of this Report, 46 out of 81 reporting licensees submitted officially signed declarations and authorizations for publication of data, beside the electronic declarations submitted earlier via email. In order to increase feedback, we asked the non-reporting companies to inform if they disagreed to the disaggregated publication of flows.

Three mining companies including Alb Lea International, Salillari, Xhireton, disagreed to allow disaggregated publication of their reported flows, so these are presented on an aggregated basis.

None of the hydropower companies disagreed to disaggregated publication of the flows, so all reported flows are presented on a disaggregated basis by entity and payment stream.

Discrepancies in reporting

In total, 10 discrepancies were explained through reconciliation work. By the date of this report 300 discrepancies amounting TALL 256,961 remained unsolved.

The main reasons and explanations for the resolved discrepancies were as follows:

- Amounts not reported initially by Tax authority. In these cases licensees provided payment documents showing the beneficiary entity.
- In some cases the Licensees had not reported payments, which were declared from the Tax authority.
- Parties reported accruals versus cash flows
- In many cases, licensees and the tax authorities reported taxes which were not in scope of the reconciliation.
- Many licensees confused payments of taxes with each other and penalties paid.
- Licensees reported deposits made for royalty, rather than actual royalty paid on exports to the custom authorities. (*)

(*) In case of exports, the licensees deposit in advance prepayments for royalty at the Custom’s account. Royalty is withheld out of this prepayment on the export date. The Government’s revenue is recorded on the export date and prior to this date the prepaid deposit pertains to the licensee. Therefore, prepayments are not considered as cash revenue, until used to pay royalty on export.

A disaggregated company-by-company overview is presented in Appendix 2.

Social expenditures

Trade Minerals Al reported making voluntary social payments in the amount of ALL 282,620 to the Municipality of Tirana and Kukës.

None of the other reporting mining companies reported any mandatory or voluntary payment for social expenditures for the year 2016.

10.3 Reconciliation of cash flows collected from hydro-energy sector

In total, 12 hydropower companies, including KESH, were asked to report payments to the State budget, comprising the largest 12 power producers in 2016, contributing to 90% of domestic output in 2016.

The table below presents the aggregated cash flows reported by hydro-energy companies.

Table 27 - Aggregated payments from the hydro-energy sector in 2016

Amounts in ALL thousands

Aggregated payments	Initial reporting	Explained discrepancies		Adjusted amount	Without counter-party
		Payer	Recipient		
Licenses	2,820,163	-	-	2,820,163	30,557
Government	2,938,945	-	-	2,938,945	-
Discrepancy	**(118,782)**			**(118,782)**	**30,557**

The licensees initially reported payments of TALL 2,820,163 to the Government, which were TALL 118,782 lower than the payments reported by the Government.

Discrepancies have not been explained by the reconciliation process. A list of discrepancies noted is presented in the reconciliations by revenue stream below.

The column "without reporting from counterparty", includes amounts reported unilaterally by the Government for those licensees mentioned above, who failed to report by the date this Report is published, and vice versa.

Reconciliation of cash flows from hydro-energy by revenue stream

Table 28 - Aggregated payments from the hydro-energy sector– by revenue stream

Amounts in ALL thousands

Revenue Stream	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without counterparty
Concession tariff	82,331	215,454	-	-	(147,141)	14,018
Other material Payments to the LGU-s	10,163	-	-	-	-	10,163
Other material Payments to the State	53,960	53,984	-	-	(24)	-
Payments for SI and HI	711,642	713,722	-	-	(2,079)	-
Regulatory tariff to ERE	6,124	-	-	-	-	6,124
Tax on profit	974,121	971,640	-	-	2,482	-
Tax penalties	14,217	4,327	-	-	9,639	252
VAT	967,604	979,819	-	-	(12,215)	-
Total	**2,820,163**	**2,938,945**	**-**	**-**	**(149,338)**	**30,557**

Tax on profit, VAT and payment of social and health insurance comprised the largest regular payment flows, respectively 35%, 34% and 25% of total reported cash flows from the hydro-energy sector in 2016. KESH and Energji Ashta represent the major contributor in the cash flows, with about 41% and 15% of total regular cash flows shown above.

Other reporting matters

By the date of this Report 8 out of 12 reporting licensees submitted officially signed declarations and authorizations for publication of data, beside the electronic declarations submitted earlier via email.

Discrepancies in reporting

Both licensed companies and state institutions did not make any changes to their initial reporting. By the date of this report 49 discrepancies amounting to TALL 135,265 remained unsolved.

The main reasons and explanations for the resolved discrepancies were as follows:

- Profit tax payments were netted with VAT receivable balance and resulted in lower or nil net cash flows.
- Parties reported accruals versus cash flows
- Amounts not reported initially by Tax authority. In these cases licensees provided payment documents showing the beneficiary entity.
- In some cases the Licensees had not reported payments, which were declared from the Tax authority.
- In many cases, licensees and the tax authorities reported taxes which were not in scope of the reconciliation.
- Many licensees confused payments of taxes with each other and penalties paid.

A disaggregated company-by-company overview is presented in Appendix 3.

Social expenditures

Devoll Hydropower reported making payments in the benefit of the communities in total amounting to ALL 282,502,587. The company did not provide details whether these were mandated by the concession agreement or made on a voluntary basis.

None of the other reporting hydropower companies reported any mandatory or voluntary payment for social expenditures for the year 2016.

10.4 Reconciliation of cash flows paid by Albpetrol to the State budget

In 2016, Albpetrol contributed the following to the State budget:

Table 29 - Summary of cash flows contributed by Albpetrol in 2016

Amounts in ALL thousands

Revenue Stream	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Un-identified	Without counterparty
Royalty – internal sales	138,780	136,054	-	-	2,726	-
VAT	198,991	234,292	-	-	(35,301)	-
Profit tax	21,199	7,404	-	-	13,795	-
Payments for SI and HI	368,114	370,784	-	-	(2,670)	-
Tax on dividend	202,566	149,341	-	-	53,225	-
Dividend paid to the State	-	-	-	-	-	-
Other payments - Local government	5,000	-	-	-	-	5,000
Total	**934,650**	**897,874**	**-**	**-**	**31,776**	**5,000**

By the date of this Report, we could not obtain an explanation for a total of discrepancies amounting to TALL 31,776.

In agreement with PSAs granted for areas under its administration, Albpetrol collected the following payments from the petroleum.

Table 30 - Summary of cash flows collected by Albpetrol in 2016

Amounts in ALL thousands

Revenue Stream	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Un-identified	Without counterparty
Share of oil payments	1,029,637	1,029,637	-	-	-	
Bonuses - Albpetrol	22,858	14,481	-	-	8,377	-
Total	**1,052,495**	**1,044,118**		**-**	**8,377**	**-**

Share of oil payments were entirely paid in kind and amount to 52,151 ton in 2016. Values shown above for share of oil production were estimated using Albpetrol's average sales price for 2016 of USD 159.04 / ton. Amount in USD were converted in ALL with the average rate of the Bank of Albania for the year 2016 at 1 USD equal to 124.14 ALL.

11. Lessons learned and recommendations

This chapter presents reconciliation of cash flows from the oil and gas licensees, the selected mining licensees and hydropower companies, as well as a reconciliation of payments made by Albpetrol to the State budget.

During the course of this assignment, we noted areas, as summarized below, that could be further improved affecting the extent of EITI reporting process. The determination of relative merits and timescale for implementation of the recommendations, where accepted, is the responsibility of the Albanian Working Group.

Following the recommendations in the EITI report for 2010, the Albanian Working Group appointed a focal point in every concerned Government agency including MIE, AKBN, Albanian Geological Survey, General Directorate of Taxes, Albanian Custom Administration etc., but also within the major extractive companies operating oil, gas, and mining, in order to strengthen access to reliable and timely data.

Appointment of EITI focal points among the concerned Government institutions positively contributed to increase their awareness and coordination of EITI activities. However, further efforts need to be made to improve reporting and analysis of extractive industry activities and cash flows.

During our work, we noted that access to reliable and comprehensive data during the time required to compile this Report, was hindered and limited by several barriers including regulatory aspects, readiness of reporting entities and public institutions, poor quality of data available etc.

Some of these barriers and suggested remedial actions are listed in the following points.

Unless otherwise noted, these findings and recommendations have been brought consistently in the previous EITI report, and updated as applied to the year 2016. **New recommendations are noted as "New" in the progress column.**	**Progress made in year 2016**
Access to timely and reliable information from the reporting licensees	
1. Delays and discrepancies The licensees' reporting came with significant delay and many discrepancies. Through inquiries with the reporting companies, we understood that in the major part of the cases, information to be reported was not readily available from their accounting and reporting systems and required additional elaboration. Due to lack of time, some of them refused to cooperate with us during the reconciliation process. In most of the cases companies omitted payments in their initial reporting or	Reporting for the year 2016 came with substantial delays. Up to mid-November 2017, only 40 out of 141 selected did submit their reporting templates The Government is in

reported accruals instead of payments. Main discrepancies were identified in the reconciliation of payments made to tax authorities. In many cases companies confused payments and tax net offs made for different type of taxes. This fact was even more evident in cases where payments were due after findings arising from tax audits. **Recommendation in prior years** In order to facilitate the reconciliation and reporting work, we suggest establishing an annual time-scheduled process. The annual deadline for submission of declarations should be planned ahead and be included in the reporting entities schedule. Accordingly, selection of the reporting entities and requirements shall be planned and communicated months ahead of the reconciliation work schedule. The Ministry should follow up on strict application of local legislation related to the financial reporting and auditing of financial statements of the companies in this sector. This will enable an increase in the quality and quantity of the financial information produced in relation to the extraction activity in Albania.	process of issuing a draft law which will enforce EITI reporting across all sectors concerned. The new timeline will be March 31, of the subsequent calendar year. However this new draft law does not address the assurance requirements, which have been strongly disapproved by the companies due to additional costs and efforts
2. Assurance process (reporting licensees) Licensees did not obtain confirmation of the reporting templates from their statutory auditor. Many licensees were not required to undergo through statutory audit because of their form of organization (i.e. registered branch instead of incorporation) or low level of activity. However, even companies which had their financial statements audited refused to engage their auditors. In our understanding this request came with extra audit costs, because the statutory audit was finished earlier. **Recommendation in prior years** In the context of improving the quality of the companies reporting and at the same time obtaining assurance on the reported information, we recommend that the MSG requires the licensees to disclose EITI payments in the required format and other information as a separate report or in an annex to the annual financial statements. In both cases, this information should be subject to independent annual audits.	In 2016, 17 out of 102 entities submitted an assurance report. Total number of flows assured amounts to ALL 5.7 billion and accounts for 39% of the total flows reported by the licensees in 2016. The Government is in process of issuing a draft law which will enforce EITI reporting across all sectors concerned. However this new draft law does not address the assurance requirements. These assurance requirements have been strongly disagreed by the companies due to additional costs and efforts
3. Other quality aspects of the payments analysis (project level reporting) Operating licensees in Albania are taxed based on the results of their business reported under each Tax identification number, which may include one or more licenses operating in the mining and hydro-energy production. Furthermore, tax identification may include payments by operations in other sectors (i.e. – reporting licensee pursued mining activity and construction business) under the same tax number. **Recommendation in prior years** We suggest MIE to enforce regulatory requirement in order to achieve reporting of payments and taxes by each license terms (project level). In order to achieve project level reporting the MIE could ask the licensees to have a unique tax number for each license. Such will require accounting and reporting of investments, activities, returns and profits for each license (project) separately.	No progress made in 2016

Project level reporting will allow for better comparison of trends of payments by license terms to level of production and taxes applied, and will provide MIE with a useful basis for budgeting revenues and analysing effectiveness of fiscal policies applied in mid-term and long-term.

Access to timely and reliable information from the reporting government entities

Recipient public entities' reporting came with significant delay and many discrepancies. Through inquiry and communications, we understood that their management information systems and structures did not support EITI reporting requirements.

4. Lack of centralized reporting at government level

No progress made in 2016

The Central Government reporting team could not produce data on taxes paid by individual taxpayers. We understand that the Government cash collections and payments are recorded into a single cash management system: the Treasury system. We were informed that this system can provide information on a monthly basis on revenue generated for each tax; however it does not provide disaggregated information by individual taxpayer. Due to this fact, the MSG requested information from all concerning government agencies, which collected substantial cash flows in the sector, instead of deriving information from one source.

Recommendation in prior years

In order to enhance effectiveness and efficiency of reporting from the Government we recommend the following:

Cooperating with the Government's reporting team to establish reports that can be produced from the Treasury system, containing information on payments collected by revenue streams from individual tax payers. For a number of reasons explained in the following points, access to reports from the Central Government reporting system would be the best option.

However, if this option is not feasible in short or medium term, we recommend looking for opportunities to produce such disaggregated payment information from the collecting government agencies' MIS.

5. Reporting from Local Government Units

The LGUs reporting came with delays and many discrepancies in 2016.

The Government is in the process of issuing a draft law which will enforce EITI reporting across all sectors concerned, including the LGUs

Because reporting licensees' activity extends to a large number of local government units, the MSG selected only seven LGUs to report under EITI. The selection was performed based on the regional production levels reported by AKBN for the year 2016. Hence, the reporting process did not extend to all the LGUs collecting revenue from the petroleum, mining and hydro-energy sector.

Despite the Law requirements, and continuous cooperation among ALBEITI secretariat and certain LGUs, their reporting was incomplete and came with significant delays. Moreover three LGUs did not submit their reporting to the date of this report.

Recommendation

LGUs have certain autonomy in taxing business operating in their administered districts. To improve transparency, in terms of payments of local taxes and fees, contributions and activities in the benefit of local communities etc., we recommend selecting a number of LGUs based on level of production activities reported by AKBN. Selection of reporting LGUs and requirements shall be planned and communicated months ahead of the reconciliation work schedule, in order to fit the reporting requirements within their schedules.

The ALBEITI shall emphasise the necessity to provide disaggregated payments and commentary information on methods for setting these payments when these are not

specified in the Law for local taxes 9632 dated 30.10.2006, as amended and the accompanying regulations.

The Petroleum Law (as amended in March 2015) and Law on Mining (as amended in October 2014) request operating licensees respectively in the oil and gas sector and mining sector to report data and information in accordance with the EITI Standard. In addition, both laws demand reporting from the General Directorate of Taxes, Albanian Custom Administration and the central and local public institutions collecting revenue from the sector.

In order to ensure consistent implementation of these requirements we recommend that the MSG introduces complementary regulation addressing continued cooperation of the LGUs with EITI and their transparency disclosures to be produced by the LGUs administering extractive districts.

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6. Limitations on reports produced by the Tax authorities

The system of General Directorate of Taxes, which administers the largest number and value of taxes, did produce reports on analytical payments based on Tax identification number. However these reports were incomplete and contained many errors in previous reporting periods.

Recommendation

As recommended earlier in order to enhance effectiveness and efficiency of reporting from overall government agencies, MSG and EITI Albania shall cooperate with the Government's reporting team to establish reports that can be produced from the Government's reporting system.

However, if this option is not feasible in short or medium term, and considering the relative size of revenue collected by tax authorities from the concerned sectors, we recommend exploring opportunities to produce such disaggregated payment information from the Tax reporting systems.

Reporting form tax authorities came in time and with minor discrepancies in 2016. The tax authorities have developed reports enabling quick export of payments from their reporting systems.

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7. Assurance processes (government institutions and SOEs)

Reporting from government institutions

Revenue reported by public institutions collecting revenue from the extractive sectors including MIE, AKBN, Tax authorities, Custom authorities and LGUs could not be agreed with audited disclosed numbers. These institutions do not publish annual audited financial statements, however they are subject to performance and compliance audits performed by the Supreme State Auditor in Albania.

Reporting from Albpetrol

Albpetrol produces annual financial statements and undergoes through statutory audit process in line with regulatory framework. Revenue reported by Albpetrol with regard to bonuses and in-kind oil payments could not be agreed to its audited financial statements, because the annual financial statements are prepared on accrual basis of accounting.

Recommendation

In the context of improving the quality of reporting and at the same time obtain assurance on the reported information from the Government institutions, we recommend that the MSG considers engaging the Supreme State Auditor to provide assurance on the EITI reporting produced by the MIE, AKBN, Tax authorities, Custom authorities and the selected LGUs.

As regarding Albpetrol, the MSG may ask the latter to disclose EITI revenue in the required format and other information as a separate report or in an annex to the annual financial statements. In both cases, this information should be subject to independent annual audits.

New recommendation included in this report.

Quality aspects of the contextual information presented in the report

8. Publication of statistics in the sector

The MIE published the level of oil produced and refined in its website for the years 2011-2016. However further improvements are necessary to ensure comprehensive disclosure of activities.

