

**EXTRACTIVE  
INDUSTRY IN  
ALBANIA**



# **ALBEITI ANNUAL PROGRESS REPORT 2023**

**Tirana 2024**



## Table of Contents

❖	GENERAL PERFORMANCE EVALUATION FOR 2023	3
❖	COMMUNICATION ACTIVITIES	5
❖	PERFORMANCE EVALUATION AGAINST EITI REQUIREMENTS	7
❖	ALBEITI'S ACTIVITIES IN THE CONTEXT OF PREPARING EITI REPORTS	18
❖	STRENGTHS AND WEAKNESSES IDENTIFIED IN THE EITI PROCESS	21
❖	PUBLICATION OF BENEFICIAL OWNERS	21
❖	TOTAL COST OF IMPLEMENTATION	22
❖	DETAILS OF MEMBERSHIP AND MSG MEETINGS DURING 2022	23

## ❖ GENERAL PERFORMANCE EVALUATION FOR 2023

*The 2023 Annual Progress Report of the Extractive Industries Transparency Initiative (EITI) Albania summarizes the activities of the Multi-Stakeholder Group (MSG) and the EITI National Secretariat.*

*The main project of the Multi-Stakeholder Group (MSG) and the EITI National Secretariat was the completion of EITI Reports for the years 2019, 2020, and 2021 within 2022. This was not possible due to a lack of funding. However, in collaboration with the EITI International Secretariat in Oslo and representatives from the World Bank, work has been conducted to revise the Terms of Reference (ToRs) for this activity, finalizing them according to the flexible reporting model.*

*The Multi-Stakeholder Group (MSG) reviewed and approved its work plan for 2022-2023 on May 6, 2022. This work plan formed the basis for the activities planned for 2023 (requirement 7.4(a)(iv)).*

<https://www.albeiti.org/site/publikime/>

- List of objectives and goals established in the work plan, and progress towards their achievement:

<b>Activity/Requirement According to EITI Standard</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• <i>Work Plan 2022-2023, Requirement 1.5</i></li> </ul>	<i>Completed</i>
<ul style="list-style-type: none"> <li>• <i>Annual Progress Report 2022-2023, Requirement 7.4</i></li> </ul>	<i>Completed</i>
<ul style="list-style-type: none"> <li>• <b>Follow-up on Findings and Recommendations of EITI Reports for 2017-2018 and Validation III of Albania, Requirement 7.3</b></li> </ul>	<i>In Progress</i>
<ul style="list-style-type: none"> <li>• <b>Communication Activities for 2022-2023, Requirements 7.4, 1.2, 1.3</b></li> </ul> <p>(Note: Communication activities started at the end of 2023 and will continue into 2024 due to a lack of funding.)</p>	<i>In Progress</i>
<ul style="list-style-type: none"> <li>• <b>EITI Reports for 2019, 2020, and 2021, Requirement 4.8</b></li> </ul>	<i>In Progress</i>
<ul style="list-style-type: none"> <li>• <b>Corrective Actions from Validation III of Albania</b></li> </ul>	<i>In Progress</i>

## ❖ COMMUNICATION ACTIVITIES

On **January 24, 2023**, at the invitation of the International Secretariat for Extractive Industries Transparency Initiative (EITI), the National Secretariat for Transparency in the Extractive Industries (ALBEITI) conducted a six-day visit in Oslo. During this visit, representatives of the institution participated in a series of intensive meetings aimed at strengthening institutional capacities and expanding future cooperation.

The objective of these meetings was to consolidate Albania's contributions to transparency in the extractive industries, as well as to recognize and discuss best practices in accordance with EITI Standards, analyze the work done by the National EITI Secretariat to date, and explore ways to improve further in the future.

During their stay, representatives of the Secretariat had numerous meetings and discussions with officials from the International EITI Secretariat based on a previously agreed-upon agenda concerning topics related to the work and impact of the EITI Initiative globally, as well as Albania's efforts in implementing this initiative. Albania's performance during the Validation process conducted in 2021 was highly praised by the International EITI Secretariat, highlighting that it is one of the few member countries in the EITI Standard that excelled in the validation process. Furthermore, representatives from the International Secretariat noted that Albania's Validation process, being one of the first countries validated under the 2019 EITI Standard, is considered one of the best processes in terms of coordination and stakeholder engagement.

Since Albania is a leading country in EITI reporting for Hydropower, the Secretariat's Director, Mr. Genci Tërpo, was requested to present on the sector, the legal framework, and Albania's approach to the initial stages of hydropower reporting. He emphasized in his presentation that EITI can be a tool for governments seeking to enhance accountability and public oversight of their developing renewable resource sectors. EITI reporting in Albania goes beyond the EITI standard, and Albania is the only EITI country providing information on the significant hydropower sector, including the legal and regulatory framework, production figures, government revenues, and revenue distribution to local authorities. This EITI reporting has helped Albania inform decision-making and create an attractive investment environment, while the country seeks to further develop its renewable resource sector, which is one of the fundamental objectives of the Government and the Ministry of Infrastructure and Energy moving forward. Participants in this presentation expressed great interest in Albania's experience, as efforts are underway to incorporate Renewable Energies, including Hydropower, into the EITI Standard and reporting. Since Albania has been reporting on Hydropower since the 2015 EITI Report, its experience is now considered highly valuable for all EITI member countries that are taking their initial steps in this direction.



