

BDO | Economics
CONSULTING & Finance

Extractive Industries Transparency Initiative in Albania

Report for the fiscal years 2019, 2020 and 2021

September 2024

BDO

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Overview

Background

The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debates and enhance trust. In each implementing country, it is supported by the multi-Stakeholder group composed of governments, companies and civil society organizations working together.

The Extractive Industries Transparency Initiative (EITI) was first announced at the World Summit on Sustainable Development in Johannesburg in 2002 (the Earth Summit 2002) and was officially launched in London in 2003. EITI is currently being implemented in 57 countries in Africa, Asia, Europe and America.

The EITI Standard sets out the requirements which countries need to meet in order to be recognized, first as EITI Candidates and subsequently as EITI Compliant country. The Standard is overseen by the EITI Board, which comprises members from governments, extractive companies, and civil society organizations.

The 43rd EITI Board meeting held in Paris on 17 June 2019 adopted the 2019 EITI Standard. From 1 January 2020 onwards, only the 2019 EITI Standard shall be applied. It is the sixth version since the EITI Principles were agreed in 2003. The 2019 EITI Standard encourages countries to make use of existing reporting systems for EITI data collection and make the results transparent at the source and can be accessed at: (<https://eiti.org/sites/default/files/2022-03/EITI%20Standard%202019%20EN.pdf>). The 2019 Standard introduced new aspects of environmental, social, and gender impacts. It also breaks ground in the disclosure of the identity of the real owners – the 'beneficial owners' – of the companies that have obtained rights to extract oil, gas and minerals starting from 2020.

EITI in Albania

Albania has a mineral and oil extractive industry that is developing extensively by attracting domestic and foreign investor. This clearly indicates the importance of this sector, its transparent management as well as the inclusion of Albania on the Extractive Industries Transparency Initiative.

The EITI as an international initiative started in 2002, at the World Summit on Sustainable Development in Johannesburg. The Albanian Government supported this initiative and committed to implement the EITI on March 2009 and became EITI candidate country on May 2009.

The EITI Albania Secretariat was established by a Decision of the Council of Ministers on 07. 07. 2010. The Multi-Stakeholder Group was established by the Prime Minister Order on 21. 07. 2011 composed of civil society, companies operating in the extractive industry and the government. The Deputy Minister of Ministry of Infrastructure and Energy lead the Multi-Stakeholder Group on charge of implementing and supervising the EITI initiative in Albania.

On April 2011, Albania published its first EITI Report for 2009 fiscal year. The report reveals insignificant discrepancies of companies' payments and state declared revenues.

On August 2011, the Validation Report on the EITI Albania implementation was published. On June 2012, Albania published the second EITI Report for 2010 fiscal year.

On May 2, 2013, Albania becomes an EITI compliant country. In accordance with the EITI Standard, the International Board declared Albania a compliant country. Albania being an EITI compliant country brought changes on DCM for Secretariat: DCM No. 993 dated 09. 12. 2015 on the organization and functioning of the EITI National Secretariat in the framework of International Organization membership.

Compliance with the EITI Standard means that country has an effective process for annual declaration and reconciliation of all revenue coming from the extractive industry sector. This process allows citizens to see how much revenue their country receives from oil, gas and mining companies.

In accordance with the new EITI Standard, Albania within 2014 published two EITI Reports, 2011 EITI Report, on June 27, 2014 and 2012 EITI Report on November 21, 2014.