The new EITI standard imposes certain requirements on provision of contextual information for the activity and regulation in the extractive industry, including disclosure of:

- Overview of the extractive industry in terms of reserves, regions, current structure and size, significant exploration activities etc.;
- Contribution in the economy, employment and export levels;
- Total government revenue generated by the extractive industry and funds earmarked for specific programs / geographic regions and sub-national transfers;
- Environmental and social impact studies performed for the sector;
- Public information on license allocations, register of licensees, beneficial owners, contract terms etc.

We noted progressive efforts made by MIE, AKBN and Albpetrol by publishing information on their website, however data is scattered across different sources and further improvements are still necessary to provide a comprehensive and consistent reporting on the extractive industry.

In some cases information reported by AKBN included discrepancies when compared to other sources *(i.e. as noted in section 4.1 the number of employees reported by AKBN for 2016 was substantially lower than the number reported by the GDT)*.

The contextual information in this Report is referenced to different sources dispersed across public sector and often not publicly available. Certain analyses were limited due to unavailability of statistics on the sector. Where available national statistics included information for a wider sector *(i.e. the GDP disclosed for the Energy and resources include: extractive industries; electrical power, gas, steam and air condition supply and other related to waste management)*.

Recommendation

In order to enhance completeness and accuracy, reliability and accessibility of the contextual information, we recommend that the Ministry of Infrastructure and Energy publishes on a periodical basis (at least annually) contextual information including: the potential of the industry and current production, the contribution to the economy, the strategy on the sector, events and facts, current regulation, and forthcoming changes, etc.

Disclosures can include other information useful for statistics on the sector such as:

- production size and quality details (gravity of oil, sulphur concentration, concentration of minerals etc.),
- Investments (number of wells and mineshaft hold / developed),
- environmental rehabilitation projects and costs,
- workforce employed, average salary and subcontracting, social expenses, etc.

These can be collected and elaborated annually and provide the basis for reporting statistics and facts on the industry. AKBN, engaging in several monitoring activities in the sector, can contribute to compiling the sector statistics through collating received information out of individual licenses' annual monitoring reports based on KPIs set by the MSG on production, reserves, sales, employee number, investment in environment, social payments etc.

In order to increase comprehensiveness and accuracy of the data reported, MIE and AKBN may incorporate reconciliation and cross-check procedures with other public institutions collating and administering data such as GDT, ACA etc.

In addition, through the use of KPIs, AKBN can summarize facts based on annual environmental studies highlighting risks and trends on a country level as well as specific areas were activity of operators in the extraction and energy sector is

concentrated.

In the context of improving reporting and statistics on the extractive sector, we recommend the Ministry of Infrastructure and Energy to consider whether to implement similar reporting requirements as in the EU Directives on Accounting and Transparency[112]

9. Production data and values

Through inquiries with AKBN, we understood that production data reported by AKBN were produced out of self-declarations submitted by the licensees to AKBN as part of annual reporting. AKBN informed us that its current level of monitoring did not include assurance procedures to ensure on accuracy of self-declared production, revenue and reserves data.

Moreover, AKBN could not provide details of minerals composition and quality (concentration) in the reported mining output. In absence of such information, mining output could be priced after the average international market prices.

Recommendation

In addition to declarations submitted, we suggest that AKBN provides:

- a comparison of the production declared with the measurements made from AKBN throughout the year, including details of mineral concentration;
- summary of values based on local market transactions and exports, and a comparison of these, to the international prices for the minerals.

Production data are still collected through self-declarations submitted by the licensees and no assurance is provided by AKBN on these.

AKBN provided some indicators of the minerals concertation, however did not provide an analysis of the values based on the domestic and export sales incurred in 2016.

10. Disclosure of total government revenue

We could not obtain a full disclosure of Government revenue in aggregate, and by payment stream from the extractive sector for the years 2011-2016. As noted in earlier points, the Central Government reporting system could not disaggregate information for the upstream oil and gas, mining and hydro-energy sector, neither could provide information disaggregated by individual tax payer.

Lack of availability of such data limits the analysis of relative size of the payment streams, payment trends compared to production, relative size of payments derived from individual tax payers etc.

Recommendation

The Central Government's Treasury collects information on all payments made by individual taxpayers despite the collecting government entity or industrial sector. As suggested in earlier points, through working with the Government's reporting team, the MSG can derive full disclosure of government's revenue in the extractive sector and hydro-energy. Such can be pursued through maintaining an updated register of operating licenses including accurate data on license number and Tax identification number. The same register should be furnished in real-time to the Government's reporting team.

If cooperation with the Government's reporting team is not possible in short or medium term, we suggest cooperating with tax collecting agents such as tax and custom authorities and the local government, which represent the major agents receiving and administering taxes.

In addition to fulfilling a standard requirement, updated information from the Government's reporting system will enhance statistics from the sector. The information can be compared with other information such as production levels, structure of the industry, number of licenses etc.

Disclosure of the Government's revenue has improved in 2016 as a result of improve quality and variety of data reported by the tax authorities.

Identifying and ensuring completeness of the full sector licenses remains an issue due to inconsistencies between the licenses register provided by AKBN, MIE, and ALBEITI etc.

Moreover, revenue disclosed might be related to other non-extractive activities performed by licenses under the same tax numbers.

112 EU Accounting Directive 2013/34/EU

11. Reserves We understand that the Government did not undertake studies of the oil and mining geological reserves in the last 25 years. In this case we suggest that the MIE publishes the results of geological studies and maps from the 80s and 90s. Although their accuracy is limited due to advancement of exploration and extraction technologies and lack of official and accurate data on production extracted throughout the country since the date of latest geological studies. **Recommendation** We understand that assessing the national reserves takes many years and comprises a heavy cost burden to the State's Budget. However, reserves are key to providing contextual information on the overall worth of the national resources in accordance with the EITI requirement 3. We suggest MIE to overweight the benefits from current measure of reserves across Albania and to consider implementation of the project in certain areas with significant extraction interest. In addition, coherent information on reserves proven and probable reserves in combination with tight control over current exploration and extraction activities should help with effective production and fiscal planning and prevent abuses with the national resources.	No progress made in 2016
12. Maintaining of an updated public register of licensees and concessions MIE, AKBN and Albpetrol do not maintain a public register of licensees operating in the extractive sectors of oil, gas and mining in line with the EITI requirement 2.3. This discrepancy is mitigated by the engagement of ALBEITI, who complies and updates the public registers of oil, gas and mining licenses semi-annually. These registers disclose, to the extent possible, information required by the EITI Standard and other supplementary information on the activity of the licensee. **Recommendation** Since ALBEITI, is neither the Contracting Authority, nor the Supervising Authority, the MSG may consider asking the MIE and AKBN to validate and acknowledge the registers published by ALBEITI, and provide direct links to the ALBEITI website for the most up-to-date register. Alternatively, the MSG may ask the MIE and AKBN to update their registers on the same or more frequent basis, so that the citizens may access comparable registers.	Substantial progress made due to ALBEITI's engagement to build a register compliant with the Standard requirements. In addition to compiling the lists ALBEITI performs also checks and verifications of information to source documents.
13. Transparency over license allocation The EITI standard 2.2 requires the Government of Albania to establish and maintain license award processes where decisions to award licenses are made based on established, consistent and clearly understood criteria/parameters and are these publicly announced for each applicant. This may include technical and financial qualifications needed to hold an oil, gas or mineral right, legal criteria, criteria for health, safety and environment, work programs etc. Currently established processes include announcement of oil and mining areas to be licensed and the accompanying technical details and application instructions. *Mining licenses* Mining competitive bid announcements list technical and financial criteria under evaluation and respective weighs. The process is administered by the Public Procurement Agency, which is an independent public agency reporting to the Albanian Parliament. Currently established process in overall meets the EITI requirements set in point 2.2, except for the disclosure of the names of non-winning applicants. Disclosure of	Progress made in 2016 with regard to allocation of mining licenses. The MIE disclosed all the mining cadastres available for licenses including technical specification of the area and type of procedure planned.

the non-winning participants is currently made available to the participants in the bid, however not disclosed for public access.

The MIE informs that such disclosure is not foreseen in the law on public procurement and any changes needs to be carefully considered from the perspective of non-winning applicants. The MIE officially argued that involvement of Public Procurement Agency and Public Procurement Commission in overseeing the fair and non-discrimination basis for allocating the mining licenses, should be sufficient to prevent any corrupted or discriminatory practices and address the participants' concerns on a timely basis.

Oil licenses

Oil licenses negotiations vary significantly from case to case. The oil exploration blocks and oilfields available are continuously marketed by the MIE, AKBN and Albpetrol, in their respective websites. Process for assessing and negotiating PSAs is described in the official website of MIE and AKBN.

However, some discrepancies were noted with disclosures made on contract awards. As mentioned in this EITI report and the preceding EITI report, in some cases contract negotiation procedures are not disclosed until they are finalised and ratified by DCM, such as in the case of the PSA awarded to Albanides Energy.

In this case the MIE did not disclose whether this contract was allocated through a bidding process or a negotiation process, and who were the non-winning applicants.

Recommendation

Mining licenses

We recommend the MIE consider sharing the names on the non-winning applicants and any irregularity encountered with the ALBEITI under a non-disclosure agreement. The MSG may consider whether to require specific procedures for the purpose of EITI implementation.

Oil and gas licenses

We recommend MIE disclose in a consistent and comprehensive way for public access the following information for each PSA allocated under the reporting period:

i. a description of the process for transferring or awarding the license (bidding or negotiation process);
ii. the technical and financial criteria used (i.e. are the reserves known or is the candidate required to asses these);
iii. information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and
iv. any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.

Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is required to disclose the list of applicants and the bid criteria.

In addition the MSG, may wish to consider disclosing supplementary information which are in the interest of the surrounding communities, such as:

- Details of employment terms, environment preservation terms, social expenditure, barter arrangements, etc. if part of the license terms; and
- A description of economic and social benefits expected from the new license and actions planned for mitigating environmental risk.

In addition to complying with EITI requirements, these disclosures will enhance transparency of the process and contribute towards improving the effectiveness of bids and negotiations.

Furthermore, Albania has signed investment treaties with many countries (full list of treaties in force is provided in: http://investmentpolicyhub.unctad.org/IIA/CountryBits/2#iiaInnerMenu). These

agreements impose heavy requirements on transparency of licensing and procurement procedures. Under these circumstances, lack of transparency and ineffective processes for the allocation of licensees could expose the Country against international arbitration claims.

14. Reconciliation of subnational transfers

As noted in chapter 6, in November 2014, the Albanian Parliament introduced changes to the Law on National taxes for the allocation of subnational transfers of royalty and related reconciliation procedures.

The first year of implementation of these changes resulted in discrepancies where the numbers reported by the Ministry of Finance, for 2015, for the subnational transfers of royalty were significantly lower than the transferable portion as set in the Law.

Recommendation

In order to increase transparency and ensure that the new law changes are fully implemented, we recommend the MSG to include reconciliation of subnational transfers of royalty or other assurance procedures in the forthcoming EITI reports.

The MSG selected 7 LGUs for reconciliation in 2016, which represent the largest extractive districts based on output announced by AKBN.

However only four out of seven LGUs submitted reporting. As noted earlier in point 4, the MSG needs to enforce regulatory provisions to ensure that LGUs establish internal processes and proactively promote the benefits of an active cooperation with the EITI.

15. Government's participation in the extractive sector

New recommendation included in this report.

Disclosure of policies ruling financial relationships between the MIE and Albpetrol

The MIE and Albpetrol informed not having a specific policy for distribution of dividends. Dividends distributed by Albpetrol so far have been volatile and not closely linked to its profits and the level of retained earnings.

Disclosure of the level of participation in companies operating in the extractive sector

Research of the NRC in 2016 revealed other SoEs in the oil and mining sector which were not previously disclosed by the MIE or the Ministry of Economy and Finance. Analysis of their activities and relative size did not flag material payments which could have been omitted from this EITI report, however such relationship might give rise to material payments in the future.

Recommendation

In accordance with EITI standard 2.6 the Government shall disclose participations in the extractive industries that gives rise to material revenue payments. Implementing countries must disclose:

a) An explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing.

b) Disclosures from the government and SOE(s) of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period.

In order to satisfy the requirements of point 2.6, the MIE shall maintain an updated register listing all SoEs and other participations in the companies operating in the extractive sector of oil. The register shall be updated for new acquisitions, sales, privatisations etc.

In addition the MIE shall disclose the level of engagement by the Ministry in governing

economic and financial activities of these companies through participation in the Board of Directors or other arrangements, including:

- Current level and planned investments;
- Loans and guarantees made;
- Profit distributions and re-investments policies;
- Other arrangements etc.

16. Setting of materiality thresholds

New recommendation included in this report.

The number of selected reporting entities has increased each year, due to increased number of the mining companies. The MSG constantly aimed to cover at least 80% of production values reported by the mining sector. However such increase resulted in additional reconciliation efforts and substantial increase in the number of non-reporting entities in 2016.

Based on unilateral declarations from the government agencies, the cash flows from these companies amounted to ALL 640,432 thousand or 19% of total cash flows reported from the mining licensees, and 4.7% of total reported flows.

Recommendation

The MSG shall investigate the reason for non-reporting and enforce implementation of current regulatory requirements on EITI reporting.

In the future the MSG may consider revising the materiality threshold to strike a balance between comprehensiveness of disclosures and quality of the reporting.

As shown in section 7.1, flows reported by the largest 50 licenses comprise over 94% of total flows selected for reconciliation among 141 licensees. The largest 50 licensees by reported flows, have undergone through statutory audit in almost all cases and in addition provided specific assurance on EITI numbers for 38.5% of the reported flows.

17. Disclosure of Albpetrol's share of oil

New recommendation included in this report.

Albpetrol and the oil companies report aggregated amounts of the in-kind payments made, and do not identify payments made for PEP from those made for ASP. These payments shall be confirmed by regular reconciliation procedures between the two parties. Lack of disaggregation may hinder reconciliation issues.

Recommendation

To strengthen implementation, the MSG shall ensure that future EITI Reports clearly disaggregate the state's in-kind revenues from Albpetrol's equity oil, as it has done in previous EITI Reports, and that these payments including any outstanding liabilities are reconciled between the parties for the period covered by EITI report.

18. Allocation of revenue not recorded in the national budget

New recommendation included in this report.

AKBN is the only non-budgetary public institution collecting revenue in the extractive sector and not depositing these in the National budget. In line with EITI standard 5, AKBN shall provide a disclosure of how these revenue is spent or allocated to other budgets.

In 2016, same as in previous years, AKBN did not provide its annual financial statements detailing the level of retained earnings carried in its bank accounts, revenue collected and expenditure financed, budgeted investments and spending, etc.

Recommendation

In accordance with requirement 5.1, the MSG should ensure that the allocation of extractive revenues not recorded in the National Budget are explained, with links provided to relevant financial reports as applicable.

Regulatory aspects in the context of EITI reporting

19. Transparency disclosure of payments received vs statutory confidentiality duty

The Petroleum Law (as amended in March 2015) and Law on Mining (as amended in October 2014) request operating licensees in the oil and gas sector and mining sector, respectively, to report data and information in accordance with the EITI Standard. In addition, both laws demand reporting from the General Directorate of Taxes, Albanian Custom Administration and the central and local public institutions collecting revenue from the sector. EITI reporting requirements for the recipient Government institutions currently conflict with their statutory duty to maintain confidentiality over the information obtained in terms of their regulatory duties. These confidentiality provisions, referred to in the laws applicable to tax and custom procedures in Albania[113], allow access to the data only upon explicit consent from the Licensee. Government bodies may exchange the data under strict confidentiality terms.

Current regulatory enforcement does not address forms of reporting with regard to cash flows and contextual information. An initial version of a reporting template applicable to reporting from the mining sector is approved via DCM no. 233 on 23 March 2011. Because approved before the publication of new EITI standard in 2016, the form fails to address many aspects of current reporting requirement such as publication of data on a disaggregated level and assurance process.

In order to overcome this barrier, the reporting templates included a letter granting explicit consent of the licensee:

- to the recipient public entities for reporting information on licensees which are classified as confidential under governing laws, regulations and agreements;
- to allow publication of the concerning cash flows by payments stream, by licensee, on a disaggregated level in the EITI report.

However, due to significant delays in the reporting process from both licensees and recipient public institutions (provided in chapter 4), this procedure resulted not to be effective for the purpose of this reporting as we received signed official confirmations from less than 58 out of 102.

The Government of Albania is in process of issuing a new law on EITI implementation in Albania. This new law sets the roles, definitions, reporting requirements and timeline for reporting.

According to the draft law, private and public entities operating in the sector will report the payments and information requested by the secondary regulatory act that will accompany the law for the purpose of EITI reporting not later than March 31 of the subsequent calendar year. In addition to the flows, regulatory public entities shall report on an ongoing basis contextual information on the sector regulation and activity.