On **February 28, 2023**, the Director of the National Secretariat for Transparency in the Extractive Industries (ALBEITI), Mr. Genci Tërpo, participated in the inaugural meeting of EITI implementing countries during the 55th meeting of the International EITI Board in Buenos Aires, Argentina. This meeting discussed issues related to changes in the EITI Standard as well as ongoing changes within the EITI Board.



On **June 12-13, 2023**, the Director of ALBEITI, Mr. Genci Tërpo, was elected as an Alternate Member of the International EITI Board for a three-year term. This board is the highest decision-making body of the Global Initiative for Transparency in the Extractive Industries. Mr. Tërpo participated in the 57th meeting of the International Board during the Global EITI Conference held in Dakar, Senegal, on June 13-14, 2023. This marks the first representation of the National Secretariat ALBEITI at the international board level within the EITI initiative and is considered a significant achievement for Albania (<https://eiti.org/news/2023-2026-eiti-board-elected>). The EITI Board is the main decision-making body of EITI, making decisions on the organization's priorities and assessing countries' progress in meeting EITI Standards.



On **June 12-13, 2023**, the Director of the EITI Secretariat in Albania participated in the Global EITI Conference held in Dakar, Senegal. The conference brought together more than 1,200 stakeholders to assess progress in the publication and use of open data to inform decision-making, analysis, and public debate on the responsible management of natural resources.

Celebrating the 20th anniversary of EITI, the conference highlighted achievements in natural resource transparency and multi-stakeholder dialogue, while also looking ahead to discuss how EITI should adapt to the changing energy landscape and the growing demand for an open and accountable resource sector.

<https://www.youtube.com/watch?v=amlHdPddKZs>

## ❖ PERFORMANCE EVALUATION AGAINST EITI REQUIREMENTS

As mentioned earlier, due to a lack of funding in 2023, it was not possible to prepare and publish the EITI Reports for 2019, 2020, and 2021. Therefore, the data presented in the following table continues to reflect the information from the 2018-2019 Reports. However, ALBEITI initiated the process of preparing the EITI reports for the three respective years in 2023.

<b>REQUIREMENTS</b>	<b>PROGRESS</b>
<p>EITI REQUIREMENT 1</p> <p><b>Oversight by the Multi-Stakeholder Group</b></p> <ul style="list-style-type: none"> <li>1.1 Government Commitment</li> <li>1.2 Company Commitment</li> <li>1.3 Civil Society Commitment</li> <li>1.4 Multi-Stakeholder Group</li> <li>1.5 Work Plan</li> </ul>	<p>The MSG in Albania has been actively involved in the implementation of EITI. The MSG members are committed to EITI according to the sectors they represent.</p> <p>State institutions, as part of the MSG, have demonstrated a high level of commitment by providing the EITI Initiative with their structures and human resources for all matters, including additional information requested by the Secretariat to support the process.</p> <p>The government has continued to finance administrative costs for EITI implementation in 2022 from the national budget.</p> <p>Finding an inclusive language and building constructive cooperation have made the work of the MSG in Albania productive. Members of the MSG from Civil Society have shown dedication to the EITI Initiative, actively participating in online meetings on various issues.</p> <p>The representation of Civil Society in the MSG has a positive and stable dynamic. Throughout 2022, Civil Society members were not only active in discussions but also continued their efforts to disseminate information about the EITI process in Albania through articles in newspapers and social media posts about EITI activities.</p> <p>During 2022, the EITI MSG held two online meetings to discuss various issues related to EITI implementation in Albania. Additionally, throughout the year, the MSG was not only a participant but also highly engaged with comments and discussions on the topics addressed.</p>
<p>EITI REQUIREMENT 2</p> <p><b>Legal and Institutional Framework, Including Allocation of Contracts and Licenses</b></p> <ul style="list-style-type: none"> <li>2.1 Legal Framework and Fiscal Regime</li> <li>2.2 Allocation of Licenses</li> <li>2.3 License Registry</li> <li>2.4 Contracts</li> <li>2.5 Beneficial Owners</li> <li>2.6 State Participation</li> </ul>	<p><u>Legal Framework and Fiscal Regime</u></p> <p><b>Allocation of Licenses.</b> Albania has made public the available oil zones, and interested companies enter negotiations with the Albanian government.</p> <p><b>Mining licenses</b> are granted by the Ministry of Infrastructure and Energy based on Law No. 10,304 dated July 15, 2010, "On the Mining Sector in the Republic of Albania," as amended.</p> <p>The annual mining program, approved by the Council of Ministers, defines competitive mining areas and available zones. For competitive mining areas, interested parties undergo a public competition, with the winner evaluated based on legally defined criteria. For open areas, licenses are granted to interested parties who meet the</p>

permitting conditions under the "first in time, first in rights" principle. The publication of the annual mining plan and all competitive procedures occurs on the Public Procurement Agency's website and the official page of the Ministry of Infrastructure and Energy (MIE). According to the EITI report for 2017-2018 and in accordance with requirement 2.4.b, Albania has made progress in publishing new oil **contracts** and all terms of hydropower concessions.