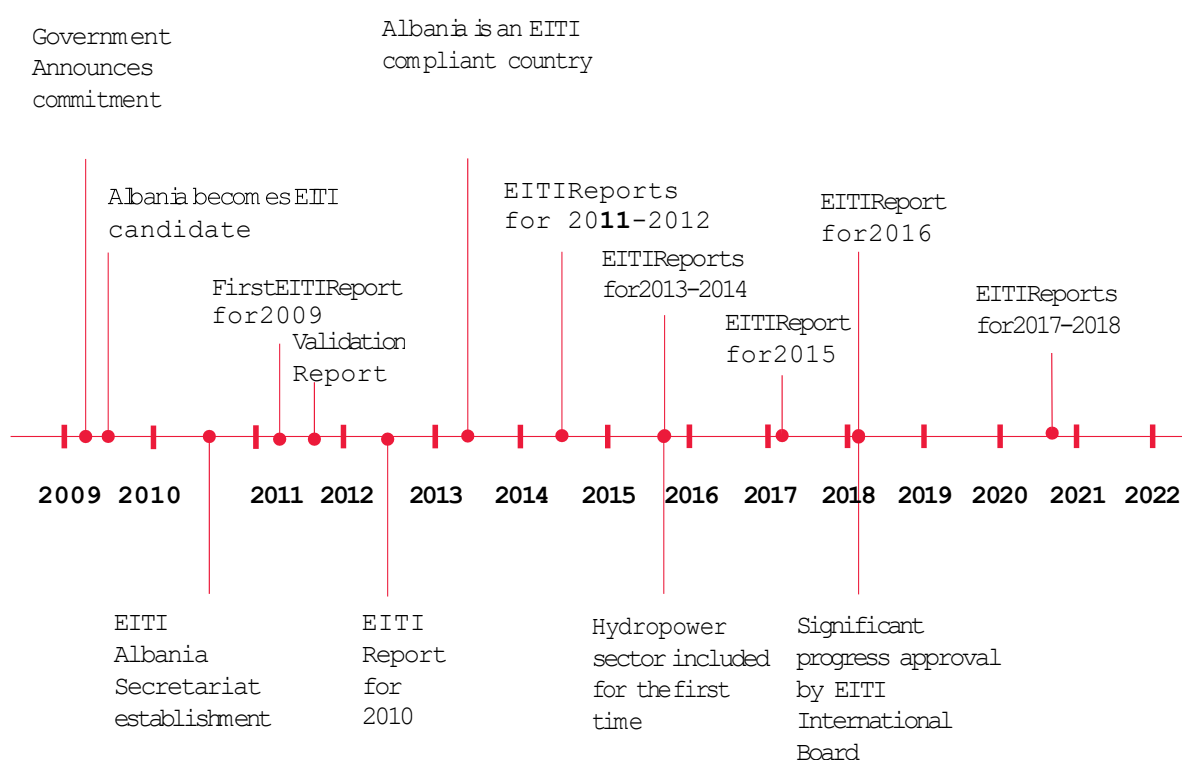
Further, in accordance with the EITI Standard on December 23, 2015 Albania published 2013-2014 EITI Report and for the first time the Hydropower sector was included.

In accordance with the New EITI Standard on February 1, 2017 Albania published the 2015 EITI Report.

During 2017 for the implementation and performance of the EITI Standard, Albania underwent the International Validation Process by EITI International Board in Oslo.

On February 2018 the EITI International Board issued official decision that Albania has made significant progress in the EITI Standard implementation. On the Validation Report is stated that Albania on 55% of the Chapters has a very Satisfactory performance (including government and business engagement, legal framework, contribution to the economy, public debate, etc.); on 45% of the Chapters there is Significant performance (MSG leadership, Civil Society engagement) and only 5% are rated as Insufficient or no progress.

On February 15, 2018 the EITI National Secretariat published the 2016 EITI Report and on December 2020 published the 2017-2018 EITI Report.



Objective

EITI requires publishing comprehensive EITI reports, including full disclosure of government revenues from the extractive sector, as well as the disclosure of all material payments made to the government by companies operating in the oil, gas and mining sectors¹.

The objective of this EITI report is to help the understanding of the level of contributions of the extractive sector to the economic and social development of Albania to improve transparency and good governance at all levels of the extractive industry value chain.

The objectives of the EITI implementation are set out in the EITI Standard 2019².

Scope of Work

JV BDO Ziv Haft Consulting and Management Ltd and BDO Albania shpk were appointed as Independent Administrator to prepare the ALBEITI Report covering the fiscal years 2019, 2020, and 2021.