The MSG informed that the law is under review and is expected to be finalized in 2018.

Coordination of inter-institutional activities under EITI initiatives

Coordination of activities among different public and regulated institutions presents a significant challenge in terms of quality and timeliness of the cooperation.

Appointment of EITI focal points among the concerned Government institutions positively contributed to increase their awareness and coordination of EITI activities in the short term, however positive effects are diminished because of frequent change of staff and focal points in the concerned institutions, or due to their limited authority.

Interaction among public institutions for the EITI reporting processes was chaired by official communication of the Minister or higher authority, Deputy Minister in charge or his delegates. Based on the experience of the EITI reports for 2015 and prior reports, public entities take one or more months to officially responded to the MSG requests.

Although seven years have passed since the Government adhered to implementation of EITI, concerned public institutions, including the Ministry of Infrastructure and Energy, Ministry of Finance, AKBN, Albpetrol, General Directorate of taxes, LGUs etc., have not yet established processes and infrastructure for an efficient processing and reporting under EITI requirements. Frequent changes in the focal point requires continued efforts of the ALBEITI secretariat and the independent administrator to

[113] Law no. 9920, dated 19.05.2008 "Tax procedures in the Republic of Albania, as ammended" and Law no. 8449, dated 27.01.1999 "Custom procedures in the Republic of Albania, as ammended".

ensure understanding of the requirements and cooperation in the process.

Recommendation

Barriers listed above need to be addressed through regulatory enforcement. We recommend that the MSG establish complementary regulation addressing all aspects of preliminary analysis for establishing materiality and payments to include in reporting;

- Timing and form of reporting by licensees
- Timing and form of reporting by recipient public entities
- Timing and form of reporting concerning the contextual information
- Level of assurance to be obtained for each reporting
- Forms to address aspects of confidentiality etc.

The regulation also needs to address time required for each reporting entity and public institution to adopt to the requirements and plan the EITI reporting accordingly, to allow for an effective process.

Reporting templates and instructions shall be reviewed and updated for changes in EITI scope and requirements, regulation updates, and new facts affecting the extractive industry (i.e. new revenue streams, licensees etc.).

Selection of the reporting entities should be planned and communicated months ahead of the reconciliation work schedule. We suggest requesting all licensees (where possible) to submit electronic declarations via web or email. Reconciliation work may focus on a sample based on the scope of EITI reporting and changes in the sector.

Provided that the EITI Albania systems support this application, approved templates and instructions may be published on the ALBEITI website, where they can be downloaded by the reporting entities, filled and uploaded through a dedicated portal on the website. Officially, signed forms would be submitted thereafter by mail within the deadline set or be uploaded on the same web portal.

Declarations not selected for the reconciliation process may be presented unilaterally in the report, compared to production data and total cash flows reported by the government institutions etc.

20. Setting a deadline for submission of declarations and reconciliation work

The annual deadline for submission of declarations should be planned ahead and be included in the reporting entities' schedule. As a result, the time required for collection of data is expected to be reduced and the accuracy of reporting would most likely be improved. The same deadline should be established for both licensees and recipient government entities.

The beginning of May of the following calendar year might be considered as the deadline for submission of declarations with the reconciliation work performed in May and June.

The following lists the recommendations provided by the validation based on EITI report and activities in 2015, and discloses the progress made for the year 2016.

Recommendations from recent validation report for the EITI report in 2015	Updates / Progress
To continue strengthening implementation, the MSG may wish to follow up on repeated recommendations from past EITI Reports related to ensuring the accuracy of official reserves estimates.	Progress on prior years recommendations disclosed above
In accordance with requirement 2.2.a, the MSG should ensure annual	Progress made and

disclosure on how mining, oil and gas licenses were awarded and transferred in the year(s) under review, highlighting the technical and financial requirements and any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers.	recommendations for further improvements are presented in point 13 above.
In accordance with requirement 2.3.b, Albania should ensure that dates of application, award and expiry, commodity(ies) covered and coordinates for all oil, gas and mining licenses held by material companies are publicly available. The government is encouraged to make this information available for licenses held by all companies, regardless of their materiality.	Progress made and recommendations for further improvements are presented in point 12 above.
In accordance with requirement 2.4.b, Albania is required to document in future EITI Reports the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, any reforms that are planned or underway as well as an overview of contracts already published.	Policy disclosed and progress made in disclosing new oil contracts and all hydropower concession terms
To strengthen implementation, the MSG may wish to consider piloting beneficial ownership reporting in the forthcoming EITI Report in order to increase awareness of beneficial ownership transparency and pilot beneficial ownership definitions and thresholds. ALBEITI may also wish to conduct broader outreach to the companies on the objectives of beneficial ownership transparency, as well as hold conversations with government agencies on how to make such disclosures mandatory.	Beneficial ownership disclosure piloted for the second year on reporting entities. Results of the pilot and Government's actions to address future compliance are disclosed in section 7.2.
In accordance with requirement 2.6.a, the MSG should provide an explanation of the prevailing rules and practices related to SOEs' retained earnings, reinvestment and third-party funding. The government should also ensure annual disclosure of any changes in government ownership in SOEs or their subsidiaries, and provide a comprehensive account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies in line with requirement 2.6.b.	Progress made and recommendations for further improvements are presented in point 15 above.
To strengthen implementation, the MSG is encouraged to ensure that future EITI Reports provide disaggregated production volumes and values for all key minerals produced in the year(s) under review. The MSG may also wish to work with relevant government entities to ensure that information on domestic prices of all minerals is published as part of routine government disclosures.	Progress made and recommendations for further improvements are presented in point 9 above.
In accordance with requirement 3.3, the MSG should ensure future EITI Reports provide disaggregated export volumes and values for all key minerals exported in the year(s) under review. The MSG is encouraged to clearly segregate any future transit natural gas through the Trans- Adriatic Pipeline from the Albania's other exports.	Exported quantities and values are disclosed for oil and the main minerals in this report, respectively in the chapter 3 and 4.
To strengthen implementation, the MSG is encouraged to consider revisiting its materiality threshold for selecting mining companies to strike a balance between the comprehensiveness of disclosures and the quality of reporting. The MSG may wish to consider a sampling approach, which would allow these payments to be investigated without creating an unreasonable reporting burden. The MSG is also encouraged to ensure that the	Progress made and recommendations for further improvements are presented in point 16 above.

Independent Administrator provides its opinion on the comprehensiveness of the EITI Report.	
To strengthen implementation, the MSG is encouraged to ensure that future EITI Reports clearly disaggregate the state's in-kind revenues from Albpetrol's equity oil, as it has done in previous EITI Reports. The MSG could consider joining the EITI's targeted effort on commodity trading to provide a framework for ensuring that disclosures of the state's sales of its in-kind revenues are in line with international best practice.	Progress made and recommendations for further improvements are presented in point 17 above.
To strengthen implementation, the MSG should ensure that future EITI Reports clearly address Requirement 4.3 and confirm the MSG's assessment of its non-applicability. The MSG may wish to consider the extent to which a review of the actual terms of mining, oil and gas contracts would be necessary to ensure a comprehensive assessment of the applicability of Requirement 4.3.	This report includes an assessment of the applicability of infrastructure provisions and barter arrangements in the oil and mining sectors, disclosed respectively in the chapter 3 and 4.
To strengthen implementation, the MSG should consider ensuring that future EITI Reports explicitly state that the government and SOEs do not receive any revenues from the transportation of minerals, crude oil or natural gas in the year(s) under review.	This report includes an assessment of the revenue collected from transportation of oil and minerals, disclosed respectively in the chapter 3 and 4.
To strengthen implementation, the MSG is strongly encouraged to ensure that future EITI Reports include Albpetrol's dividends to government in the scope of reconciliation, in line with requirement 4.5.	Albpetrol payments to the government were reconciled, including dividends when paid.
In accordance with requirement 4.6, the MSG should undertake appropriate scoping of direct subnational payments by extractive companies to LGUs, establishing a comprehensive basis for the MSG's materiality discussions regarding direct payments to LGUs. The MSG may wish to consider a sampling approach, which would allow these payments to be investigated without creating an unreasonable reporting burden.	Progress made and recommendations for further improvements are presented in point 5 above.
In accordance with Requirement 4.9.a, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should: Examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, and based on this examination, agree what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9. The Independent Administrator should exercise judgement and apply appropriate international professional standards in	Chapter 7, section 7.1 provides an assessment of the assurance 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 2016 and lists all entities who fail to report in 2016, including disclosure of impact based on

developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his/her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The Independent Administrator's inception report should document the options considered and the rationale for the assurances to be provided. Ensure that the Independent Administrator provides an assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided. Ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.	unilateral reporting from the government entities. Recommendations for improvements are listed in the points 2 and 7 above.
In accordance with requirement 5.1.a, the MSG should ensure that the allocation of extractives revenues not recorded in the National Budget are explained, with links provided to relevant financial reports, as applicable. The MSG may wish to explore the extent to which it could use extractives-specific GFS classifications from its EITI summary data tables as a means of disaggregating the extractives components of common taxes in existing MFE systems.	Progress made and recommendations for further improvements are presented in point 18 above.
In accordance with requirement 5.2.a, the MSG should assess the materiality of subnational transfers prior to data collection and ensure that the specific formula for calculating transfers to individual local governments be disclosed, to support an assessment of discrepancies between budgeted and executed subnational transfers. Given the high level of public interest in this issue, the MSG may wish to consider including LGUs in the reporting process for subnational transfers in order to reconcile these transactions.	Progress made and recommendations for further improvements are presented in point 14 above.
To strengthen implementation, the MSG may wish to consider including additional information on the budget-making and auditing processes for government accounts in future EITI Reports.	Progress made and recommendations for further improvements are presented in point 7 above.
In accordance with requirement 6.1.a, the MSG should agree a clear distinction between mandatory and voluntary social expenditures prior to data collection and ensure that material mandatory social expenditures are comprehensively disclosed in future EITI Reports. Where beneficiaries of mandatory social expenditures are a third party, i.e. not a government agency, the MSG should ensure that the name and function of the beneficiary be disclosed. The MSG may wish to consider the extent to which disclosure of actual mining, oil and gas contracts (or review of key terms) would be necessary to provide a comprehensive assessment of the existence of mandatory social expenditures. The MSG may also wish to	This report includes an assessment for the applicability of mandatory social expenditures in the oil and mining sectors, disclosed respectively in the chapters 3 and 4. Chapter 10, provides details of any mandatory or voluntary social

consider the feasibility of reconciling mandatory social expenditures.	expenditures unilaterally reported by the licensees in 2016.
In accordance with requirement 6.2, the MSG should consider the existence and materiality of any quasi- fiscal expenditures undertaken by extractive SOEs and their subsidiaries, ensuring that all material quasi- fiscal expenditures are disclosed in future EITI Reports.	This report includes an assessment for any material quasi- fiscal expenditures undertaken by extractive SOEs in the oil and mining sectors, disclosed respectively in the chapter 3 and 4.
To strengthen implementation, the MSG is encouraged to ensure that future EITI Reports include the value of extractive industries' contribution to GDP in absolute terms and provide specific figures for the macro-economic information covered under Requirement 6.3. The MSG is encouraged to study the extent to which it could provide updated macro-economic information on the contribution of the extractive industries in a timelier manner through the ALBEITI (or other relevant government) website.	Chapter 2 of this report discloses the share of GDP from the extractive sector in absolute and relative terms. Observations and recommendations for further improvements are presented in point 8 above.

Glossary and abbreviations

ACA	Albanian Custom Administration
Administrator	Independent company hired to perform the reconciliation of reported payments and revenues from the licensees and the government
Aggregation	Payments are combined so that the figures show totals per revenue stream
AKBN	National Agency of Natural Resources
AKPT	National Agency for Territorial Planning
ALBEITI	The EITI secretariat in Albanian, established under the Ministry of Infrastructure and Energy
Albpetrol	Oil company 100% owned by the Albanian Government.
ATRAKO	The Agency for Treatment of Concessions is an entity established within the Ministry of Economy of Development, Tourism, Trade and Entrepreneurship.
DCM	Decision of the Council of Ministers
Concessionaire	Company granted with concession
Counterparty	In the report the Government is the counterparty to the licensee and the licensee is the counterparty to the Government
Custom authorities	Albanian Custom Administration
Disaggregation	Payments are detailed per revenue stream and/ or per licensee
OSHEE	Energy Distribution System Operator owned 100% by the Albanian Government.
EITI	Extractive Industry Transparency Initiative
EITI Albania	The EITI secretariat in Albania, established under the Ministry of Infrastructure and Energy. Also referred as ALBEITI.
ERE	Albanian Energy Regulator
EU	European Union
EUR	Euro
GDT	General Directorate of Tax
Government	Used in this Report as a collective term comprising the General Directorate of Tax, the Ministry of Infrastructure and Energy, the Albanian Custom Administration, the National Agency of Natural Resources, the Albanian Energy Regulator, the Local Government Units, the Albania Power Corporation (KESH), and Albpetrol, when not separately disclosed.
GWh	Gigawatt per hour used for measuring larger amounts of power, where 1 GWh = 1,000 MWh.
HPP	Hydropower plant
IFRS	International Financial Reporting Standards published by the International Federation of Accountants (IFAC).
INSTAT	National Institute of Statistics
IPP	Independent power plants
KESH	Albanian Power Corporation
KESH Gen	KESH Gen is a structure within KESH licensed to produce electricity

KTOE	Kilo tons of oil equivalent (toe) used to measure units of energy, defined as the amount of energy released by burning one ton of crude oil.
KV	Kilovolts
KW	Kilowatt, used as a unit of electric power.
KWh	Kilowatt per hour, used a measure energy
LGU	Local Government Unit
License	License awarded by MIE to perform exploration, development and production activity in the Albanian territory.
Licensee	Company that has been awarded a license interest in an exploration and / or production in the Albanian territory
M^2	Meter square
M^3	Meter cube
ME	Ministry of Environment
MEF	Ministry of Economic Development, Tourism, Trade and Entrepreneurship
MIE	Ministry of Infrastructure and Energy
MALL	Million Albanian Lek
MSG	Multi-stakeholder working Group
MW	Megawatt, used as a unit of electric power, where 1 MW = 1,000 KW
MWh	Megawatt per hour, used for metering larger amounts of power, where 1 MWh = 1,000 KWh.
Nickel compositions	Nickel compositions extracted in Albania include iron-nickel and nickel-silicate.
Nm^3	Normal meter cube
Petroleum	Collective term meaning oil and gas
PPP	Public-private partnership
Reconciliation	The process of comparing reported data from licensees and the Government, and explain any discrepancies
RPS	Retail Public Supplier
SHGJSH	Albanian Geological Service
SoE	State-owned entities
SPP	Small power plant
Tax authorities	General Directorate of Tax
TALL	Thousand Albanian Lek
TPP	Thermal power plant
TSO	Transmission System Operator, owned 100% by the Albanian Government.
TUSD	Thousand US dollar
USD	US dollar
VAT	Value added Tax
Without counterparty	Amount reported by either the Government or licensees but not by both parties
WPS	Wholesale Public Supplier

Appendix 1 – Disaggregated reconciliation from the oil and gas sector

Table 31 - Payments per company – oil & gas

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J82916500U	934,650	897,874	-	-	31,776	5,000
K43128401L	5,117,737	5,092,755	250	-	287	24,945
K72205016P	640,128	640,128	-	-	-	-
K81421014P	6,050	6,331	-	-	(281)	-
L01607016G	36,733	39,270	4,297	-	1,759	-
L11725004I	163,037	126,470	-	-	2,884	33,683
L21807009I	282,655	222,352	-	-	60,303	-
K92927401K	45,933	45,933	-	-	-	-
L61416039U	36,044	35,964	-	-	(0)	80
Total	**7,262,967**	**7,107,077**	**4,547**	**-**	**96,728**	**63,708**

Table 32 - Share of oil payments

Amounts in ALL thousands

NUIS	Sum of Payer		Sum of Recipient		Explained discrepancies		Remaining discrepancy	
	in ton	Lek'000	in ton	Lek'000	Payer	Recipient	in ton	Lek'000
K43128401L	23,653	466,991	23,653	466,991	-	-	-	-
K72205016P	900	468,661	900	468,661	-	-	-	-
L01607016G	23,738	17,764	23,738	17,764	-	-	-	-
L11725004I	1,659	32,761	1,659	32,761	-	-	-	-
K92927401K	2,201	43,460	2,201	43,460				
Total	**52,151**	**1,029,637**	**52,151**	**1,029,637**	**-**	**-**	**-**	**-**

Share of oil payments in kind were valued using Albpetrol's average sales price applied for the year 2016, at USD 159.04 per ton. The amount in US dollar were exchanged in ALL using the average official exchange rate published by the Bank of Albania where 1 USD = 124.14 ALL.