**Oil and gas** agreements were allocated through ad hoc negotiation procedures until August 2013. Information about licensees and joint operations is published on the MIE's website.

**The construction of new hydropower plants** is carried out under a BOT (Build, Operate, Transfer) concession model. The winner, announced after an open competitive procedure conducted by the MIE (Ministry of Infrastructure and Energy) and published by the APP (Public Procurement Agency), must provide the necessary documentation as specified by law after being declared the winner.

**The license registry** is publicly available on the ALBEITI website: [www.albeiti.org](http://www.albeiti.org). This registry is updated every six months. Additionally, the Ministry of Infrastructure and Energy has published a mining license registry at the following link:

<http://www.infrastruktura.gov.al/lejet-minerare-ekzistuese>.

**The new law 112/2020 "ON THE REGISTER OF BENEFICIAL OWNERS"** was approved on July 29, 2020, and the declaration of beneficial owners will begin in January 2021.

As mandated by the new law, company participation in the publication of beneficial owners is required for all registered companies in the country. This information will be available in a register managed by the National Business Center (QKB).

Until July 2020, the legal framework provided for the publication of direct owners but did not include beneficial ownership as required by the EITI standard. Selected companies designated as reporting entities were requested to provide information on their beneficial owners.

**State Participation** a) State-owned enterprises (SOEs) in Albania are defined by Article 213 of Law No. 9901, dated April 14, 2008, "On

	<p>Entrepreneurs and Commercial Entities," as commercial entities owned and controlled directly or indirectly by the central or local government, with control being the power to govern the activities of these entities. This law indicates cases that require a qualified majority of shareholders. The definition of SOEs is explained in the EITI Report for 2017-2018, and the MSG has agreed to this definition during the EITI reporting process.</p> <p>b) The level of ownership of SOEs is explained in the EITI Report for 2017-2018.</p>
<p>EITI REQUIREMENT 3</p> <p><b>Exploration and Production</b></p> <p>3.1 Exploration</p> <p>3.2 Production</p> <p>3.3 Exports</p>	<p>All data related to exploration, production, and exports are documented in the EITI Albania Report and can be found published on the website <a href="http://www.albeiti.org">www.albeiti.org</a>.</p>
<p>EITI REQUIREMENT 4</p> <p><b>Revenue Collection</b></p> <p>4.1 Detailed Publication of Taxes and Revenues</p> <p>4.2 Sale of the State's Share of Production or Other Revenues Collected in Kind</p> <p>4.3 Infrastructure Provisions and Exchange Agreements</p> <p>4.4 Transportation Revenues</p> <p>4.5 Transactions Related to State Enterprises</p> <p>4.6 National Level Payments</p> <p>4.7 Level of Allocation</p> <p>4.8 Data Consistency</p> <p>4.9 Data Quality and Security</p>	<p><b>Detailed Publication of Taxes and Revenues</b></p> <p>The tax system applied in Albania for the extractive industry sector is the same as that applied to the overall economy of the country, including VAT, profit tax, dividends, royalties, bonuses, and other significant payments and benefits for the government. Mining royalties from the government are viewed as a tax for the development of this sector. To stimulate or develop the processing industry in the country, the government reduced the royalty for processed chrome (ferrochrome) from 6% to 3%. The EITI report provides a comprehensive overview of the tax revenues collected by the government for the years 2017-2018.</p> <p><b>Sale of the State's Share of Production or Other Revenues Collected in Kind</b></p> <p>The EITI Report for 2017-2018 details the revenues collected in kind from Albpetrol.</p> <p><b>Infrastructure Agreements</b></p> <p>The EITI report for 2017-2018 includes an assessment of the feasibility of infrastructure provisions and exchange arrangements in the oil and mining sectors, as described in chapters 3 and 4, respectively.</p> <p><b>Transportation Revenues</b></p> <p>The Albanian state does not collect transit taxes. Albpetrol's pipelines are non-functional. Two pipelines for transporting crude oil connect the ARMOS oil terminal in Vlorë with the refineries in Fier and Ballsh, as well as the two refineries</p>

between them. Both pipelines are out of service due to complete depreciation. In total, the oil pipeline network has a length of 188 km and a capacity of 2.5 million tons per year. The Trans Adriatic Pipeline (TAP) AG is a consortium of several international companies established for the planning, development, and construction of the gas pipeline. Construction of the pipelines has been completed, and work continues on the pumping and distribution stations. According to the agreement between TAP and the Albanian Government, TAP invested approximately €14 million in infrastructure and other investments for the benefit of civil society and communities.

