



Albania, June 2020

Terms of Reference

Consultancy Service – Consultancy service on Social Impact of the Extractive Industries in local content& employment

Approved by the MSG EITI Albania on date 19. 06. 2020

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1 Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts (Revenues) and other relevant information on the industry. The figures are reconciled by

an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.

- **Accountability:** a multi-stakeholder group (MSG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in the country.

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard¹. Additional information is available via www.eiti.org.

Natural resources can greatly benefit the quality of life for citizens, and spur economic and sustainable development. The extractive industries can generate positive macroeconomic and social benefits including through: Fiscal rents (royalties, taxes, etc.), Economic development & job creation, business opportunities, Infrastructure development, improving the Transparency and competitiveness through decreasing the corruptive practices and informality in the sector.

However the Extractive Industries Activities impacts human health, human rights, benefits from income and employment appear to be the most concerning social aspects in the extractive sector. What is the level of employment currently associated with natural resources use? What is the potential for creating employment related to extractive industries investments? What instruments can be provided to policy makers to support assessment of the impact of extractive industries policies on employment? What are the social impacts of extractive industries?

In this regard, many natural resource rich countries have come up with local content policies and strategies to ensure social benefits for local communities. Also, extractive companies have elaborated their strategies toward impact in local content. It is important to set precise mechanisms that allow policy makers to monitor and influence the real effects of public local content policies, as well as of companies' local content strategies.

This assignment objective is to study the potentials of increasing the social and economic impact in community from natural resources, strengthening the community-based approach to extractive resources management and implementing capacity-building measures, professional education and transferring of skills, technical capabilities, associated management as well as detecting the priority actions to improve the governance of natural resources in the context of social impact.

The Government of Albania and EITI Albania National Secretariat requires the services of a competent and credible firm to produce a Study on the Social impact of the extractive industries in local content and employment.

¹ <http://eiti.org/document/standard>

EITI Implementation in Albania

The Albanian Government supported this initiative and engaged for EITI implementation on March 2009. It became an **EITI Candidate Country** on May, 2009.

The International EITI Board, declared Albania as an **EITI Compliant Country** according to EITI standard on May 2013. Compliance with EITI Standard means that the country has an effective process for annual declaration and the reconciliation of all revenues from the extractive industries. This process gives possibility to the citizens to see the revenues from the companies of oil & gas, mining and those hydro power sectors.

Albania has published EITI reports for 8 fiscal years so far. In April 2011, Albania published its first EITI Report of the payments and revenues from extractive industries (oil & gas and mining), for the fiscal year 2009. In August 2011, it is published the Validation Report about the EITI implementation in Albania. In June 2012, Albania published the second EITI Report for the fiscal year 2010. During 2014, Albania published 2 EITI reports under the new EITI standard; EITI report 2011 and EITI report 2012. In December 2015, Albania published the EITI report for the fiscal years 2013 and 2014 including for the first time in an EITI report the Hydro energy sector.

In February 2017, Albania published the EITI Report, for the fiscal year 2015 and in February 2018 Albania published the EITI report for the fiscal year 2016. Actually Albania is in process to finalize the 2017-2018 EITI Report.

On 17. 06. 2019 the EITI Board following the conclusion of Albania's second Validation of 2019, concluded that **Albania has made Meaningful Progress overall in implementing the EITI Standard, with considerable improvements** across individual requirements.

On October 2014 and March 2015 there have been revisions to the Mining law and Hydrocarbons law adding clauses for the EITI reporting.

EITI disclosure mandatory in Mining Code (October 2014)

In the framework of the global initiative for transparency in extractive industries, EITI Albania, has the right to ask and receive information from the mining operators, as well as from the Tax, Customs and Local Administration. EITI Albania has the obligation to publish to its annual EITI reports the data on the payments of fiscal obligations by the mining operators.

EITI disclosure mandatory in Hydro-carbons law nr. 7746, date 28.7.1993 (Exploration and Exploration), (March 2015).

In the framework of the global initiative for transparency in extractive industries, EITI Albania, the licensed operators, as well as Tax, Customs Directorates and Central and Local Administration have the obligation to report according to the EITI standard and in accordance with the regulations issued based on EITI standard. EITI Albania has the duty to publish these data to its annual EITI reports according to the EITI standard.