Table 33 - Royalty on internal sales

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J82916500U	138,780	136,054	-	-	2,726	-
K43128401L	121,841	122,170	-	-	(329)	-
K72205016P	46,427	46,427	-	-	-	-
L01607016G	4,392	5,473	1,082	-	-	-
L11725004I	30,834	30,926	-	-	(92)	-
Total	**342,273**	**341,050**	**1,082**	**-**	**2,304**	**-**

Table 34 - Royalty on exports

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K43128401L	1,903,628	1,903,628	-	-	-	-
L11725004I	22,216	24,985	-	-	(2,769)	-
Total	**1,925,844**	**1,928,613**	**-**	**-**	**(2,769)**	**-**

Table 35 - Signature bonuses

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
AKBN						
K43128401L	12,414	12,414	-	-	-	-
L21807009I	12,414	12,410	-	-	4	-
L61416039U	35,254	35,254	-	-	-	-
Total	**60,082**	**60,078**	**-**	**-**	**4**	**-**
Albpetrol						
L01607016G	12,343	10,584	-	-	1,759	-
L11725004I	10,515	3,897	-	-	6,618	-
Total	**22,858**	**14,481**	**-**	**-**	**8,377**	**-**

Table 36 - Tax penalties

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J82916500U	202,566	149,341	-	-	53,225	-
K72205016P	10,005	10,005	-	-	-	-
L11725004I	316	-	-	-	-	316
L61416039U	98	83	-	-	15	-
Total	**212,985**	**159,429**	**-**	**-**	**53,240**	**316**

Table 37 – VAT

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J82916500U	198,991	234,292	-	-	(35,301)	-
L01607016G	-	2,098	2,098	-	-	-
L21807009I	3,003	3,097	-	-	(95)	-
Total	**201,994**	**239,487**	**2,098**	**-**	**(35,395)**	**-**

Table 38 – Tax on profit

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K43128401L	906,927	906,927	-	-	-	-
J82916500U	21,198	7,404	-	-	13,794	-
L01508012A	80	250	250	-	-	80
Total	**928,206**	**914,581**	**2,098**	**-**	**13,794**	**80**

Table 39 – Payments for social and health insurance and personal income tax

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J82916500U	368,114	370,784	-	-	(2,670)	-
K43128401L	736,789	736,932	-	-	(143)	-
K72205016P	115,035	115,035	-	-	-	-
K81421014P	6,050	6,331	-	-	(281)	-
L01607016G	2,234	3,352	1,118	-	-	-
L11725004I	28,829	28,901	-	-	(72)	-
L21807009I	141,115	125,657	-	-	15,459	-
K92927401K	2,473	2,473	-	-	-	-
L61416039U	612	627	-	-	(15)	-
Total	**1,401,252**	**1,390,091**	**1,118**	**-**	**12,279**	**-**

Table 40 – Other payments - State

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K43128401L	806,797	806,797	-	-	-	-
L11725004I	33,366	-	-	-	-	33,366
L21807009I	126,123	81,188	-	-	44,935	-
Total	**966,286**	**887,985**	**-**	**-**	**44,935**	**33,366**

Table 41 – Other payments – Local Government

Amounts in ALL thousands

NUIS	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J82916500U	5,000	-	-	-	-	5,000
K43128401L	162,350	136,646	-	-	759	24,945
L11725004I	4,200	5,000	-	-	(800)	-
Total	**171,550**	**141,646**	-	-	**(41)**	**29,945**

Table 42 – List of oil companies

NUIS	Companies
K43128401L	Bankers Petroleum Albania Ltd.
K72205016P	Trans Atlantik Albania Ltd (previously Stream Oil & Gas)
L61416039U	Delvina Gas Company LTD
L11725004I	TRANSOIL GROUP AG (IEC Visoka Shp)
L01607016G	Sherwood Internacional Petroleum Ltd
K92927401K	Phoenix Petroleum
J82916500U	Albpetrol Sh.a.
L21807009I	Shell Upstream Albania B.V
K81421014P	San Leone Energy Plc.(Durrës exploration block)

Appendix 2 – Disaggregated reconciliation from the mining sector

Table 43 - Payments per company - mining

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J62903303L	9,827	9,277	-	-	551	-
J64102248C	71,040	71,659	-	-	(619)	-
J64104078V	17,274	18,291	-	-	(1,141)	125
J64416207W	8,604	8,545	-	-	-	60
J72603135F	6,755	6,695	-	-	60	-
J74517202O	22,846	22,364	-	-	472	10
J74517209B	35,126	32,908	-	-	2,208	10
J78716319A	17,068	17,943	-	-	(168)	(707)
J81503013L	19,776	24,944	5,168	-	-	-
J96829402J	33,588	31,103	-	-	2,485	-
J96829413B	11,320	16,206	-	-	89	(4,975)
J96829414J	47,927	29,477	-	-	18,449	-
J96829420H	11,589	11,562	-	-	27	-
J98021904S	42,506	31,591	-	-	10,915	-
J98021906L	56,539	47,327	954	-	(152)	10,318
J98021907T	52,514	51,869	594	-	1,238	-
K01524006L	74,477	74,038	-	-	-	439
K02715455C	11,979	12,034	-	-	(55)	-
K04005052C	7,156	6,168	-	-	979	9
K04226208A	196,096	6,189	-	-	13,155	176,752
K04226216O	17,413	16,924	-	-	483	6
K06626403L	42,425	42,425	-	-	0	-
K06626412K	18,864	13,438	(5,382)	-	26	19
K07729901W	46,117	43,054	1,965	-	5,028	-
K07729908J	14,220	14,574	-	-	(354)	-
K11613001M	675,360	881,454	-	-	77,423	(283,518)
K16815202M	22,657	20,989	-	-	1,668	-
K21709006N	1,525	1,525	-	-	-	-
K24207608A	17,629	17,859	-	-	(117)	(114)
K24725213C	12,207	12,049	-	-	158	-
K28310906F	12,332	11,832	-	-	500	-
K31321021N	48,095	48,094	-	-	0	-
K32807432W	111,483	109,468	-	-	1,498	518
K34109009D	72,241	4,392	-	-	67,848	-
K36805204D	1,819	1,697	-	-	50	72

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K41313033U	31,088	31,088	-	-	-	-
K43303202D	3,066	4,169	-	-	(612)	(490)
K44801201C	8,648	10,351	-	-	(1,703)	-
K47220402N	17,496	17,377	-	-	119	-
K47220405O	7,794	8,064	-	-	(388)	119
K48429906N	9,379	11,358	1,731	-	(247)	-
K51523031P	16,070	1,660	-	6,624	7,785	-
K52128506K	27,336	25,449	-	-	1,896	(10)
K53129001Q	2,098	1,941	-	-	157	0
K61914005R	569,395	506,163	(943)	-	56,233	6,056
K64006602O	2,902	3,224	-	-	(322)	-
K66613408P	25,920	19,939	-	-	5,981	-
K67812601U	19,389	19,350	-	-	(5)	44
K69209401C	4,580	4,493	-	-	88	-
K71627041B	5,135	5,266	-	-	(131)	-
K72305022Q	130	742	-	-	(612)	-
K77424401L	84,069	83,844	-	-	112	114
K81407085C	2,162	2,950	-	-	(839)	51
K82217010F	32,118	32,091	-	-	(928)	956
K86328401E	36,167	34,156	-	-	1,233	779
K86407401R	10,604	10,978	-	-	(373)	-
K86418403T	6,256	1,738	-	-	4,519	-
K87515901A	34,546	34,516	-	-	(72)	102
K88812401M	9,711	8,053	-	-	1,658	-
K91624006A	4,563	1,146	-	3,407	10	-
K92028004L	5,344	4,314	-	-	312	718
K97114401A	21,791	21,791	-	-	-	-
L01405006G	147,091	152,778	-	-	(7,479)	1,792
L02410001Q	7,969	9,289	-	-	(1,320)	-
L06417401O	12,248	21,094	-	-	(8,847)	-
L06817401D	7,394	6,357	-	-	1,038	-
L08412202M	10,547	10,553	-	-	(7)	-
L09006601L	4,348	4,173	-	-	(78)	252
L11401018K	7,543	7,593	-	-	(132)	81
L13414001Q	4,055	3,767	-	-	(162)	450
L18516901B	17,652	17,990	-	-	(1,388)	1,050
L19704601A	3,301	3,295	-	-	6	-
L23402205B	38	84	-	-	(46)	-
L23409002A	5,146	5,599	498	-	45	-
L31511017L	1,801	3,820	-	(2,830)	811	-
L31910016K	9,551	7,982	-	-	1,182	388
L31929015F	10,007	7,243	-	-	2,620	143
L46802702E	9,373	9,294	-	-	-	79
K07713216Q	-	5,606	-	-	-	(5,606)
L52228034M	-	39,158	-	-	-	(39,158)
K86806401B	-	59,937	-	-	-	(59,937)
K86728402B	-	7,048	-	-	-	(7,048)
K32803014D	-	4,917	-	-	-	(4,917)
L43002803L	-	151	-	-	-	(151)
K86603401D	-	7,577	-	-	-	(7,577)
J73804663H	-	13,011	-	-	-	(13,011)
L39413601P	-	16,848	-	-	-	(16,848)

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
L07525201B	-	1,410	-	-	-	(1,410)
L32409040L	-	3,827	-	-	-	(3,827)
J66702921T	-	10,188	-	-	-	(10,188)
K06626418M	-	27,245	-	-	-	(27,245)
J79602604P	-	14,309	-	-	-	(14,309)
J62903844I	-	695	-	-	-	(695)
K58615301M	-	240,078	-	-	-	(240,078)
K77315401J	-	1,570	-	-	-	(1,570)
K82320010A	-	330	-	-	-	(330)
K38207311L	-	2,384	-	-	-	(2,384)
K06626404T	-	1,875	-	-	-	(1,875)
K26513467T	-	8,177	-	-	-	(8,177)
K67617205B	-	3,571	-	-	-	(3,571)
K22218005O	-	37,769	-	-	-	(37,769)
K91320037A	-	9,247	-	-	-	(9,247)
K13001013H	-	17,022	-	-	-	(17,022)
L26912401G	-	25,371	-	-	-	(25,371)
K32522607E	-	457	-	-	-	(457)
K73328401U	-	17,666	-	-	-	(17,666)
K88016902A	-	6,931	-	-	-	(6,931)
K82214015H	-	11	-	-	-	(11)
K78431302E	-	25,691	-	-	-	(25,691)
J64104103H	-	6,379	-	-	-	(6,379)
K81819509L	-	11,390	-	-	-	(11,390)
K02701009U	-	10,555	-	-	-	(10,555)
K82913007J	-	4,176	-	-	-	(4,176)
Aggregated reporting (*)	297,530	312,303	940	-	(5,854)	(7,979)
Total	**3,421,746**	**3,901,967**	**5,525**	**7,201**	**256,961**	**(738,858)**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level

Table 44 - Royalty – internal sales

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J64102248C	978	1,012	-	-	(34)	-
J64104078V	3,552	3,248	-	-	304	-
J64416207W	3,535	3,535	-	-	-	-
J72603135F	2,787	2,818	-	-	(31)	-
J74517202O	1,163	1,163	-	-	(0)	-
J74517209B	8,079	8,079	-	-	-	-
J96829402J	3,049	3,049	-	-	-	-
J96829414J	8,288	8,234	-	-	54	-
J96829420H	3,188	3,188	-	-	-	-
J98021906L	17	21	-	-	(4)	-
J98021907T	140	1,549	1,409	-	-	-
K02715455C	937	867	-	-	70	-
K04005052C	1,587	1,626	-	-	(39)	-
K04226208A	24,729	-	-	-	-	24,729
K04226216O	5,841	5,846	-	-	(5)	-
K06626403L	4,033	4,033	-	-	-	-
K06626412K	5,862	5,862	-	-	-	-
K07729901W	3,624	3,453	(293)	-	(122)	-
K07729908J	534	534	-	-	-	-
K16815202M	12	107	-	-	(95)	-
K21709006N	439	439	-	-	-	-
K24207608A	2,588	2,588	-	-	-	-
K24725213C	5,644	5,657	-	-	(13)	-
K28310906F	1,032	1,525	-	-	(493)	-
K31321021N	1,902	1,902	-	-	0	-
K32807432W	2,777	2,767	-	-	10	-
K34109009D	5,520	709	-	-	4,811	-
K36805204D	613	613	-	-	0	-
K41313033U	1,094	1,094	-	-	-	-
K43303202D	385	971	-	-	(587)	-
K44801201C	601	601	-	-	-	-
K47220405O	640	640	-	-	-	-
K51523031P	6,422	-	-	4,588	1,834	-
K52128506K	1,018	1,019	-	-	(0)	-
K53129001Q	44	55	-	-	(11)	-
K61914005R	18,031	18,047	-	-	(16)	-
K66613408P	104	104	-	-	-	-
K69209401C	179	186	-	-	(7)	-
K77424401L	912	912	-	-	-	-
K81407085C	1,089	1,973	-	-	(884)	-
K82217010F	1,008	1,932	-	-	(924)	-
K86328401E	1,137	1,137	-	-	-	-
K86418403T	1,875	331	-	-	1,543	-
K87515901A	4,906	5,007	-	-	(101)	-
K88812401M	317	317	-	-	-	-
K97114401A	3,362	3,362	-	-	-	-
L01405006G	2,197	2,310	-	-	(112)	-
L06417401O	3,190	3,190	-	-	-	-
L09006601L	973	1,004	-	-	(30)	-

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
L11401018K	1,023	972	-	-	51	-
L13414001Q	124	768	-	-	(643)	-
L23409002A	10	10	-	-	-	-
L31511017L	250	3,078	-	(2,830)	2	-
L46802702E	796	796	-	-	-	-
L52228034M	-	756	-	-	-	(756)
K86806401B	-	2,289	-	-	-	(2,289)
K32803014D	-	38	-	-	-	(38)
K86603401D	-	17	-	-	-	(17)
J73804663H	-	3,830	-	-	-	(3,830)
L07525201B	-	255	-	-	-	(255)
L32409040L	-	740	-	-	-	(740)
J66702921T	-	159	-	-	-	(159)
K06626418M	-	20	-	-	-	(20)
J79602604P	-	15	-	-	-	(15)
K58615301M	-	4,163	-	-	-	(4,163)
K77315401J	-	503	-	-	-	(503)
K67617205B	-	310	-	-	-	(310)
K22218005O	-	4,530	-	-	-	(4,530)
K91320037A	-	1,496	-	-	-	(1,496)
K13001013H	-	7,219	-	-	-	(7,219)
K32522607E	-	4	-	-	-	(4)
K73328401U	-	1,113	-	-	-	(1,113)
K88016902A	-	1,595	-	-	-	(1,595)
K78431302E	-	10	-	-	-	(10)
J64104103H	-	1,991	-	-	-	(1,991)
K81819509L	-	39	-	-	-	(39)
K02701009U	-	5,829	-	-	-	(5,829)
K82913007J	-	328	-	-	-	(328)
Aggregated reporting (*)	18,792	18,792	-	-	-	-
Total	**172,927**	**180,277**	**1,116**	**1,758**	**4,528**	**(12,520)**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level

Table 45 - Royalty – external sales

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J62903303L	1,799	1,310	-	-	489	-
J78716319A	12,172	14,421	-	-	(2,248)	-
J81503013L	8,254	8,629	375	-	-	-
J96829402J	5,044	5,142	-	-	(98)	-
J96829413B	6,099	6,052	-	-	47	-
J96829420H	1,500	1,484	-	-	16	-
J98021904S	8,276	8,257	-	-	18	-
J98021906L	17,308	19,410	954	-	(1,148)	-
J98021907T	15,350	14,297	(815)	-	238	-
K04226208A	2,966	-	-	-	-	2,966
K06626403L	9,602	9,602	-	-	-	-
K06626412K	1,047	1,046	-	-	1	-
K07729901W	12,092	13,700	2,257	-	650	-
K07729908J	7,592	7,592	-	-	-	-
K11613001M	55,753	52,626	-	-	3,127	-
K16815202M	3,942	3,798	-	-	144	-
K24207608A	3,777	3,956	-	-	(179)	-
K28310906F	4,716	4,716	-	-	-	-
K41313033U	8,745	8,745	-	-	-	-
K44801201C	339	336	-	-	3	-
K47220402N	8,397	8,278	-	-	119	-
K48429906N	4,939	6,936	1,751	-	(246)	-
K51523031P	2,036	-	-	2,036	(0)	-
K52128506K	1,909	1,825	-	-	84	-
K61914005R	20,348	10,907	-	-	9,441	-
K64006602O	2,448	2,448	-	-	-	-
K66613408P	8,413	9,149	-	-	(736)	-
K67812601U	8,280	8,280	-	-	(0)	-
K69209401C	750	649	-	-	101	-
K77424401L	28,377	28,338	-	-	39	-
K82217010F	9,211	9,211	-	-	-	-
K86328401E	15,245	15,212	-	-	33	-
K86407401R	7,276	7,269	-	-	8	-
K87515901A	2,029	2,029	-	-	-	-
K88812401M	2,270	1,130	-	-	1,140	-
K91624006A	3,231	-	-	3,221	10	-
K92028004L	3,300	3,078	-	-	222	-
K97114401A	5,164	5,164	-	-	-	-
L01405006G	85,691	86,430	-	-	(738)	-
L02410001Q	4,674	4,616	-	-	58	-
L06817401D	3,566	3,566	-	-	-	-
L08412202M	4,623	4,543	-	-	80	-
L13414001Q	82	41	-	-	41	-
L18516901B	5,883	7,262	-	-	(1,379)	-
L19704601A	2,195	2,189	-	-	6	-
L31910016K	1,231	1,231	-	-	-	-
L31929015F	8,919	6,298	-	-	2,620	-
L46802702E	3,644	3,644	-	-	-	-
K07713216Q	-	1,934	-	-	-	(1,934)