#### **Ionian Adriatic Pipeline (IAP Project)**

The Albanian Government has promoted the possibility of realizing the Adriatic Pipeline (IAP) project, aiming to create a common regional infrastructure for utilizing Caspian gas in the markets of countries such as Albania, Montenegro, and Croatia.

#### **Gas Infrastructure in Albania**

The Albanian Government approved Law No. 102/2015 "On the Natural Gas Sector" in March 2015. This law governs the development of infrastructure for the transmission and distribution of gas in Albania.

In 2016, the government established the Albanian Gas Transmission Operator (Albgaz Sh.a.) and introduced a draft master plan for the gas distribution network. This study cost approximately €1.1 million and was funded by the EU.

The draft master plan analyzes the use of gas in industry, transport, and residential consumption, among other sectors. 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 also considers the possibility of connecting Kosovo and North Macedonia to the Albanian gas distribution network. Additionally, the plan explores the option of gas storage in the subsurface of Divjaka and Dumre.

According to the study, domestic gas consumption is projected to be around 2.167 million m<sup>3</sup> by 2040 (including agriculture and transport). In the same year, the potential use of gas for electricity generation is estimated to be

around 770 million m<sup>3</sup>, while the potential use of gas in oil refining processes is projected to be 89 million m<sup>3</sup>.

#### **Transactions Related to State Enterprises**

Albpetrol pays taxes to the government, as is required for all commercial oil companies, along with dividends as the sole shareholder of the company. Both Albpetrol and the Ministry of Infrastructure and Energy (MIE) have stated that there are no special agreements regulating transfers from Albpetrol to the Government and vice versa.

Albpetrol has been profitable so far, despite a high cost base for employees. The finances of Albpetrol show fluctuating profit results. Revenues mainly stem from the sale of available oil. To date, Albpetrol has neither received nor lent money to the Government.

#### **Local Payments**

Royalties are collected from taxable sales of oil, gas, and minerals and are recorded in the State Budget. According to the Law on National Taxes No. 9975, dated July 28, 2008, as amended, a portion of the tax on royalties will be allocated to each unit of local government ("LGU") in proportion to their contribution to the domestic production of oil, gas, and minerals.

#### **Data Quality and Security, Applicable Accounting Standards**

Current regulatory provisions in Albania require the involved entities to implement International Financial Reporting Standards (SNRF) published by the International Accounting Standards Board (IASB) or National Accounting Standards (NAS) issued by the National Council of Accounting for accounting expenses and legal reporting.

#### **Applicable Auditing Standards**

All entities, including joint-stock companies ("SHA") and limited liability companies ("SHPK"), are subject to statutory audits, except for those SHPKs classified as small units.

Law No. 10,091, dated March 5, 2009, "ON STATUTORY AUDITING, THE ORGANIZATION OF THE STATUTORY AUDITOR PROFESSION AND THE APPROVED ACCOUNTANT" (amended by Law No. 10,297, dated July 8, 2010, and Law No. 47/2016, dated April 28, 2016), specifically Article 41, stipulates that legal entities required to undergo statutory audits of their financial

statements (as amended by letter "c" in Law No. 47/2016, dated April 28, 2016) must have their annual financial statements audited before publication by statutory auditors or audit firms:

a) all commercial companies, regardless of their form, that apply international financial reporting standards;

b) all joint-stock companies that apply national accounting standards for financial reporting;

c) limited liability companies that apply national accounting standards for financial reporting when, at the end of the accounting period, for two consecutive years, they exceed two of the following three indicators:  
i - total assets in the balance sheet at the end of the relevant accounting period reach or exceed 50 million ALL;

ii - the amount of revenue from economic activity (turnover) during that accounting period reaches or exceeds 100 million ALL;

iii - the average number of employees during the accounting period is 30 or more.

**We clarify that the mining entities reporting in the EITI Report are generally limited liability companies, and a significant portion of them do not meet the requirement to have their financial statements audited by independent experts.**

**The level of disclosure** is presented in Appendices 1, 2, and 3 of the EITI Report 2017–2018.

#### **Timeline of Data**

The EITI Report for 2017–2018 was produced in accordance with the contract (December 21, 2020) and published in January 2021. Despite the difficulties caused by the pandemic and the prolonged shutdown of the entire economy and social life (extended lockdown), the EITI Report 2017–2018 was successfully completed.