To ensure that the objective is achieved, as agreed by the MSG, it is elaborated in the EITI 2020 work plan:

<http://www.albeiti.org/publications/>

2 Objectives of the assignment

On behalf of the government of Albania and the Albanian MSG, the EITI Albania seeks a competent and credible firm, free from conflicts of interest, to provide Consultancy Services in accordance with the Albanian Legislation and this Terms of Reference.

The objective of this assignment is to assess the social impacts of the extractive industries in the communities living in areas rich in natural resources. The assignment will:

- Assess the social and economic benefits of the extractive industries, through an assessment of economical levels and sources of incomes of the affected population and the role of natural resource management in the livelihood of individual households and communities;
- Assess the economic sustainability of the communal management, e.g. incomes generated from extractive industries;
- Analyze the actual data information on extractive industries social impact in communities;
- Identify best practices among companies operating in extractive sector;
- Assess what socio-economic aspects have the contracts and permits of the companies of the companies that that operate in the extractive industries;
- Assess what socio-economic aspects have been included in the contracts and permits of the companies that operate in the extractive industries;
- Compare the best practices and provide recommendations and suggest which aspects of the contracts and permits on this regard can be improved;
- Analyze the addressing of the illegal employment and the child labor prevention in the EI Sector;
- Analyze the potentials of the capacity building in the local communities, transferring of skills, technical capabilities and associated management through professional education processes;
- Analyzing the addressing of Gender issues in the participation of EI activities;
- Analyzing the key role of the Civil Society in the Transparency process;

- Analyzing crucial role of the public in the decision making processes related with EI;
- Analyzing how citizens benefit from the EITI informative platform, regarding the good - governance of the natural resources;
- Undertake Legal and Regulatory Review with regard to Social Impact of the Extractive Industries in local content& employment on Internal Level;
- Develop a Scoping Study on Social Impact of the Extractive Industries in local content& employment;
- Provide a workshop presentation for MSG, EITI Albania and other stakeholders on the Final Study;

3 Scope of service and tasks

The consultant will be expected to undertake the following tasks:

- ❖ **Consultations.** The consultant will organize broad consultations with stakeholders, in particular the members of the multi-stakeholder group as well as the government agencies involved in the management of the extractive industries (in particular agencies involved on issuing and monitoring of extractive industry licenses) and wider stakeholders (local government, extractive companies and local civil society, etc.) on Social Impact of the Extractive Industries in local content& employment. Findings of the consultations should be documented in the scoping study.
- ❖ **Establishing the best/most effective way to develop the Scoping Study.** Undertake Legal and Regulatory Review with regard to Social Impact of the Extractive Industries in local content& employment on Internal Level with a focus on: a) Reviewing local legal and regulatory framework to help identify the set of laws and regulations that are already in place regarding the Social Impact of the Extractive Industries in local content, employment, b) Reviewing the existing contracts, permits and license of companies already operating in the extractive sector in Albania, identify and consider the requirements regarding the social impact on the local content and the employment, d) Reviewing national practice with regard to Social Impact of the Extractive Industries in local content, employment with a focus on identifying the best practices and compare them, f) Identify gaps and advise on better practices to be followed in the future.
- ❖ Conduct desktop research to identify all major corporate responsibility/ sustainability standards, in use by the mining and hydrocarbons industry, and identify those which contain/target the Social Impact in local content and employment.
- ❖ Conduct interviews with key stakeholders active in this issue to determine what indicators of social impact and employment should be included in a local contest for the mining industry.

- ❖ Conduct a research on social impact and employment on the 3 pilot best practice extractive companies. This includes reviewing the local content and the development of the interested area from the start of the company's work to the present.
- ❖ The consultant should undertake a scoping study on Social Impact of the Extractive Industries in local content& employment, to help understand whether the extractives contracts/ licenses have, in place policies and institutional practice.

Study on Social Impact of the Extractive Industries in local content and employment

- ❖ Develop a Study on Social Impact of the Extractive Industries in local content and employment.
- ❖ b) The Study shall reflect adequate, accurate and current information in respect of the Social Impact of the Extractive Industries in local content& employment;
- ❖ Analyze on what kind of social policies are currently part of the contracts and licenses of the extractives.
- ❖ Analyze on the findings from the research, gaps and best practices.