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
L52228034M	-	16,498	-	-	-	(16,498)
K86806401B	-	32,921	-	-	-	(32,921)
K86728402B	-	5,285	-	-	-	(5,285)
K32803014D	-	445	-	-	-	(445)
K86603401D	-	6,051	-	-	-	(6,051)
L39413601P	-	11,113	-	-	-	(11,113)
L32409040L	-	2,327	-	-	-	(2,327)
J66702921T	-	64	-	-	-	(64)
K06626418M	-	17,080	-	-	-	(17,080)
J79602604P	-	2,200	-	-	-	(2,200)
K38207311L	-	357	-	-	-	(357)
K06626404T	-	1,760	-	-	-	(1,760)
K67617205B	-	2,502	-	-	-	(2,502)
K91320037A	-	2,735	-	-	-	(2,735)
L26912401G	-	8,294	-	-	-	(8,294)
K32522607E	-	25	-	-	-	(25)
K88016902A	-	2,234	-	-	-	(2,234)
K78431302E	-	20,277	-	-	-	(20,277)
K81819509L	-	7,984	-	-	-	(7,984)
K82913007J	-	821	-	-	-	(821)
Aggregated reporting (*)	27,105	33,238	-	-	(6,134)	-
Total	**467,608**	**600,988**	**4,523**	**5,256**	**5,827**	**(139,940)**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level

Table 46 – Tax on profit

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J62903303L	2,298	2,298	-	-	-	-
J64102248C	14,757	25,187	-	-	(10,430)	-
J64416207W	60	-	-	-	-	60
J72603135F	361	361	-	-	-	-
J74517202O	7,895	7,423	-	-	472	-
J74517209B	9,072	6,614	-	-	2,458	-
J78716319A	-	707	-	-	-	(707)
J81503013L	2,278	7,061	4,794	-	10	-
J96829402J	13,500	10,917	-	-	2,583	-
J96829413B	2,825	2,825	-	-	-	-
J96829414J	8,887	8,887	-	-	0	-
J96829420H	4,251	4,251	-	-	-	-
J98021904S	11,245	9,164	-	-	2,081	-
J98021906L	12,594	11,594	-	-	1,000	-
J98021907T	10,218	9,218	-	-	1,000	-
K01524006L	2,123	2,123	-	-	-	-
K02715455C	1,533	1,824	-	-	(291)	-
K04005052C	234	234	-	-	-	-
K06626403L	22,006	22,006	-	-	0	-
K06626412K	5,382	-	(5,364)	-	-	19
K07729901W	7,984	3,484	-	-	4,500	-
K07729908J	2,822	2,887	-	-	(65)	-
K11613001M	215,067	215,067	-	-	0	-
K24207608A	1,612	1,612	-	-	-	-
K24725213C	934	645	-	-	290	-
K28310906F	1,330	830	-	-	500	-
K31321021N	4,266	4,266	-	-	-	-
K32807432W	39,718	39,718	-	-	(0)	-
K34109009D	7,740	1,084	-	-	6,656	-
K36805204D	148	95	-	-	52	-
K43303202D	557	557	-	-	0	-
K44801201C	1,275	1,275	-	-	-	-
K47220402N	2,500	2,500	-	-	-	-
K47220405O	3,085	3,085	-	-	-	-
K48429906N	1,400	1,400	-	-	-	-
K51523031P	6,287	331	-	-	5,956	-
K52128506K	8,336	6,498	-	-	1,838	-
K53129001Q	250	250	-	-	0	-
K64006602O	128	128	-	-	-	-
K66613408P	12,777	5,777	-	-	7,000	-
K69209401C	504	313	-	-	191	-
K72305022Q	20	20	-	-	-	-
K77424401L	24,164	24,164	-	-	-	-
K81407085C	51	-	-	-	-	51
K82217010F	9,123	9,127	-	-	(4)	-
K86328401E	4,952	5,650	-	-	(698)	-
K86407401R	466	761	-	-	(295)	-
K87515901A	13,281	13,281	-	-	-	-
K88812401M	1,521	1,302	-	-	219	-

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K91624006A	186	-	-	186	-	-
K92028004L	718	-	-	-	-	718
K97114401A	4,568	4,568	-	-	-	-
L01405006G	22,600	27,600	-	-	(5,000)	-
L02410001Q	186	1,659	-	-	(1,472)	-
L06417401O	5,000	13,965	-	-	(8,965)	-
L06817401D	1,594	794	-	-	800	-
L08412202M	4,309	4,309	-	-	-	-
L09006601L	1,735	1,541	-	-	194	-
L11401018K	1,047	1,047	-	-	0	-
L13414001Q	243	414	-	-	(170)	-
L18516901B	7,300	7,300	-	-	-	-
L19704601A	574	574	-	-	-	-
L23409002A	712	1,198	531	-	45	-
L31511017L	517	50	-	-	467	-
L31910016K	4,447	3,191	-	-	1,256	-
L31929015F	154	154	-	-	-	-
L46802702E	3,020	3,020	-	-	-	-
K07713216Q	-	2,541	-	-	-	(2,541)
L52228034M	-	40	-	-	-	(40)
K86806401B	-	9,450	-	-	-	(9,450)
K86728402B	-	250	-	-	-	(250)
L43002803L	-	10	-	-	-	(10)
K86603401D	-	805	-	-	-	(805)
J73804663H	-	1,110	-	-	-	(1,110)
L39413601P	-	5,650	-	-	-	(5,650)
L07525201B	-	428	-	-	-	(428)
L32409040L	-	10	-	-	-	(10)
J66702921T	-	3,908	-	-	-	(3,908)
K06626418M	-	674	-	-	-	(674)
J79602604P	-	785	-	-	-	(785)
K58615301M	-	76,483	-	-	-	(76,483)
K82320010A	-	10	-	-	-	(10)
K38207311L	-	1,730	-	-	-	(1,730)
K26513467T	-	2,407	-	-	-	(2,407)
K67617205B	-	300	-	-	-	(300)
K22218005O	-	18,363	-	-	-	(18,363)
K91320037A	-	2,642	-	-	-	(2,642)
L26912401G	-	10,063	-	-	-	(10,063)
K32522607E	-	3	-	-	-	(3)
K73328401U	-	35	-	-	-	(35)
K88016902A	-	276	-	-	-	(276)
K78431302E	-	2,985	-	-	-	(2,985)
J64104103H	-	76	-	-	-	(76)
K81819509L	-	427	-	-	-	(427)
K02701009U	-	321	-	-	-	(321)
K82913007J	-	203	-	-	-	(203)
Aggregated reporting (*)	40,608	41,142	-	-	(534)	-
Total	**603,338**	**733,309**	**(39)**	**186**	**11,647**	**(141,844)**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level

Table 47 – Payments for social and health insurance and personal income tax

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J62903303L	5,541	5,541	-	-	0	-
J64102248C	9,305	9,323	-	-	(18)	-
J64104078V	4,274	4,274	-	-	-	-
J64416207W	1,840	1,840	-	-	-	-
J72603135F	628	571	-	-	57	-
J74517202O	5,226	5,226	-	-	(0)	-
J74517209B	3,564	3,574	-	-	(10)	-
J78716319A	4,896	2,816	-	-	2,080	-
J81503013L	9,241	9,241	(1)	-	-	-
J96829402J	11,880	11,880	-	-	-	-
J96829413B	-	4,975	-	-	-	(4,975)
J96829414J	7,954	7,954	-	-	-	-
J96829420H	1,900	1,890	-	-	10	-
J98021904S	13,499	13,499	-	-	-	-
J98021906L	16,187	16,187	-	-	-	-
J98021907T	21,142	21,142	-	-	-	-
K01524006L	28,968	28,968	-	-	-	-
K02715455C	310	284	-	-	26	-
K04005052C	1,270	1,270	-	-	-	-
K04226208A	135,792	-	-	-	-	135,792
K04226216O	2,555	2,552	-	-	3	-
K06626403L	6,774	6,774	-	-	-	-
K06626412K	3,468	3,482	-	-	(14)	-
K07729901W	22,192	22,192	-	-	-	-
K07729908J	2,984	3,272	-	-	(288)	-
K11613001M	388,716	405,846	-	-	(17,130)	-
K16815202M	17,438	16,136	-	-	1,302	-
K24207608A	6,195	6,247	-	-	62	(114)
K24725213C	2,537	2,537	-	-	(0)	-
K28310906F	4,731	4,731	-	-	-	-
K31321021N	33,377	33,387	-	-	(10)	-
K32807432W	16,689	15,202	-	-	1,488	-
K34109009D	24,304	628	-	-	23,677	-
K36805204D	522	524	-	-	(1)	-
K41313033U	14,778	14,778	-	-	-	-
K43303202D	-	490	-	-	-	(490)
K44801201C	4,232	4,232	-	-	0	-
K47220402N	6,599	6,599	-	-	-	-
K47220405O	3,926	4,314	-	-	(388)	-
K48429906N	3,040	3,021	(20)	-	(1)	-
K51523031P	1,324	1,329	-	-	(5)	-
K52128506K	9,867	9,862	-	-	5	-
K53129001Q	1,789	1,622	-	-	167	-
K61914005R	83,809	83,810	-	-	(1)	-
K64006602O	325	647	-	-	(322)	-
K66613408P	3,733	4,044	-	-	(312)	-
K67812601U	7,473	7,473	-	-	(0)	-
K69209401C	3,123	3,322	-	-	(199)	-

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K71627041B	4,506	5,198	-	-	(691)	-
K72305022Q	65	643	-	-	(578)	-
K77424401L	28,087	28,296	-	-	(208)	-
K81407085C	1,021	977	-	-	44	-
K82217010F	11,705	11,705	-	-	-	-
K86328401E	12,025	11,925	-	-	100	-
K86407401R	2,718	2,718	-	-	-	-
K86418403T	1,348	1,002	-	-	346	-
K87515901A	5,363	5,334	-	-	29	-
K88812401M	5,065	4,930	-	-	135	-
K91624006A	1,116	1,116	-	-	-	-
K92028004L	1,306	1,225	-	-	80	-
K97114401A	8,216	8,216	-	-	-	-
L01405006G	33,196	34,253	-	-	(1,057)	-
L02410001Q	2,981	3,004	-	-	(23)	-
L06417401O	4,058	3,940	-	-	118	-
L06817401D	2,180	1,947	-	-	234	-
L08412202M	1,615	1,702	-	-	(87)	-
L09006601L	406	648	-	-	(242)	-
L11401018K	5,129	5,319	-	-	(190)	-
L13414001Q	2,433	2,253	-	-	180	-
L18516901B	3,189	3,198	-	-	(9)	-
L19704601A	533	533	-	-	-	-
L23402205B	38	84	-	-	(46)	-
L23409002A	814	768	(46)	-	-	-
L31511017L	252	312	-	-	(60)	-
L31910016K	3,486	3,560	-	-	(74)	-
L31929015F	-	790	-	-	-	(790)
L46802702E	1,719	1,719	-	-	-	-
K07713216Q	-	768	-	-	-	(768)
L52228034M	-	21,865	-	-	-	(21,865)
K86806401B	-	15,277	-	-	-	(15,277)
K86728402B	-	1,233	-	-	-	(1,233)
K32803014D	-	4,434	-	-	-	(4,434)
L43002803L	-	141	-	-	-	(141)
K86603401D	-	704	-	-	-	(704)
J73804663H	-	2,660	-	-	-	(2,660)
L39413601P	-	85	-	-	-	(85)
L07525201B	-	727	-	-	-	(727)
L32409040L	-	192	-	-	-	(192)
J66702921T	-	945	-	-	-	(945)
K06626418M	-	8,271	-	-	-	(8,271)
J79602604P	-	3,269	-	-	-	(3,269)
J62903844I	-	370	-	-	-	(370)
K58615301M	-	151,574	-	-	-	(151,574)
K77315401J	-	1,067	-	-	-	(1,067)
K82320010A	-	320	-	-	-	(320)
K38207311L	-	277	-	-	-	(277)
K26513467T	-	5,565	-	-	-	(5,565)
K67617205B	-	460	-	-	-	(460)
K22218005O	-	9,014	-	-	-	(9,014)
K91320037A	-	2,259	-	-	-	(2,259)

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K13001013H	-	2,256	-	-	-	(2,256)
L26912401G	-	6,900	-	-	-	(6,900)
K32522607E	-	426	-	-	-	(426)
K73328401U	-	5,278	-	-	-	(5,278)
K88016902A	-	2,711	-	-	-	(2,711)
K82214015H	-	11	-	-	-	(11)
K78431302E	-	2,409	-	-	-	(2,409)
J64104103H	-	794	-	-	-	(794)
K81819509L	-	2,918	-	-	-	(2,918)
K02701009U	-	1,398	-	-	-	(1,398)
K82913007J	-	2,824	-	-	-	(2,824)
Aggregated reporting for three entities (*)	76,100	76,100	-	-	(0)	-
Total	**1,180,592**	**1,302,323**	**(67)**	**-**	**8,178**	**(129,976)**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level.