#### **Data Coherence**

The EITI Report for 2017–2018 provides an assessment of the assurance procedures conducted on the figures reported by government entities and licensees. Chapter 10 details the reconciliation of flows for 2017–2018 and lists all entities that did not report during this period, including the publication of impacts based on unilateral reporting by government units. Recommendations for improvements are also outlined in the EITI Report 2017–2018. The EITI

	<p>Secretariat of Albania is developing an action plan to follow up on the recommendations from the EITI Report 2017–2018, and with the approval of the MSG, all requirements will be addressed to enhance EITI reporting in Albania.</p>
<p><b>EITI REQUIREMENT 5</b></p> <p><b>Revenue Distribution</b></p> <p>5.1 Distribution of Revenues from the Extractive Industry</p> <p>5.2 National Level Transfers</p> <p>5.3 Management of Revenues and Expenditures</p>	<p><b>Distribution of Revenues from the Extractive Industry</b></p> <p>In the extractive industry, as in all branches of the economy, the Law on National Taxes No. 9975, dated July 28, 2008, as amended, is applied, whereby revenues are collected by the state and distributed in accordance with the law. A specific feature of the extractive industry is the tax on mineral rent, a portion of which is transferred to the Local Government Units (LGUs) where this activity takes place. Over the years, the legal framework for local transfers of mineral rent has undergone changes.</p> <p>On November 27, 2014, the Albanian government made several improvements to the Law on National Taxes, whereby LGUs benefit from 5% of the rent generated from the sales of oil and minerals extracted in the LGUs without any conditions. Regional tax and customs directorates are required to submit an analytical list of the LGUs that have collected and benefited from the revenue reduction to the Budget Directorate at the Ministry of Finance (MoF). After receiving the reconciliation, the MoF begins the monthly authorized rent transfers to the LGUs. (This law is still in effect today).</p> <p>During the years 2019–2020, Alb-EITI, in cooperation with the OSBE, organized a series of meetings in local units where the extractive industry operates, focusing on the benefits these communities receive from this industry and the issues related to their activities.</p> <p>This initiative culminated in a national meeting that produced a document with specific proposals. The Albanian government is reviewing the requests of local units involved in the extractive industry, where the main issue is the increase in the percentage of rent that will be transferred to the LGUs.</p> <p><b>National Level Transfers</b></p> <p>The Ministry of Finance and Economy is in the process of improving procedures to ensure the accuracy and completeness of rent distribution in accordance with new legal requirements.</p>

	<p><b>Management of Revenues and Expenditures</b></p> <p>The revenues collected by the State Budget from the extractive industry are combined with other revenues in the budget and naturally allocated across budget items. There is no specific allocation of these revenues to budget programs, except for mineral rent, where 5% is transferred to local government according to the areas where the extractive industry operates.</p> <p>The AKBN (Albanian National Agency of Natural Resources) independently manages a portion of the revenues from Hydrocarbon Agreements. To date, AKBN has not provided information on how these revenues are allocated in its budget.</p> <p>The Albanian state collects revenues from the oil and gas sector through production sharing, bonuses, mineral rent, profit tax, dividends, and employment revenues.</p> <p>The report details the distribution of total revenues generated from oil operations among the Albanian government, the company Albpetrol, AKBN, and private oil companies. The Albanian state's interest in PSA (Production Sharing Agreements) is managed by Albpetrol and AKBN, which receive bonuses, shares from oil production, and other revenues arising from non-compliance with contract terms, such as penalties and executed guarantees.</p> <p>The Ministry of Infrastructure and Energy publishes financial information regarding expenditures by nature and program on its website: <a href="http://infrastruktura.gov.al/">http://infrastruktura.gov.al/</a>.</p>
<p>EITI REQUIREMENT 6</p> <p><b>Social and Economic Expenditures</b></p> <p>6.1 Social Expenditures by Extractive Companies</p> <p>6.2 Fiscal Expenditures</p> <p>6.3 The Contribution of the Extractive Sector to the Economy</p>	<p><b>Social expenditures</b> are material expenses made by companies in the Extractive Industries sector for the benefit of the public and civil society, as mandated by law or by contract with the government. The government and oil companies involved in the sector have stated that current oil agreements do not include mandatory social payments that must be made by oil companies for the benefit of communities. The timing and amount of social payments are determined at the discretion of the oil companies. Companies must present these expenditures to AKBN/Albpetrol for approval as part of the annual budget approval process.</p> <p><b>Fiscal expenditures</b></p> <p>The MSG Albania discussed the existence of "quasi-fiscal expenditures" in Albania and their</p>