The procedures performed were those set out in the terms of reference as defined in the Contract for Consulting Services.

The report consists of six (6) chapters presented as follows:

1. Executive Summary;
2. Approach and Methodology;
3. Contextual Information on the Extractive sectors;
4. Defining the reporting scope;
5. Analysis of reported data;
6. Implementation status of EITI recommendations.

This report incorporates information received up to September 10, 2024. Any information received after this date has not, therefore, been included therein.

Terminology

Terminology used for the ALBEITI report covering fiscal years 2019, 2020 and 2021 is as follows:

Term	Definition
Beneficial owner	"Beneficial owner" refers to the individual who ultimately owns or controls the entity and/or the individual on whose behalf a transaction or activity is being conducted. (as defined in Article 3, paragraphs 1, 1.1.1, 1.1.2, 1.2, and 1.2.1 of Law No. 112/2020 "ON THE REGISTER OF BENEFICIAL OWNERS").
Contract	The full text of any contract, concession, production-sharing agreement, or other agreement granted by, or entered into by, the government which provides the terms attached to the exploitation of oil, gas and mineral resources. It includes the full text of any annex, addendum or rider which establishes details relevant to the exploitation rights.

¹ Requirement 4 of EITI Standard 2019

² <https://eiti.org/sites/default/files/2022-03/EITI%20Standard%202019%20EN.pdf>

Extractive entities	Extractive entities in this report refer to mining, Oil and Gas and Hydropower entities.
License	EITI Requirement 2.3 defines the term 'license' as being any license, lease, title, permit, contract or concession by which the government confers on an entity the rights to explore or exploit oil, gas and/or mineral resources.
Materiality	Materiality definitions and thresholds are agreed by the Multi-Stakeholder Group and above which payments and revenues are considered material and therefore must be disclosed. Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the disclosures.
Multi – Stakeholder Group MSG	A group established by the government in line with its commitment to work with civil society and extractive entities to oversee the implementation of the EITI.
Systematic Disclosure	Refers to mainstreaming of information where the EITI's disclosure requirements are met through routine and publicly available company and government reporting.

1 Executive Summary

This report covers payments made by extractive and hydropower entities and revenues received by Government Agencies and Local Government Units (LGUs) and other material payments and benefits to Government Agencies as stated by Requirement 4.1 of the 2019 EITI Standard.

It also includes contextual information about Albania's extractive sector in line with EITI Requirements 2, 3, 4, 5 and 6. The contextual information includes a summary description of the legal framework and fiscal regime, an overview of Albania's extractive and hydropower sectors, the contribution of the extractive sector to Albania's economy, production data and the State's shareholding in extractive entities, revenue allocations, license registers and license allocations.

1.1 Revenue generated from extractive and hydropower industries

Total revenues received from the extractive and hydropower sectors in 2019 amounted to ALL 1,836 million. In 2020 the revenue was ALL 929 million and in 2021 it was ALL 2,347 million. Below are represented the data reported from General Tax Directorate and Albpetrol for the three (03) fiscal years.

The breakdown of revenues is set out in the tables below.

Reported revenue by reporting entity in 2019-2021 was as follows:

Reporting entity	2019 ALL 000	%	2020 ALL 000	%	2021 ALL 000	%
General Tax Directorate	343,692	19%	286,168	31%	289,872	12%
State owned entities	1,491,949	81%	642,711	69%	2,057,140	88%
Total	1,835,541	100%	928,879	100%	2,347,012	100%

Reported revenue by sector in 2019-2021 was as follows:

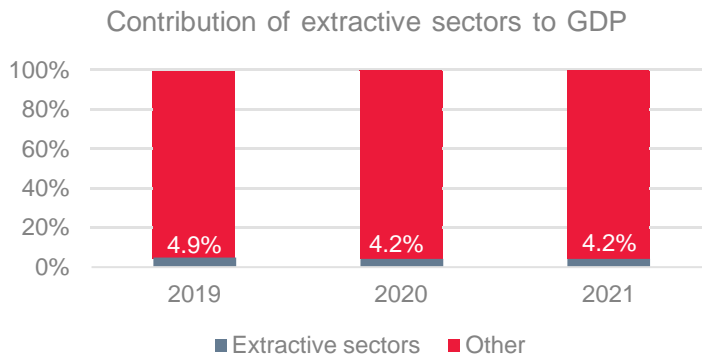
ALL 000	2019	%	2020	%	2021	%
Oil and Gas	1,491,949	81%	642,711	69%	2,057,140	88%
Mining	343,592	19%	286,168	31%	289,872	12%
Hydro-power	n/a	n/a	n/a	n/a	n/a	n/a
Photovoltaic	n/a	n/a	n/a	n/a	n/a	n/a
Total	1,835,541	100%	928,879	100%	2,347,012	100%

Source: Albpetrol reporting templates, EITI Secretariat, GTD (Mining royalties)

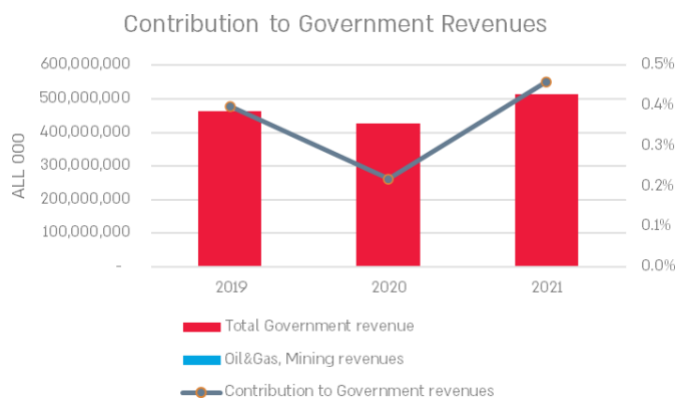
The contribution of extractive sectors to the Government's revenue amounted to ALL 2.347 million in 2021.

1.2 Contribution to Albanian economy

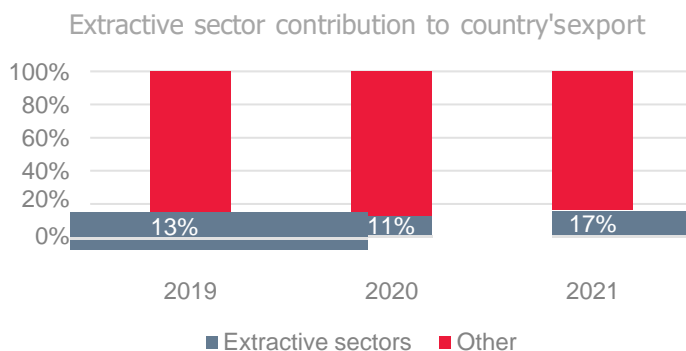
Based on the economic data, the contribution of the different sectors can be summarized as follows:



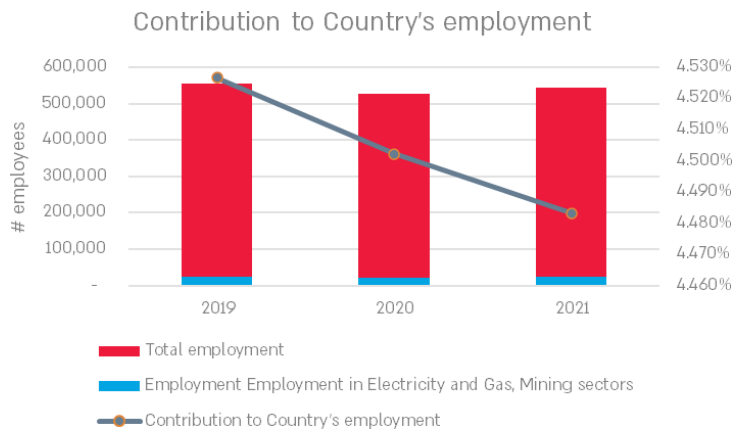
According to the Bureau of Statistics of Albania, the Gross Domestic Product (GDP) from the extractive sectors for FY 2019 accounted for 4.9% of total GDP. In 2020 and 2021 extractive sector contribution to the GDP accounted for 4.2% of the total GDP.