Table 48 – VAT

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J64102248C	34,254	35,407	-	-	(1,153)	-
J64104078V	9,324	10,770	-	-	(1,446)	-
J64416207W	2,837	2,837	-	-	-	-
J72603135F	2,711	2,728	-	-	(18)	-
J74517202O	7,052	7,052	-	-	-	-
J74517209B	13,813	13,813	-	-	-	-
K01524006L	42,947	42,947	-	-	-	-
K02715455C	9,189	9,049	-	-	140	-
K04005052C	3,814	2,796	-	-	1,018	-
K04226216O	7,561	7,560	-	-	0	-
K11613001M	15,824	207,915	-	-	91,426	(283,518)
K16815202M	740	862	-	-	(121)	-
K21709006N	1,086	1,086	-	-	-	-
K24207608A	1,753	1,753	-	-	-	-
K24725213C	3,092	3,211	-	-	(119)	-
K31321021N	7,131	7,131	-	-	-	-
K32807432W	49,699	49,699	-	-	-	-
K34109009D	34,676	1,971	-	-	32,705	-
K36805204D	461	462	-	-	(1)	-
K41313033U	6,471	6,471	-	-	-	-
K43303202D	1,922	1,942	-	-	(20)	-
K61914005R	91,738	91,738	-	-	-	-
K77424401L	475	724	-	-	(250)	-
K86418403T	2,772	234	-	-	2,538	-
K87515901A	7,401	7,401	-	-	-	-
L09006601L	981	981	-	-	-	-
L11401018K	-	200	-	-	-	(200)
L23409002A	2,343	2,367	24	-	-	-
L31511017L	782	379	-	-	403	-
K07713216Q	-	363	-	-	-	(363)
J73804663H	-	5,411	-	-	-	(5,411)
L32409040L	-	558	-	-	-	(558)
J66702921T	-	5,112	-	-	-	(5,112)
J79602604P	-	8,041	-	-	-	(8,041)
J62903844I	-	325	-	-	-	(325)
K58615301M	-	7,858	-	-	-	(7,858)
K38207311L	-	20	-	-	-	(20)
K22218005O	-	5,863	-	-	-	(5,863)
K13001013H	-	7,547	-	-	-	(7,547)
K73328401U	-	11,240	-	-	-	(11,240)
K78431302E	-	10	-	-	-	(10)
J64104103H	-	3,517	-	-	-	(3,517)
K81819509L	-	21	-	-	-	(21)
K02701009U	-	3,007	-	-	-	(3,007)
Aggregated reporting for three entities (*)	133,707	133,707	-	-	-	-
Total	**496,555**	**714,088**	**24**	**-**	**125,102**	**(342,611)**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level

Table 49 – Tax on dividend

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J72603135F	15	15	-	-	-	-
J74517202O	1,500	1,500	-	-	-	-
J96829413B	2,199	2,199	-	-	-	-
J96829414J	22,683	4,287	-	-	18,395	-
J98021904S	8,476	330	-	-	8,146	-
J98021906L	10,000	-	-	-	-	10,000
J98021907T	5,419	5,419	-	-	-	-
K04005052C	131	131	-	-	-	-
K06626412K	3,000	3,000	-	-	-	-
K24207608A	1,694	1,694	-	-	-	-
K31321021N	188	188	-	-	-	-
K36805204D	3	3	-	-	-	-
K44801201C	1,455	1,455	-	-	-	-
K47220405O	-	26	-	-	-	(26)
K52128506K	6,204	6,235	-	-	(30)	-
K53129001Q	15	15	-	-	-	-
K66613408P	750	750	-	-	-	-
K67812601U	3,593	3,597	-	-	(5)	-
K77424401L	927	927	-	-	(0)	-
K86328401E	1,800	2	-	-	1,798	-
K87515901A	1,350	1,350	-	-	-	-
K88812401M	450	300	-	-	150	-
L01405006G	1,500	2,072	-	-	(572)	-
L11401018K	62	55	-	-	7	-
L13414001Q	450	-	-	-	-	450
L18516901B	1,050	-	-	-	-	1,050
L23409002A	712	712	-	-	-	-
Aggregated reporting for three entities (*)	8,550	8,550	-	-	-	-
Total	**84,177**	**44,813**	**-**	**-**	**27,889**	**11,475**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level

Table 50 – Tax penalties

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J62903303L	189	128	-	-	61	-
J64102248C	11,192	476	-	-	10,716	-
J72603135F	253	202	-	-	51	-
J74517202O	10	-	-	-	-	10
J74517209B	10	-	-	-	-	10
J81503013L	3	13	-	-	(10)	-
J96829413B	82	40	-	-	42	-
J96829420H	750	750	-	-	-	-
J98021904S	1,010	340	-	-	670	-
J98021906L	318	-	-	-	-	318
J98021907T	130	130	-	-	-	-
K02715455C	10	10	-	-	-	-
K04005052C	111	111	-	-	-	-
K04226208A	3,493	-	-	-	-	3,493
K04226216O	6	-	-	-	-	6
K06626403L	10	10	-	-	-	-
K06626412K	105	48	(19)	-	39	-
K07729901W	110	110	-	-	-	-
K07729908J	124	124	-	-	-	-
K16815202M	524	86	-	-	438	-
K24207608A	10	10	-	-	-	-
K28310906F	522	29	-	-	493	-
K31321021N	60	50	-	-	10	-
K32807432W	1,961	1,961	-	-	-	-
K36805204D	72	-	-	-	-	72
K43303202D	203	208	-	-	(5)	-
K44801201C	10	10	-	-	-	-
K52128506K	-	10	-	-	-	(10)
K53129001Q	0	-	-	-	-	0
K61914005R	4	-	(4)	-	-	-
K67812601U	44	-	-	-	-	44
K69209401C	24	22	-	-	2	-
K71627041B	629	69	-	-	560	-
K72305022Q	3	10	-	-	(7)	-
K77424401L	601	70	-	-	531	-
K82217010F	929	-	-	-	-	929
K86328401E	669	-	-	-	-	669
K87515901A	102	-	-	-	-	102
K88812401M	87	74	-	-	13	-
K91624006A	30	30	-	-	-	-
K92028004L	20	10	-	-	10	-
K97114401A	366	366	-	-	-	-
L01405006G	1,255	-	-	-	-	1,255
L02410001Q	127	10	-	-	117	-
L06817401D	54	50	-	-	4	-
L09006601L	252	-	-	-	-	252
L11401018K	281	-	-	-	-	281
L13414001Q	722	292	-	-	431	-
L23409002A	555	545	(10)	-	-	-
L31910016K	388	-	-	-	-	388

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
Aggregated reporting for three entities (*)	1,086	351	-	-	736	-
Total	**29,508**	**6,753**	**(32)**	**-**	**14,903**	**7,820**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level

Table 51 – Other payments made to the State

Amounts in ALL thousands

Company	LGU	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
				Payer	Recipient	Unidentified	Without Counterparty
K04005052C	DPD	9	-	-	-	-	9
K04226208A	DPT	9,772	-	-	-	-	9,772
K31321021N	DPT	671	671	-	-	(0)	-
K32807432W	DPT	121	121	-	-	-	-
K61914005R	DPD	289,390	249,695	-	-	39,695	-
K72305022Q	DPT	42	69	-	-	(27)	-
K77424401L	DPT	68	68	-	-	(0)	-
Aggregated reporting (*)	DPT	78	78	-	-	-	-
Total		**300,151**	**250,702**	**-**	**-**	**39,678**	**9,781**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level.

Table 52 – Other payments made to the LGU

Amounts in ALL thousands

Company	LGU	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
				Payer	Recipient	Unidentified	Without Counterparty
J64102248C	Bashkia Kruje	554	254	-	-	300	-
J64416207W	Bashkia Kruje	332	332	-	-	-	-
J74517209B	Bashkia Kruje	588	828	-	-	(240)	-
J96829402J	Bashkia Bulqize	115	115	-	-	-	-
J96829413B	Bashkia Bulqize	115	115	-	-	-	-
J96829414J	Bashkia Bulqize	115	115	-	-	-	-
J98021906L	Bashkia Bulqize	115	115	-	-	-	-
J98021907T	Bashkia Bulqize	115	115	-	-	-	-
K01524006L	Bashkia Kruje	439	-	-	-	-	439
K04226208A	Bashkia Kruje	19,344	6,189	-	-	13,155	-
K04226216O	Bashkia Kruje	1,451	967	-	-	484	-
K06626404T	Bashkia Bulqize	-	115	-	-	-	(115)
K06626418M	Bashkia Bulqize	-	1,200	-	-	-	(1,200)
K07729901W	Bashkia Bulqize	115	115	-	-	-	-
K07729908J	Bashkia Bulqize	164	165	-	-	(1)	-
K26513467T	Bashkia Bulqize	-	205	-	-	-	(205)
K31321021N	Bashkia Kruje	499	499	-	-	-	-
K32807432W	Bashkia Fier	518	-	-	-	-	518
K44801201C	Bashkia Kruje	736	2,442	-	-	(1,706)	-
K47220405O	Bashkia Bulqize	144	-	-	-	-	144
K61914005R	Bashkia Kruje	59,081	51,967	-	-	7,113	-
K66613408P	Bashkia Bulqize	144	115	-	-	29	-
K77424401L	Bashkia Bulqize	344	344	-	-	-	-
K82217010F	Bashkia Bulqize	115	115	-	-	-	-
K86328401E	Bashkia Bulqize	230	230	-	-	-	-
K86407401R	Bashkia Bulqize	144	230	-	-	(86)	-
K86418403T	Bashkia Bulqize	262	170	-	-	92	-
K86728402B	Bashkia Bulqize	-	280	-	-	-	(280)
K87515901A	Bashkia Bulqize	115	115	-	-	-	-
K88016902A	Bashkia Bulqize	-	115	-	-	-	(115)
K91320037A	Bashkia Bulqize	-	115	-	-	-	(115)
K97114401A	Bashkia Bulqize	115	115	-	-	-	-
L01405006G	Bashkia Bulqize	115	115	-	-	-	-
L18516901B	Bashkia Bulqize	230	230	-	-	-	-
L26912401G	Bashkia Bulqize	-	115	-	-	-	(115)
L46802702E	Bashkia Bulqize	115	115	-	-	-	-
Aggregated reporting (*)		422	344			78	-
Total		**86,889**	**68,713**	**-**	**-**	**19,219**	**(1,043)**

(*) Aggregated reporting for Alb Lea International, Salillari, and Xhireton, who refused to have their numbers published on a disaggregated level.

Table 53 – List of companies in the mining sector

NUIS	Companies	Did the entity report in 2016 (Y/N)
K28310906F	11 Heronjte Bater	Y
K07713216Q	Afrimi-K	N
K32807432W	Agbes Construksion	Y
K07729901W	Alb - Canaj	Y
J86906408N	Alb Ieaa Internacional	Y
L23402205B	Alb Industries	Y
L52228034M	Alb Mine&Chrome sh.p.k	N
J96829413B	Albanisa Krypi	Y
K11613001M	Albchrome sh.p.k	Y
K86806401B	Alb-Mi sh.p.k	N
K86728402B	Albtani -08 Konstruksin	N
K66613408P	Algej	Y
L11401018K	Al-Gem sh.a	Y
L09006601L	Aliaj Group	Y
K32803014D	Alion	N
L43002803L	Alpha Alabaster Group	N
K34109009D	ANK. shpk	Y
K61914005R	Antea Cement	Y
K86407401R	Ardas	Y
K97114401A	Aris	Y
K86603401D	Arkev	N
K04226216O	Babasi - 2	Y
J74517209B	Babasi COO	Y
J73804663H	Benaks-94	N
L39413601P	BL - Arsi sh.p.k	N
L07525201B	Blerimi Kosturr 2010	N
L32409040L	Brajan 2013	N
L01405006G	Brisel	Y
L08412202M	Burimi XH	Y
K49326630V	Bytyçi	N
J66702921T	Cahani	N
L46802702E	Canameti	Y
K48429906N	Ceruja	Y
K36805204D	Comercir sh.p.k	Y
L06417401O	Çupi Group	Y
J96829420H	Dervishi	Y
J96829414J	Dialba	Y
K47220402N	Drini Bulqize	Y
K77424401L	Egi -K	Y
K04226208A	F.K.C.F Fushe Kruje	Y
K06626418M	FABRIKA E PASURIMIT TE KROMIT BULQIZE	N
J64104078V	Favina	Y
J79602604P	Florida	N
J62903844I	Foralb Alabaster	N
K58615301M	Gener 2	N
J81503013L	Gentari	Y
K77315401J	Gerda - 07 sh.p.k	N
K82320010A	Gjomakaj Group	N
K06626412K	Gjoni Shpk	Y
K38207311L	Glejdis	N
K87515901A	Global Interprise group	Y

K72305022Q	Heavy Industries	Y
J98021906L	Herbi	Y
K88812401M	Igli - 07	Y
K92114002U	Illyria Minerals Industri	N
L31511017L	Inte	Y
J96829402J	Isaku	Y
K47220405O	Ivno 1100	Y
K64006602O	Joal - 06	Y
K02715455C	Kapaj	Y
L06817401D	Kaprolla & Kompani	Y
K52128506K	KID-Alb	Y
K86328401E	Klervi - Bris	Y
L23409002A	KLISAL sh.p.k	Y
J98021907T	Klosi	Y
K06626403L	Koka	Y
K06626404T	Koxherri	N
K86418403T	Krasta	Y
K81922011L	Kromex	N
K24207608A	Kuarci Blace	Y
K26513467T	Kurti	N
K67617205B	Leshnica	N
K22218005O	Lim - Em	N
K91320037A	Lita Brothers	N
K24725213C	Makaresh sh.p.k	Y
L18516901B	Mara 2011	Y
K21709006N	Mexhi	Y
K04005052C	Milenium	Y
K44801201C	Milis Brick	Y
K67812601U	Miniera e Kromit Katjel	Y
L31929015F	Mining Ferro Nikel	Y
L19704601A	Mireva	Y
K13001013H	Mustafai	N
K92028004L	Nika - BL	Y
K81407085C	Oskeola	Y
L26912401G	Pakti	N
K53129001Q	Pietra Nesli	Y
K32522607E	Pirali	N
K91624006A	Platinium Alb	Y
J64416207W	Priska sh.p.k	Y
J62903303L	Prodhime Karbonike	Y
K69209401C	Qato - 01	Y
K73328401U	Qeramika Apollon	N
K88016902A	Ra-Krom Tirana	N
K82214015H	Roimar	N
J62903125G	Salillari	Y
J64102248C	San Tara sh.p.k	Y
L02410001Q	Sara Albania	Y
K16815202M	Selenice Bitumi	Y
J98021904S	Shkalla	Y
J72603135F	Shpiragu	Y
K31321021N	Shpresa-Al	Y
K43303202D	Shqiponja - G	Y
K78431302E	Silbora	N

L13414001Q	Singh Group	Y
K41313033U	Stone Production	Y
K51523031P	T.M.C - Transport - Mining - Construction	Y
J64104103H	Tanusha	N
K71627041B	Tete Albania	Y
J98021902C	Topi Eki	N
L31910016K	Trade Minerals Al sh.p.k	Y
K81819509L	Tur-Alb-Krom	N
K01524006L	VEGA Sh.p.k	Y
K02701009U	Vellezerit Llupo	N
J78716319A	Vllaznimi Deda Imp-Exp	Y
J71909005P	Xhiretone	Y
J74517202O	Xhulio	Y
K82913007J	Xhuljano 08	N
K07729908J	Ylberi	Y
K82217010F	Zasha	Y

Appendix 3 – Disaggregated reconciliation from the hydro-energy sector

Table 54 - Payments per company – hydro-energy

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J61817005F	1,258,143	1,258,132	-	-	11	-
K71624026M	85,922	84,492	-	-	1,234	196
K81813003S	206,871	238,287	-	-	(31,416)	-
K82321008Q	14,438	39,767	-	-	(25,329)	-
K82417005V	497,560	563,937	-	-	(69,101)	2,724
K82418002C	264,947	264,482	-	-	(2,100)	2,566
K87920201S	110,195	110,185	-	-	(10,153)	10,163
K91928002U	90,000	101,191	-	-	(11,635)	444
K92108022E	13,362	14,136	-	-	(804)	30
L57703202C	107,991	93,674	-	-	0	14,318
K02727230T	142,079	142,069	-	-	(46)	55
L11731504A	28,654	28,594	-	-	-	60
Total	**2,820,163**	**2,938,945**	**-**	**-**	**(149,339)**	**30,557**

Table 55 – Concession fee

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K81813003S	8,542	45,323	-	-	(36,781)	-
K82321008Q	5,336	30,668	-	-	(25,333)	-
K82417005V	44,837	115,125	-	-	(70,288)	-
K91928002U	4,644	17,940	-	-	(13,296)	-
K92108022E	4,954	6,398	-	-	(1,444)	-
L57703202C	14,018	-	-	-	-	14,018
Total	**82,331**	**215,454**	**-**	**-**	**(147,141)**	**14,018**

Table 56 – Regulatory tariffs

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K82417005V	2,724	-	-	-	-	2,724
K82418002C	2,566	-	-	-	-	2,566
K91928002U	444	-	-	-	-	444
K92108022E	30	-	-	-	-	30
L57703202C	300	-	-	-	-	300
L11731504A	60	-	-	-	-	60
Total	**6,124**	**-**	**-**	**-**	**-**	**6,124**

Table 57 – Tax on profit

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J61817005F	831,265	831,265	-	-	(0)	-
K71624026M	1,814	580	-	-	1,234	-
K81813003S	67,499	61,738	-	-	5,762	-
K82321008Q	3,318	3,318	-	-	-	-
K87920201S	23,052	25,284	-	-	(2,232)	-
K91928002U	21,302	23,584	-	-	(2,282)	-
K92108022E	4,104	4,104	-	-	-	-
L57703202C	21,768	21,768	-	-	-	-
Total	**974,121**	**971,640**	**-**	**-**	**2,482**	**-**

Table 58 – Tax penalties

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J61817005F	31	20	-	-	11	-
K71624026M	196	-	-	-	-	196
K87920201S	76	259	-	-	(183)	-
K91928002U	9,851	40	-	-	9,811	-
K02727230T	55	-	-	-	-	55
L11731504A	4,008	4,008	-	-	-	-
Total	**14,217**	**4,327**	**-**	**-**	**9,639**	**252**

Table 59– Payments for social and health insurance and personal income tax

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J61817005F	232,291	232,291	-	-	(0)	-
K71624026M	23,201	23,201	-	-	-	-
K81813003S	7,872	8,411	-	-	(540)	-
K82321008Q	5,785	5,781	-	-	4	-
K82417005V	14,767	14,768	-	-	(1)	-
K82418002C	262,381	264,482	-	-	(2,100)	-
K87920201S	4,834	4,834	-	-	-	-
K91928002U	4,889	4,948	-	-	(60)	-
K92108022E	4,274	3,634	-	-	640	-
L57703202C	3,394	3,394	-	-	0	-
K02727230T	123,371	123,392	-	-	(22)	-
L11731504A	24,585	24,585	-	-	-	-
Total	**711,642**	**713,722**	**-**	**-**	**(2,079)**	**-**