	<p>materiality at the meeting on February 12, 2019. The MSG's statement on this issue, in accordance with Requirement 6.2 of the EITI Standard, indicated that MSG-EITI Albania agrees with the definition provided by the Independent Administrator in the EITI Report regarding quasi-fiscal expenditures and that the laws and regulations governing the activities of Albpetrol SH.A. do not include such expenditures. The MSG-EITI Albania also stated that the Albanian legal framework does not foresee any obligation for "quasi-fiscal expenditures" for companies licensed to operate in the extractive industry in Albania.</p> <p><b>Contribution of the Extractive Sector to the Economy</b></p> <p>Based on data reported by government agencies presented in the EITI Report for 2017-2018, the extractive sector and hydropower together accounted for 5.1% of gross domestic product (GDP) in 2017, amounting to 78,504 million ALL, and 6.1% of GDP in 2018, totaling 100,534 million ALL. Exports from the extractive sector represented 15% of total exports in 2017, totaling 44 billion lek, and 18% of total exports in 2018, amounting to 51 billion ALL.</p> <p>According to data reported by the General Directorate of Taxation, companies operating in the extractive and energy industries employed over 40,000 people in each of the years 2017 and 2018.</p>
<p>EITI REQUIREMENTS 7</p> <p><b>Results and Impact</b></p> <ul style="list-style-type: none"> <li>7.1 Public Debate</li> <li>7.2 Data Accessibility</li> <li>7.3 Discrepancies and Recommendations from EITI Reports</li> <li>7.4 Review of Results and Impact of EITI Implementation</li> </ul>	<p><b>Public Debate</b></p> <p>The EITI report in Albania is understandable and publicly accessible. Both the EITI Reports and the Data Summary Sheet are available in open data format. Additionally, copies of the EITI reports are continuously produced and distributed to stakeholders.</p> <p>The reports are published on the website <a href="http://www.albeiti.org">www.albeiti.org</a> in both Albanian and English.</p> <p>The EITI Albania report has been widely used by stakeholders in public debates.</p> <p>The organization of meetings with journalists from local and national media, publications, feature articles, and meetings with local and foreign interest groups clearly demonstrates the commitment of the MSG and the National EITI Secretariat to foster a nationwide public debate and influence the economic and social development of communities.</p>

### **Data Accessibility**

The National EITI Secretariat publishes EITI reports on its website, and all interested parties have full access to the requested data. Physical copies of the EITI Reports and Summary Reports are widely distributed to relevant stakeholders.

In December 2020, AlbEITI established an Open Data Portal with data from the extractive industry, which is accessible to everyone.

### **Discrepancies and Recommendations from EITI Reports**

Discrepancies and recommendations in the EITI Reports are discussed in MSG meetings. The National Secretariat proposed the establishment of a permanent subgroup within the MSG. This group would monitor the implementation of the EITI Report recommendations as well as corrective actions raised during Validation until their full resolution.

### **Review of Results and Impact of EITI Implementation**

The year 2020 was challenging, influenced by the pandemic, which necessitated the closure of many activities due to lockdowns. To overcome the obstacles that arose, the National EITI Secretariat and MSG worked closely with stakeholders involved in the process. Many communication and promotional activities with all actors were carried out by the National EITI Secretariat and MSG.

The approval of the Transparency Law is promising but simultaneously requires coordinated efforts from all parties involved. 2020 was also the year of publishing Beneficial Ownership information, and as an EITI member, Albania adopted a special law to fulfill this global obligation. A Beneficial Ownership roadmap outlining all necessary steps was published in January 2017, and the National EITI Secretariat has completed and is continuing all planned activities in this roadmap.

Numerous meetings have been held by the National EITI Secretariat and recently by NGOs, MSG members, with Local Government Units in areas where extractive industries operate, alongside company representatives and civil society, to promote EITI and EITI Reporting. Additionally, meetings with journalists from national and local media were organized. Informing the media about the work and mission

	<p>of EITI initiatives reflects a serious commitment to transparency in the extractive sector.</p> <p>The innovation brought by the EITI Survey provided the National EITI Secretariat with an effective way to analyze public perception regarding the impact and implementation of EITI in Albania. Survey results indicated that local and central administrations (affected by EITI reporting) lacked information about EITI requirements.</p> <p>As a result, the National EITI Secretariat decided that the planned activities in the Work Plan would play a key role in organizing informative activities, primarily focusing on this group. It can be stated that local government (when the extractive industry operates) and central administration, by responding timely and effectively to the requests and obligations of the EITI Initiative, demonstrate that the EITI Work Plan has achieved its objectives in this regard.</p> <p><b>Progressive Increase of Reporting Companies in EITI</b></p> <p>Over the years, the percentage of reporting by extractive companies has progressively increased, aiming for greater inclusion across all three sectors.</p>
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#### ❖ ALBEITI'S ACTIVITIES IN THE CONTEXT OF PREPARING EITI REPORTS

After the meeting held by ALBEITI at the International EITI Secretariat in Oslo in January 2023, it was suggested to enable the publication of reports for three consecutive years, specifically for the years 2019, 2020, and 2021. These reports would be prepared in accordance with the 2019 EITI Standard. Furthermore, from the beginning of 2023, we proactively started the process of preparing the EITI Reports by beginning to gather all the required information, even though we had not yet received any funding for this process. At the same time, we also included the year 2021 in the preparation process, covering a total of three reporting years.