The consultant should deliver the following capacity building activities:

- ❖ One-day event presentation for all the stakeholders on presenting the findings and the Final Study. Advise on better practices to be followed in the future.

4 Deliverables

The assignment is expected to commence on September 2020 and finalized by December 2020

The consultant will have a period of 90 calendar days to prepare the assignment. The study will be prepared in both English and Albanian language.

- The consultant will prepare and present the Inception study describing the methodologies to be used and the work to be conducted to the MSG and the EITI Albania Secretariat for review and comment within 10 days from the date of the assignment;
- The consultant will prepare and present the draft scoping study on Social Impact of the Extractive Industries in local content and employment, to the MSG and the EITI Albania Secretariat for review and comment within 60 days from the date of the assignment;
- EITI Albania Secretariat will deliver comments to the consultant within the next 10 calendar days.
- The consultant will prepare the presentation of the final study, within 15 calendar days from delivery of comments.

The proposed schedule is set out below:

Signing of contract	September 2020
Inception Report	10 calendar days from date of assignment
Consultation with stakeholders	30 calendar days from date of assignment
Undertaking the review	50 calendar days from date of assignment
Submission of Draft Scoping Study	60 calendar days from date of assignment
Submission of Final Study	85 days from date of assignment
Event Presentation for stakeholders	<u>90 days from date of assignment</u>

** The Signing of the contract date will be set according to the deadlines of WB procurement procedures, at the end of the selection process. This contract will be effective and financial relations will start only after the WB funding will be officially available.*

5 Consultant Qualifications requirements

This assignment will require a Consultant firm with a solid knowledge of local best practice in the social sector. The Consultant must have proved track record in undertaking similar assignments. The consultant should have at least 3 years in business and completed at least one similar contract.

The Consultant will need to demonstrate:

- Experience in applied social research, preparation of Social and economic studies;
- Legal and technical skills, including knowledge of the Extractive Industries, Country knowledge and knowledge of the institutional environment in Albania;
- Knowledge of the oil, gas and mining sectors in Albania;

The Consultant should have **at least** the following staff available for this assignment:

a) One team leader / Social Expert with the following qualifications:

- University education in social sciences or similar disciplines;
- At least 3 years of previous experience in data analyses and research studies in the social field;
- Knowledge of the oil, gas and mining sectors in Albania would be an asset;
- Experience with conducting training/workshops would be an asset;
- Strong skills in communication, report writing and presentations;
- Very good knowledge of English language.

b) One Legal Expert with the following qualifications:

- University education in Law;
- Have at least 5 years of experience in practicing law in Albania;
- Very good knowledge of English language.

One Statistics/ Data elaboration Expert

- University education in economics or similar discipline;
- Have at least 5 years of experience on statistic or data elaboration;
- Very good knowledge of English language;
- Involvement in social projects would be an asset.

6 Schedule of payments

The schedule of payments will finally be agreed during contract negotiations and shall have the following structure:

- 10% upon submission and approval of the Inception Report
- 80% upon submission and approval of the Final Study
- 10% upon successful completion of the Event Presentation for stakeholders.

7 Contract Duration:

The contract is lump sum and the services should be performed within 90 calendar days. The maximum estimated input of Key Experts' time input is 94 person/calendar days. The consultant is expected to complete it by December 3, 2020.

8 Selection Method:

- The consultant will be selected in accordance with Consultant Qualification method with the procedures set out in World Bank's Procurement Regulations for IPF Borrowers (July 2016, revised November 2017) (Procurement Regulations).

9 Administrative arrangements

The EITI Albania Secretariat will assist the consultant with the following:

1. Liaison with the relevant Ministries and Government agencies, LGUs, extractive operators to facilitate consultant's work.
2. Weekly co-ordination on the work of the consultant with relevant government agencies, MSG and stakeholders.

10 Reference materials

- Relevant reference documents are available from the current Legislation on Mining and Hydrocarbons Sector:
- <https://www.infrastruktura.gov.al/minerar-2/>
- <https://www.infrastruktura.gov.al/hidrokarbur-2/>
- The Albanian Labor Code,
<http://www.qbz.gov.al/Kode/Kodi%20i%20Punes-2016%20i%20azhurnuar.pdf>