Table 60 – VAT

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J61817005F	193,304	193,304	-	-	0	-
K71624026M	60,711	60,711	-	-	-	-
K81813003S	122,958	122,815	-	-	143	-
K82417005V	401,178	399,989	-	-	1,188	-
K87920201S	72,071	79,809	-	-	(7,738)	-
K91928002U	48,870	54,678	-	-	(5,808)	-
L57703202C	68,512	68,512	-	-	-	-
Total	**967,604**	**979,819**	-	-	**(12,215)**	**-**

Table 61 – Other payments made to the State

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
J61817005F	1,252	1,252	-	-	(0)	-
K82417005V	34,055	34,055	-	-	-	-
K02727230T	18,653	18,677	-	-	(24)	-
Total	**53,960**	**53,984**	**-**	**-**	**(24)**	**-**

Table 62 – Other payments made to the LGU

Amounts in ALL thousands

Company	Sum of Payer	Sum of Recipient	Explained discrepancies		Remaining discrepancy	
			Payer	Recipient	Unidentified	Without Counterparty
K87920201S	10,163	-	-	-	-	10,163
Total	**10,163**	**-**	**-**	**-**	**-**	**10,163**

Table 63 – List of companies in the hydro-energy sector

NUIS	Companies
J61817005F	"KESH" sh.a
K02727230T	"Kurum International" sh.a.
K82417005V	"Energji Ashta" sh.p.k
L57703202C	"Euron Energy" sh.p.k
L11731504A	"Ayen As Energji"sh.a
K82418002C	"Devoll Hydropower" sh.a
K87920201S	"Gjo.Spa.POWER"sh.p.k
K92108022E	"DITEKO" sh.p.k
K71624026M	"Balkan Green Energy" sh.p.k
K82321008Q	"Erdat Lura" sh.p.k
K91928002U	"Energy Plus" sh.p.k
K81813003S	"Power Elektrik Slabinje" sh.p.k

Appendix 4 – Summary of exploration activity in Albania

Table 64 - Summary of exploration activity in Albania

Field	Year discovered	Reservoir type	Reservoir depth (m)	Oil gravity (API)	Sulphur content (%)
Drashovica	1918	Oligoc-flysch	100-200	Oil < 10 °	N/a
Patos	1927	Mess-clastics	Surface to 1200	Oil (12-24° API)	2.5-6
Kuçova	1928	Mess-clastics	Surface to 1500	Oil (13-16° API)	4
Marinza	1957	Mess-clastics	1200-1800	Oil (12-35° API)	4-6
Visoka	1963	Cret/Eoc.Carb	800-1000	Oil (5-16° API)	5-6
Gorisht- Kocul	1965	Cret/Eoc.Carb	1000-2500	Oil (17° API)	6
Ballsh-Hekal	1966	Cret/Eoc.Carb	1000-3000	Oil (12-24° API)	5.7-8.4
Cakran-Mollaj	1977	Cret/Eoc.Carb	3000-4500	Oil 14-37 ° API) Cond., 52 ° API	0.9
Finiq- Krane	1973	Cret/Eoc.Carb	800-2000	Oil (<10° API)	3.7-4.3
Delvina	1989	Cret/Eoc.Carb	2800-3400	Oil (31° API) Cond., 53 ° API	0.7
Divjaka	1963	Tort/clastics	2400-3000	Gas & Condensate	N/a
Ballaj-Kryevidh	1983	Piloc/clastics	300-1700	Gas	N/a
Frakulla	1965	Mess-clastics	300-2500	Gas	N/a
Povelca	1987	Mess-clastics	1800-3500	Gas & Condensate	N/a
Panaja	1988	Mess-clastics	2500	Gas	N/a
Adriatik-4 (offshore)	1994	Mess-clastics	2500-3100	Biogenic Gas & Cond, 54.3° API	N/a
Sqepuri	2001	Cret/Eoc.Carb	4950	Oil (37° API)	2.3

N/a – not available

Appendix 5 – PSA awarded and transfers in oil and gas exploration and production over the last decade

Table 65 – Listing of PSA awarded and transfers in oil and gas

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
1	Offshore	Block Rodoni N & S	Exploration block	Free	AKBN	**2015**	The Ministry responsible for energy announced auctions for this block. These announcements did not result in any successful bid.	
2	Offshore	Block Adriatiku 2	Exploration block	In October 2017 Albpetrol confirmed that these blocks are operated by Emanuelle Adriatic Energy Ltd, in their official response sent to ALBEITI. However in 2017, Albpetrol invited oil companies to expressed their interests in blocks 2, 3, and 4 until 2 May 2017.	Albpetrol	**2012**	Emanuelle Adriatic Energy Ltd is granted the Petroleum Agreement to explore and operate the offshore blocks 2, 3, 4 by DCM no. 383, date 06.06.2012	
3	Offshore	Block Adriatiku 3						
4	Offshore	Block Adriatiku 4						
5	Offshore	Block Joni 5	Exploration block	Free	AKBN	**2007**	Medoil plc. acquired interest in Joni 5 by DCM no. 507, dated 8.8.2007	
						2013	By DCM no. 529, dated 13.6.2013, the GoA approved transfer of interests in Joni 5 to Capricorn Albania Limited (perviously MedOil plc) and Dyas Albania B.V.	
						2015	The Ministry responsible for energy announced auctions for this block. These announcements did not result in any successful bid.	
6	Onshore	Block 1	Exploration block	Free	AKBNI			

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
7	Onshore	Block 2-3	Exploration block	Shell Upstream Albania B.V.	AKBN	**2009**	DWM Petroleum acquired interests in blocs 2-3 and D-E by DCM no.754, dated 8.7.2009	http://www.resourcecontracts.org/countries/al
						2010	Petromanas Energy Inc. ("Petromanas" or the "Company") has completed the acquisition from DWM Petroleum AG ("DWM"), a wholly-owned subsidiary of Manas Petroleum Corporation, of all of the issued and outstanding securities of Manas Adriatic GmbH ("Manas Adriatic") in February 2010, through a share-purchase agreement.	
						2012	On 9 February 2012, Shell acquired 50% interests in the Petroleum agreement granted in the exploration blocks 2 and 3 held by Petromanas Albania.	
						2013	In 2013, after an important commercial discovery of light oil in well Shpiragu-2, flowed at rates of 800 to 1300bbl per day of 35 - 37 degree API oil, 2-3, SHELL acquired an additional 25% interests in the PSA.	
						2016	In February 2016, SHELL signed an agreement to purchase the reminder 25% and got 100% of the interests in the PSA for block 2 and 3, and the Albanian operations of Petromanas Albania GmbH for USD 45 million. In June 2016, SHELL commenced drilling well Shpiragu-3 with a total budgeted investment of USD 72 million. According to AKBN, investments performed so far under this PSA amount at USD 270 million. (https://kryeministria.al/al/newsroom/lajme/shell-tjeter-investim-madhor-ne-fushen-e-naftes-ne-shqiperi)	
8	Onshore	Block 4	Exploration block	Shell Upstream Albania B.V.	AKBN	**2015**	The Ministry responsible for energy announced auctions for this block. At the end of 2015, the Ministry announced the consortium Shell & Petromanas as the winning bid. Number and name of the non-winning applicants were not made available.	
						2017	In May 2017 AKBN announced positive progress of negotiations of PSA on block 4 with Shell Upstream Albania.	
9	Onshore	Block 5	Exploration block	Free	AKBN	**2015**	The Ministry responsible for energy announced auctions for this block. These announcements did not result in any successful	

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
							bid.	
10	Onshore	Block 6	Exploration block	Free	AKBN			
11	Onshore	Block 7	Exploration block	Free	AKBN			
12	Onshore	Block 8	Exploration block	Albanides Energy Sh.a. (neither Albpetrol, nor AKBN did report this PSA as under their administration)	Albpetrol	**2016**	In 2016, MIE and AKBN undersigned a PSA with Albanides Energy, for the onshore exploration block number 8. This PSA is approved via DCM no. 266 dated 6.4.2016. The DCM and the translated version of the PSA is published in the official gazette number 63/2016.	http://www.qbz.gov.al/botime/fletore_zyrtare/2016/PDF-2016/63-2016.pdf
13	Onshore	Block A	Exploration block	Free	AKBN	**2007**	DWM Petroleum acquired interests in blocs A-B and D-E by DCM no.796, dated 7.11.2007	http://www.resourcecontracts.org/countries/al
						2013	By DCM no. 620, dated 24.7.2013 the Government approved transfer of interests in blocks A-B and D-E to Petromanas Albania GmbH.	
						2014	In 2014 AKBN announced termination of the PSA with Petromanas for Block A-B and D-E.	
14	Onshore	Block B	Exploration block	Free	AKBN	**2007**	DWM Petroleum acquired interests in blocs A-B and D-E by DCM no.796, dated 7.11.2007	http://www.resourcecontracts.org/countries/al
						2013	By DCM no. 620, dated 24.7.2013 the Government approved transfer of interests in blocks A-B and D-E to Petromanas Albania GmbH.	http://www.qbz.gov.al/botime/fletore_zyrtare/2013/PDF-2013/133-2013.pdf
						2014	In 2014 AKBN announced termination of the PSA with Petromanas for Block A-B and D-E.	

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
15	Onshore	Block C	Exploration block	Free	AKBN	**2015**	The Ministry responsible for energy announced auctions for this block. These announcement did not result in any successful bid.	
16	Onshore	Block D	Exploration block	Free	AKBN	**2007**	DWM Petroleum acquired interests in blocs A-B and D-E by DCM no.796, dated 7.11.2007	http://www.resourcecontracts.org/countries/al
						2013	By DCM no. 620, dated 24.7.2013 the Government approved transfer of interests in blocks A-B and D-E to Petromanas Albania GmbH.	http://www.qbz.gov.al/botime/fletore_zyrtare/2013/PDF-2013/133-2013.pdf
						2014	In 2014 AKBN announced termination of the PSA with Petromanas for Block A-B and D-E.	
17	Onshore	Block E	Exploration block	Free	AKBN	**2007**	DWM Petroleum acquired interests in blocs A-B and D-E by DCM no.796, dated 7.11.2007	http://www.resourcecontracts.org/countries/al
						2013	By DCM no. 620, dated 24.7.2013 the Government approved transfer of interests in blocks A-B and D-E to Petromanas Albania GmbH.	http://www.qbz.gov.al/botime/fletore_zyrtare/2013/PDF-2013/133-2013.pdf
						2014	In 2014 AKBN announced termination of the PSA with Petromanas for Block A-B and D-E.	
18	Onshore	Block F	Exploration block	Bankers Petroleum Albania Ltd	AKBN	**2010**	Bankers Petroleum acquired interests in block F by DCM no. 939, dated 17.11.2010	
19	Onshore	Block Dumre	Exploration block	**Status not disclosed**	AKBN	**2015**	The Ministry responsible for energy announced auctions for this block. At the end of 2015, the Ministry announced Navitas Petroleum (part of DeALL Group) as the winning bid. Number and name of the non-winning applicants were not made available.	
						2016	At the end of 2016 the Ministry responsible for energy announced that the PSA with Navitas Petroleum is under negotiation.	
20	Onshore	Block Panaja	Exploration block	Free	AKBN	**2015**	The Ministry responsible for energy announced auctions for this block. These announcement did not result in any successful bid.	

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
21	Onshore	Block Velca	Exploration block	Pennine Petroleum Corporation Sh.a.	Albpetrol	**2015**	Pennine Petroleum announced being the winning bid for the onshore petroleum Velca Block at the beginning of December 2015 (https://seenews.com/news/pennine-petroleum-gets-final-approval-of-psa-for-albanias-velca-block-592204#sthash.ST0rlLMW.dpuf), however the bid and method for contract allocation was not previously announced by Albpetrol	
							Pennine Petroleum acquired officially interests in Velce block by DCM no. 685, dated 22.11.2017.	http://www.qbz.gov.al/Botime/Akteindividuale/Janar%202017/Fletore%20210/VKM%20nr.%20685,%20date%2022.11.2017.pdf
22	Offshore	Block Durres	Exploration block	In 2017, AKBN announced that is in process of termination of the PSA with San Leon Energy B.V. on Durres exploration block.	AKBN	**2004**	OMV (Albanien) Adriatic Sea Exploration Gmbh and LUNDIN NETHERLANDS B.V. were granted a PSA in the exploration offshore exploration block of Durres by DCM no. 562, dated 27.08.2004	
						2011	Island International Exploration b.v. e Beach Energy Limited, acquired interests in Durrës block offshore by DCM no. 42, dated 12.1.2011.	
						2013	By DCM no. 588, dated 30.5.2013, the GoA approved transfer of interests in Durres Block to San Leon Durrësi B.V.	
23	Onshore	Cakran-Mollaj	Oil field	In 2017 Albpetrol notified that is in process of terminating the PSA on Cakran-Mollaj oilfield due to the contractor's non-compliance with terms and conditions. Albpetrol continues to report Transatlantic Petroleum as the contractor, despite the facts announced by Transatlantic on the sale of interests held in Albania.	Albpetrol	**2007**	Stream oil and gas is granted the Petroleum Agreement by DCM no. 509 date 08.08.2007 to operate the oilfield of Cakran-Mollaj	http://www.resourcecontracts.org/countries/al
						2014	In September 2014 Transatlantic Petroleum Ltd acquired operations of Stream Oil & Gas in Albania for an amount of USD 41.2 million (www.transatlanticpetroleum.com). MIE approved the transaction and allowed Transatlantic Petroleum to continue operation of the PSA awarded earlier to Stream Oil and Gas	

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
				Albpetrol did not report details on the case. In May 2017, Albpetrol invited oil companies to express their interest on this oilfield.		**2016**	On February 29, 2016 TransAtlantic Holdings, a subsidiary of TransAtlantic Petroleum entered into and closed a share purchase agreement with GBC Oil, according to which it sold all of the equity interests in Stream Oil & Gas, a subsidiary of TAT Holdings, TransAtlantic Petroleum said in a statement on March 3. The sale of assets to GBC Oil will be made in exchange for the future payment of $2.3mn to Raiffeisen to pay down a term loan facility dated as of September 17, 2014 between Stream's subsidiary TransAtlantic Albania and Raiffeisen, and the assumption of $29.2mn of liabilities owed by Stream, consisting of $23.1mn of accounts payable and accrued liabilities and $6.1mn of debt. In addition, GBC Oil issued a warrant to TAT Holdings, pursuant to which TAT Holdings has the right to acquire up to 25% of the fully diluted equity interests in TransAtlantic Albania for nominal consideration at any time on or before March 1, 2019. (https://www.oilandgas360.com/transatlantic-petroleum-sells-albanian-assets-to-gbc-oil-company/) AKBN noted that Transatlantic transferred its interests in the Delvina Gas fields to Delvina Gas Company on 22.08.2016. On 1 September 2016 TransAtlantic transferred 75 % of the outstanding shares of Delvina Gas Company held by it to the Ionian Gas Company in exchange for Ionian's agreement to pay 12 million dollars over an 18-month period, with the first payment of one million dollars due on 15 September 2016 (http://balkanenergy.com/transatlantic-completed-delvina-gas-joint-venture-albania-9-september-2016/) In its annual report for 2016, Transatlantic Petroleum disclosed that its operations in Albania consisted in 25% interests in Delvina onshore gas field held through a joint venture.	
24	Onshore	Ballsh-Hekal	Oil field	Albpetrol refers to Transatlantic Albania ltd. as the contractor operating this oilfield, despite the fact that the Transatlantic Petroleum silently disclosed not holding interests in this oilfield in its annual report for the year 2016.	Albpetrol	**2007**	Stream oil and gas is granted the Petroleum Agreement by DCM no. 509 date 08.08.2007 to operate the oilfield of Ballsh-Hekal	http://www.resourcecontracts.org/countries/al
						2014	Interests in this oilfield were transferred to TransAtlantic Petroleum (please refer to information disclosed on Cakran-Mollaj)	