Based on the EITI Standard of 2019, the International EITI Board has decided that EITI Reports can also be prepared unilaterally by state institutions to facilitate their preparation process as an obligation for each country. Consequently, in the MSG meeting of ALBEITI, it was agreed that the Albanian state would also prepare these reports by collecting only the data obtained from state institutions. This is also due to the confidence provided by Albanian legislation that the data from state institutions are accurate and sufficient for preparing the EITI Reports. In other words, the institutions responsible for reporting in the context of preparing the Transparency Reports for 2019, 2020, and 2021 include the General Directorate of Taxes, the Ministry of Finance, the General Directorate of Customs, the Ministry of Infrastructure and Energy, the National Agency of Natural Resources, the Albanian Geological Service, the Energy Regulatory Entity (ERE), the Ministry of Tourism and Environment, Albpetrol sh.a., the National Business Center (QKB), INSTAT, and the Local Government Units operating in the

extractive industry.

An Independent Administrator was contracted by ALBEITI with the approval of the World Bank on October 11, 2023, and began work on preparing the EITI Reports for the fiscal years 2019, 2020, and 2021 through a national open tender.

Currently, our institution, in accordance with the law, is the competent state body that has the obligation to seek and collect the necessary data for publishing the EITI Reports for 2019, 2020, and 2021 with the company (Independent Administrator), which began work in October 2023 to prepare these reports on our behalf.

As part of the implementation of the project “Support for the Extractive Industries Transparency Initiative (EITI) Process in Albania,” which is funded by the International Bank for Reconstruction and Development (IBRD), acting as the administrator of Grant No. TF 0B9998 allocated by the Multi-Donor Trust Fund, the Albanian Government also approved Decision No. 756, dated December 20, 2023, “On the approval of the memorandum of understanding between the Republic of Albania and the International Bank for Reconstruction and Development, acting as the administrator of the grant funds allocated by the Multi-Donor Trust Fund, for financing the project Support for the EITI process in Albania.”

According to the EITI 2019 Standard, the EITI Reports for 2019, 2020, and 2021 will cover the sectors of hydrocarbons, mining, hydropower, and renewable energies. This commitment also aligns with Albania's efforts for EU membership, the EU CBCR directive for full fiscal transparency in the sector, and is closely monitored by international partners and interest groups.

The preparation of EITI Reports in Albania is also linked to a specific legal framework, specifically with:

- Law No. 10304 dated July 15, 2010, “On the Mining Sector in the Republic of Albania” stipulates in Article 36, point 25 that: *Within the framework of the initiative for transparency in the extractive industry, entities must: a) report in accordance with the requirements established in the sub-legal acts developed based on the obligations defined in the initiative for transparency in the extractive industry; b) the format of the technical, financial, or tax payment report must comply with international best practices for the extractive industry; c) the mining activities of mining entities in Albania and their financial transactions with parent or subsidiary companies abroad must be conducted in accordance with cost values or a predetermined reasonable profit in their mining activity programs.*

<https://www.albeiti.org/site/ep-content/uploads/2021/06/Ligji-per-minierat-Nr.-10304-date-15.7.2010.pdf>

- Article 51, point 3 of Law No. 10304 dated July 15, 2010, “On the Mining Sector in the Republic of Albania,” states that: Data on local and national tax payments are not considered confidential. They are open to the public within the framework of the initiative for transparency in the extractive industry. The level of confidentiality is determined by a decision of the Council of Ministers.

<https://www.albeiti.org/site/wp-content/uploads/2021/06/Ligji-per-minierat-Nr.-10304-date-15.7.2010.pdf>

- Law No. 19/2015 dated March 25, 2015, “On Hydrocarbons in the Republic of Albania,” stipulates that: “Within the framework of the Extractive Industries Transparency Initiative (EITI), contractors who have entered into hydrocarbon agreements, as well as tax and customs administration bodies and central and local government entities, are obliged to report, according to the standard set by this Initiative, to the Secretariat of the Extractive Industries Transparency Initiative, in accordance with the requirements outlined in the sub-legal acts developed based on the obligations established in the Initiative for Transparency in the Extractive Industry. The Secretariat of the Extractive Industries Transparency Initiative publishes data according to the EITI standard”.

<https://www.albeiti.org/site/wp-content/uploads/2021/06/Ligji-per-hidrokarburet-Nr-7746-date-28-7-1993.pdf>

- The Decision of the Council of Ministers No. 233 dated March 23, 2011, on “Approval of the Format of Reports and the Method of Publishing Data on Local and National Tax Payments in the Mining Sector of the Republic of Albania” also stipulates the obligation and the method by which reporting is carried out by state institutions.

[https://www.albeiti.org/wp-content/uploads/2014/04/vkm\\_nr.233\\_date\\_23.3.2011\\_eiti.pdf](https://www.albeiti.org/wp-content/uploads/2014/04/vkm_nr.233_date_23.3.2011_eiti.pdf)

- Decision No. 993 dated December 9, 2015, “On the Organization and Functioning of the National Secretariat of the Extractive Industries Transparency Initiative (EITI Albania), within the framework of membership in the international EITI organization,” also establishes the obligation of the Albanian state and responsible state institutions to work through the Secretariat to prepare transparency reports in a timely manner and with quality.

<https://www.albeiti.org/wp-content/uploads/2014/04/VKM-nr.-993-date-09.12.15-per-organizimin-dhe-funksionimin-e-Sekretariatit-Kombetar-te-Nismes-per-Transparencene-Industrine-Nxjerrrese-EITI-Shqiperi.pdf>

- Law No. 10304 dated July 15, 2010, “On the Mining Sector in the Republic of Albania,” in Article 36, point 25 states that: Within the framework of the initiative for transparency in the extractive industry, entities must: a) report in accordance with the requirements established in the sub-legal acts developed based on the obligations defined in the initiative for transparency in the extractive industry; b) the format of the technical, financial, or tax payment reports must comply with international best practices for the extractive industry; c) the mining activities of mining entities in Albania and their financial transactions with parent or subsidiary companies abroad must be conducted in accordance with cost values or a predetermined reasonable profit in their mining activity programs. In carrying out its activities, the Extractive Industries Transparency Initiative has the right to request and obtain information from entities holding mining licenses, tax and customs administration bodies, and local government authorities, as well as to publish in its annual report data related to the tax obligations fulfilled by mining entities.

## ❖ STRENGTHS AND WEAKNESSES IDENTIFIED IN THE EITI PROCESS

### **Strengths:**

- a) *One of the strengths of EITI in Albania is the experience gained over the years in its implementation, both by the MSG and by the staff of the National Secretariat.*
- b) *Also noteworthy as a strong point of this process is the exceptional cooperation among all stakeholders involved (requirement 7.4(a)(v)).*

### **Weaknesses:**

- a) *A notable weakness of this process is the lack of necessary funding on a continuous basis, which has consistently caused problems in the implementation process and, in 2023, led to the suspension of Albania due to the failure to publish EITI Reports within the specified deadlines.*

## ❖ PUBLICATION OF BENEFICIAL OWNERS

In accordance with requirement 7.4(a)(vi) of the EITI Standard, Albania has adopted Law No. 112/2020, "*On the Register of Beneficial Owners.*" This law applies to reporting entities and legal persons registered in the Republic of Albania. The "*Register of Beneficial Owners*" is a state electronic database in which the data of beneficial owners of reporting entities are registered. It collects real-time data recorded in the respective state registers managed by the relevant state institutions and serves as an official electronic archive, ensuring transparency in the area of beneficial ownership.

The Register of Beneficial Owners is managed by the National Business Center, which is responsible for: a) registering, administering, processing, and maintaining the data declared by reporting entities; b) ensuring the availability of the data in the Register, in accordance with Article 7 of this law; c) issuing extracts for the data registered in the Register; d) taking other actions in accordance with this law. For all interested parties, information about Beneficial Owners can be accessed at the link below:

<https://qkb.gov.al/kerko/kerko-ne-regjistrin-e-pronareve-perfitues-rpp/k%C3%ABrko-p%C3%ABr-subjekt-raportues/>

The law on Beneficial Owners is published on the official website of the National EITI Secretariat. Additionally, in its Work Plan, EITI Albania has included an activity to assess the impact of the Law on Beneficial Owners. Due to a lack of funding, this activity could not be conducted by the end of 2023 and has been postponed to begin in 2024.

## ❖ TOTAL COST OF IMPLEMENTATION

In 2023, the National Secretariat of EITI Albania was funded by the State Budget. Specifically, the plan approved at the beginning of the year by the Ministry of Infrastructure and Energy was 14,000,000 ALL for the period from January to December 2023. In December 2023, due to the need for additional funding and to meet obligations within legal deadlines, following Normative Act No. 6 dated December 14, 2023, an additional 2,500,000 ALL was approved in the budget for our institution. These funds have been used to cover personnel salary expenses, social insurance, as well as operational expenses, as outlined below:

<b>Approved Budget</b>	
Budget at the beginning of the year	14,000,000
Supplement during the year	2,500,000
Reductions during the year	-
<b>Budget at the end of the year</b>	<b>16,500,000</b>
<b>Actual expenses</b>	
Salaries	9,639,816
Social Insurance	1,603,356
Operating Expenses	5,256,759
<b>Total Expenses</b>	<b>16,499,931</b>
<b>Budget execution percentage</b>	<b>100%</b>

In December 2023, the new organizational structure of the institution came into effect, which also approved 9 job positions. By the end of 2023, 5 of these positions were filled.



## ❖ DETAILS OF MEMBERSHIP AND MSG MEETINGS DURING 2022

During the year 2023, only 2 MSG meetings were held. Details about the issues discussed in these meetings, the agenda, and the meeting minutes are published at the link below:

<https://www.albeiti.org/site/viti-2023/>

Approved by  
MSG:

Date:

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