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
						2016	Interests in this oilfield were transferred to GBC Oil (please refer to information disclosed on Cakran-Mollaj)	
25	Onshore	Gorisht-Kocul	Oil field	In 2017 Albpetrol notified that is in process of terminating the PSA on Gorisht-Kocul oilfield due to the contractor's non-compliance with terms and conditions. Albpetrol continues to report Transatlantic Petroleum as the contractor, despite the facts announced by Transatlantic on the sale of interests held in Albania. Albpetrol did not report details on the case. In May 2017, Albpetrol invited oil companies to express their interest in this oilfield.	Albpetrol	**2007**	Stream oil and gas is granted the Petroleum Agreement by DCM no. 509 date 08.08.2007 to operate the oilfield of Gorisht-Kocul	http://www.resourcecontracts.org/countries/al
						2014	Interests in this oilfield were transferred to TransAtlantic Petroleum (please refer to information disclosed on Cakran-Mollaj)	
						2016	Interests in this oilfield were transferred to GBC Oil (please refer to information disclosed on Cakran-Mollaj)	
26	Onshore	Delvinë	Gas field & Exploration block	Delvina Gas Company Ltd	Albpetrol	**2007**	Stream oil and gas s granted the Petroleum Agreement by DCM no. 509 date 08.08.2007 to operate the gas field of Delvina gas & condensate	http://www.resourcecontracts.org/countries/al
						2014	Interests in this oilfield were transferred to TransAtlantic Petroleum (please refer to information disclosed on Cakran-Mollaj)	
						2016	Interests in this oilfield were transferred to Delvina Gas Company owned by Ionian Gas Company and TransAtlantic retained only 25% interests in the Delvinna Gas Company (please refer to information disclosed on Cakran-Mollaj)	
27	Onshore	Karbunarë	Oil field	Albpetrol Sh.a.	Albpetrol			
28	Onshore	Amonicë	Oil field	In 2017 Albpetrol notified that it took control of this oilfield and is in process of terminating the PSA on Armonica oil field with Phoenix Petroleum due to the contractor's non-compliance with terms and conditions. Albpetrol did not report details on the case. In May 2017, Albpetrol invited oil companies to express their	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the oilfield of Amonicë	

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
				interest on this oilfield.				
29	Onshore	Visokë-Kolonjë	Oil field	TransoilGroup Sh.a.	Albpetrol	**2009**	IEK Visoka is granted the Petroleum Agreement to operate the Visoka oilfield by DCM no. 90 date, 27.01.2009	
						2011	In June 2011 TransoilGroup AG acquired from IEC Visoka its interests in Visoka oilfield.	
30	Onshore	Finiq-Krane	Oil field	Fin Pek Petrolum sh.a	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the oilfield of Finiq-Krane	
						2016	AKBN announced the transfer of interests in Rasë-Pekisht oilfields from Phoenix Petroleum to Fin Pek Petroleum on 10.05.2016. No details are available on this transaction.	
31	Onshore	Drashovicë	Oil field	Phoenix Petroleum Sh.A.	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the oilfield of Drashovicë	
32	Onshore	Patos-Marinëz	Oil field	Bankers Petroleum Albania Ltd	Albpetrol	**2004**	Saxon International Energy Ltd (a wholly owned subsidiary of Bankers Petroleum, now Bankers Petroleum Albania Ltd) is granted the Petroleum Agreement to operate the Patos-Marinza oilfield by DCM No. 477 date 16.07.2004	http://www.resourcecontracts.org/countries/al
						2008	PSA changed in 08.12.2008	http://open.data.al/sq/corporates/view/id/K43128401L/cat_id/1
						2014	PSA changed in 02.09.2014	
35	Onshore	Kuçovë	Oil field	Sherwood International Petroleum Ltd	Albpetrol	**2007**	Sherwood International Petroleum is granted the Petroleum Agreement to operate the Kucova oilfield by DCM No. 686, date 19.10.2007	
						2008	Bankers Petroleum Ltd. acquires Sherwood International Petroleum Ltd. which is now a wholly-owned subsidiary of Bankers.	
						2010	PSA changed by DCM no. 948, dated 17.11.2010	

No.	Location	Block / Field	Nature	Current operation status in December 2017	Administered by	Year	Events reported from 2004 to 2017	Contract published on
33	Onshore	Rasë-Pekisht	Oil field	Fin Pek Petrolum sh.a	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the oilfield of Rasë-Pekisht	
						2016	AKBN announced the transfer of interests in Finiq-Krane oilfields from Phoenix Petroleum to Fin Pek Petrolum on 10.05.2016. No details are available on this transaction.	
34	Onshore	Divjaka	Gas field	Phoenix Petroleum Sh.A.	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the gas field of Divjaka	
35	Onshore	Ballaj-Kryevidh	Gas field	Phoenix Petroleum Sh.A.	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the gas field of Ballaj-Kryevidh	
36	Onshore	Frakulla	Gas field	Phoenix Petroleum Sh.A.	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the gas field of Frakulla	
37	Onshore	Povelca	Gas field	Phoenix Petroleum Sh.A.	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the gas field of Povelca	
38	Onshore	Panaja	Gas field	Phoenix Petroleum Sh.A.	Albpetrol	**2013**	Phoenix Petroleum is granted the Petroleum Agreement by DCM no. 699 date 16.08.2013 to operate the gas field of Panaja	

Appendix 6 – Financial statements, audit reports and EITI assurance report

Table 66 – Information on reporting entities disclosures and provision of assurance on EITI numbers

NUIS	Reporting Entity	Sector	Published financial statements in the NRC web portal	Published audit report in the NRC	Provided Assurance report on EITI numbers	Audit report
L23402205B	Alb Industries	Mining	Yes	No	No	
L52228034M	Alb Mine&Chrome sh.p.k	Mining	Yes	Yes	No	Unmodified audit report
K11613001M	Albchrome sh.p.k	Mining	Yes	Yes	No	Unmodified audit report
K86806401B	Alb-Mi sh.p.k	Mining	Yes	Yes	No	Unmodified audit report
K86728402B	Albtani -08 Konstruksin	Mining	No	No	No	
K66613408P	Algej	Mining	No	No	No	
K32803014D	Alion	Mining	Yes	No	No	
L43002803L	Alpha Alabaster Group	Mining	Yes	No	No	
K34109009D	2D shpk (ANK. Shpk)	Mining	Yes	No	No	
K86603401D	Arkev	Mining	Yes	Yes	No	Unmodified audit report
K04226216O	Babasi - 2	Mining	Yes	Yes	No	Unmodified audit report
J73804663H	Benaks-94	Mining	Yes	No	No	
L39413601P	BL - Arsi sh.p.k	Mining	Yes	No	No	
L32409040L	Brajan 2013	Mining	Yes	No	No	
L01405006G	Brisel	Mining	Yes	Yes	No	Modified audit report
L08412202M	Burimi XH	Mining	Yes	Yes	No	Unmodified audit report
J66702921T	Cahani	Mining	Yes	No	No	
L46802702E	Canameti	Mining	Yes	Yes	Yes	Unmodified audit report
K48429906N	Ceruja	Mining	Yes	No	No	

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K36805204D	Comercir sh.p.k	Mining	No	No	No	
J96829420H	Dervishi	Mining	Yes	No	No	
J64104078V	Favina	Mining	Yes	Yes	No	Unmodified audit report
J79602604P	Florida	Mining	Yes	Yes	No	Unmodified audit report
J62903844I	Foralb Alabaster	Mining	Yes	No	No	
K58615301M	Gener 2	Mining	Yes	Yes	No	Unmodified audit report
K77315401J	Gerda - 07 sh.p.k	Mining	No	No	No	
K38207311L	Glejdis	Mining	Yes	No	No	
K87515901A	Global Interprise group	Mining	Yes	No	No	
L31511017L	Inte	Mining	Yes	No	No	
J96829402J	Isaku	Mining	Yes	Yes	No	Unmodified audit report
K02715455C	Kapaj	Mining	Yes	No	No	
L06817401D	Kaprolla & Kompani	Mining	Yes	No	No	
K52128506K	KID-Alb	Mining	Yes	Yes	Yes	Unmodified audit report
L23409002A	KLISAL sh.p.k	Mining	Yes	No	No	
K06626404T	Koxherri	Mining	Yes	No	No	
K24207608A	Kuarci Blace	Mining	Yes	No	No	
K22218005O	Lim - Em	Mining	Yes	No	No	
K21709006N	Mexhi	Mining	Yes	No	No	
K04005052C	Milenium	Mining	Yes	No	No	
K81407085C	Oskeola	Mining	Yes	No	No	
L26912401G	Pakti	Mining	Yes	Yes	No	Unmodified audit report
K53129001Q	Pietra Nesli	Mining	Yes	No	No	
K32522607E	Pirali	Mining	No	No	No	
K69209401C	Qato - 01	Mining	Yes	No	No	
K82214015H	Roimar	Mining	Yes	No	No	
L02410001Q	Sara Albania	Mining	Yes	Yes	No	Unmodified audit report
K43303202D	Shqiponja - G	Mining	Yes	No	No	
K78431302E	Silbora	Mining	Yes	Yes	No	Unmodified audit report
L13414001Q	Singh Group	Mining	Yes	No	No	
J64104103H	Tanusha	Mining	Yes	No	No	

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K71627041B	Tete Albania	Mining	Yes	No	No	
L31910016K	Trade Minerals Al sh.p.k	Mining	Yes	Yes	Yes	Unmodified audit report
K81819509L	Tur-Alb-Krom	Mining	Yes	Yes	No	Unmodified audit report
K01524006L	VEGA Sh.p.k	Mining	Yes	Yes	No	Unmodified audit report
K02701009U	Vellezerit Llupo	Mining	Yes	No	No	
K82913007J	Xhuljano 08	Mining	Yes	No	No	
L57703202C	"Euron Energy" sh.p.k	Hydro-energy	Yes	No	No	
K92108022E	”DITEKO” sh.p.k	Hydro-energy	Yes	Yes	No	Unmodified audit report
K81813003S	“Power Elektrik Slabinje” sh.p.k	Hydro-energy	Yes	Yes	No	Modified audit report
L61416039U	Delvina Gas Company LTD	Oil & gas	No, however the entity sent the financial statements to ALBEITI	No	No	
L11725004I	TRANSOIL GROUP AG (IEC Visoka Shp)	Oil & gas	Yes	Yes	No	Unmodified audit report
K92927401K	Phoenix Petroleum	Oil & gas	Yes	Yes	No	Modified audit report
K28310906F	11 Heronjte Bater	Mining	Yes	Yes	Yes	Unmodified audit report
K07713216Q	Afrimi-K	Mining	Yes	No	No	
K32807432W	Agbes Construksion	Mining	Yes	Yes	No	Unmodified audit report
K07729901W	Alb - Canaj	Mining	Yes	Yes	Yes	Unmodified audit report
J86906408N	Alb Ieaa Internacional	Mining	Yes	Yes	No	Unmodified audit report
J96829413B	Albanisa Krypi	Mining	Yes	Yes	Yes	Unmodified audit report
L11401018K	Al-Gem sh.a	Mining	Yes	Yes	No	Modified audit report
L09006601L	Aliaj Group	Mining	Yes	No	No	
K61914005R	Antea Cement	Mining	Yes	No	No	
K86407401R	Ardas	Mining	Yes	No	No	
K97114401A	Aris	Mining	Yes	Yes	Yes	Unmodified audit report
J74517209B	Babasi COO	Mining	Yes	Yes	No	Unmodified audit report
L07525201B	Blerimi Kosturr 2010	Mining	Yes	No	No	

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K49326630V	Bytyçi	Mining	Yes	No	No	
L06417401O	Çupi Group	Mining	Yes	Yes	No	Unmodified audit report
J96829414J	Dialba	Mining	Yes	Yes	No	Unmodified audit report
K47220402N	Drini Bulqize	Mining	Yes	No	No	
K77424401L	Egi -K	Mining	Yes	Yes	Yes	Unmodified audit report
K04226208A	F.K.C.F Fushe Kruje	Mining	Yes	No	No	
K06626418M	FABRIKA E PASURIMIT TE KROMIT BULQIZE	Mining	Yes	No	No	
J81503013L	Gentari	Mining	Yes	No	No	
K82320010A	Gjomakaj Group	Mining	Yes	No	No	
K06626412K	Gjoni Shpk	Mining	Yes	No	Yes	
K72305022Q	Heavy Industries	Mining	Yes	No	No	
J98021906L	Herbi	Mining	Yes	Yes	Yes	Unmodified audit report
K88812401M	Igli - 07	Mining	Yes	No	No	
K92114002U	Illyria Minerals Industri	Mining	Yes	No	No	
K47220405O	Ivno 1100	Mining	Yes	No	No	
K64006602O	Joal - 06	Mining	Yes	Yes	No	Unmodified audit report
K86328401E	Klervi - Bris	Mining	Yes	Yes	No	Unmodified audit report
J98021907T	Klosi	Mining	Yes	Yes	Yes	Unmodified audit report
K06626403L	Koka	Mining	Yes	Yes	Yes	Unmodified audit report
K86418403T	Krasta	Mining	Yes	No	No	
K81922011L	Kromex	Mining	Yes	No	No	
K26513467T	Kurti	Mining	Yes	No	No	
K67617205B	Leshnica	Mining	Yes	No	No	
K91320037A	Lita Brothers	Mining	Yes	Yes	No	Unmodified audit report
K24725213C	Makaresh sh.p.k	Mining	Yes	Yes	No	Unmodified audit report
L18516901B	Mara 2011	Mining	Yes	Yes	No	Unmodified audit report
K44801201C	Milis Brick	Mining	Yes	Yes	No	Unmodified audit report
K67812601U	Miniera e Kromit Katjel	Mining	Yes	Yes	Yes	Unmodified audit report

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L31929015F	Mining Ferro Nikel	Mining	Yes	No	No	
L19704601A	Mireva	Mining	Yes	No	No	
K13001013H	Mustafai	Mining	Yes	Yes	No	Unmodified audit report
K92028004L	Nika - BL	Mining	Yes	No	No	
K91624006A	Platinium Alb	Mining	Yes	Yes	No	Unmodified audit report
J64416207W	Priska sh.p.k	Mining	Yes	Yes	No	Unmodified audit report
J62903303L	Prodhime Karbonike	Mining	Yes	Yes	No	Unmodified audit report
K73328401U	Qeramika Apollon	Mining	Yes	No	No	
K88016902A	Ra-Krom Tirana	Mining	Yes	No	No	
J62903125G	Salillari	Mining	Yes	Yes	No	Unmodified audit report
J64102248C	San Tara sh.p.k	Mining	Yes	No	No	
K16815202M	Selenice Bitumi	Mining	Yes	No	No	
J98021904S	Shkalla	Mining	Yes	No	Yes	
J72603135F	Shpiragu	Mining	Yes	No	No	
K31321021N	Shpresa-Al	Mining	Yes	No	No	
K41313033U	Stone Production	Mining	Yes	No	No	
K51523031P	T.M.C - Transport - Mining - Construction	Mining	Yes	Yes	No	Modified audit report
J98021902C	Topi Eki	Mining	Yes	No	No	
J78716319A	Vllaznimi Deda Imp-Exp	Mining	Yes	No	No	
J71909005P	Xhiretone	Mining	Yes	Yes	No	Unmodified audit report
J74517202O	Xhulio	Mining	Yes	Yes	No	Unmodified audit report
K07729908J	Ylberi	Mining	Yes	Yes	No	Unmodified audit report
K82217010F	Zasha	Mining	Yes	Yes	Yes	Unmodified audit report
J61817005F	Korporata Elektroenergjitike Shqiptare (Sh.a KESH)	Hydro-energy	Yes	Yes	No	Modified audit report
K02727230T	"Kurum International" sh.a.	Hydro-energy	Yes	Yes	No	Modified audit report
K82417005V	"Energji Ashta" sh.p.k	Hydro-energy	Yes	Yes	No	Unmodified audit report
L11731504A	"Ayen As Energji"sh.a	Hydro-energy	Yes	Yes	No	Unmodified audit report
K82418002C	"Devoll Hydropower" sh.a	Hydro-energy	Yes	Yes	No	Unmodified audit

NUIS	Reporting Entity	Sector	Published financial statements in the NRC web portal	Published audit report in the NRC	Provided Assurance report on EITI numbers	Audit report
						report
K87920201S	”Gjo.Spa.POWER”sh.p.k	Hydro-energy	Yes	Yes	No	Unmodified audit report
K71624026M	"Balkan Green Energy" sh.p.k	Hydro-energy	Yes	Yes	No	Unmodified audit report
K82321008Q	”Erdat Lura” sh.p.k	Hydro-energy	Yes	Yes	No	Unmodified audit report
K91928002U	”Energy Plus” sh.p.k	Hydro-energy	Yes	Yes	Yes	Unmodified audit report
K43128401L	Bankers Petroleum Albania Ltd.	Oil & gas	Yes	Yes	Yes	Unmodified audit report
K72205016P	Trans Atlantik Albania Ltd (ishStream Oil & Gas)	Oil & gas	Yes	No	No	
L01607016G	Sherwood Internacional Petroleum Ltd	Oil & gas	Yes	No	No	
J82916500U	Albpetrol Sh.a.	Oil & gas	Yes	Yes	No	Modified audit report
L21807009I	Shell Upstream Albania B.V	Oil & gas	Yes	No	No	
K81421014P	San Leone Energy Plc.(kerkim ne Bllokun e Durresit)	Oil & gas	Yes	No	No	

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