According to the reported templates and data provided by the GTD, extractive sector's contribution to the Government revenues comprised 0.2%-0.5% during 2019-2021.



The value of exports from the extractive sectors in 2019, 2020 and 2021 respectively amounted to ALL 39.8 billion, ALL 30.5 billion and ALL 61 billion accounting for 13%, 11% and 17% of the total exports of the country.



According to the data provided by the GTD and INSTAT, extractive sector's contribution to the Country's total employment comprised 4.5% during 2019-2021.

1.3 Production data

Oil and gas sector

Albpetrol is an Albanian state-owned entity (SoE) Oil and Gas upstream company holds shares in oil produced by the companies operating in areas under its administration. Production data reported by Albpetrol regarding its contracting companies is as follows:

	2019		2020		2021	
	Million barrels	Value (USD)	Million barrels	Value (USD)	Million barrels	Value (USD)
Gas & oil	5.8	288	4.5	149	4.1	227

Source: Albpetrol reporting templates

Mining sector

The table below sets out the production quantities of mining sector during 2019-2021:

	2019	2020	2021
Production quantities (minerals, in tons) (1)	1,282,397	4,844,288	5,643,033
Value (Al 000 000) (2)	79,927	78,367	102,497

Source: (1) AKBN, (2) Total revenues, GTD

Hydropower sector

The table below sets out the production quantities of companies from the hydro-power and photovoltaic sectors during 2019-2021:

MW H	2019	2020	2021
Photovoltaic Sector	22,196	32,265	40,756
HydroEnergy Sector	4,537,484	4,712,074	8,962,699
Total	4,559,680	4,744,339	9,003,455

1.4 Scope of the data collection

EITI Flexible reporting in response to the Covid-19 pandemic

Recognizing the ongoing challenges associated with the COVID-19 pandemic, the EITI Board has agreed the extension of measures to provide flexibility in EITI implementation and reporting. These measures allow implementing countries to retain the momentum of the EITI process while adapting to local circumstances and urgent information needs.

MSGs are encouraged to use this flexibility to communicate timely data that is relevant to the situation in their country. With flexible EITI reporting, implementing countries may deviate from the standard procedure for EITI reporting, including reconciliation for EITI reports scheduled for publication by 31 December 2022.

The ALBEITI MSG has decided to prepare the FYs 2019, 2020 and 2021 ALBEITI report by adopting the flexible EITI reporting and agreed on the following disclosures below.

Unilateral disclosure

The MSG has agreed on unilateral disclosure from the relevant Government Agencies and LGUs without reconciliation in accordance with the EITI Flexible reporting in response to the actual necessity to prepare and publish the EITI reports that will cover revenues, production and other data for the fiscal year 2019, 2020 and 2021 unilaterally from government agencies and LGUs.

Government Agencies and Local Government Units (LGUs)

Requirement 4.1 (b) of the EITI Standard states that: "Implementing countries must ensure that all Government Agencies receiving material revenues from oil, gas and mining companies are required to comprehensively disclose these revenues in accordance with the agreed scope. Government Agencies should only be exempted from disclosure if it can be demonstrated that their revenues are not material".

The MSG determined that all major government entities that receive extractive-related revenues from companies meeting the materiality threshold are in-scope and their revenues will be included for reporting. Based on these criteria, the MSG identified the following government entities as in-scope for the ALBEITI reporting:

- Ministry of Infrastructure and Energy and Industry (MIE);
- Ministry of Finance and Economy (MFE);
- Ministry of Tourism and Environment; (MTE)
- Energy Regulatory Entity (ERE);
- General Tax Directorate;
- General Customs Directorate;
- National Agency of Natural Resources (AKBN);
- Albania Geological Survey (SHGJSH);
- National business center (QKB);
- INSTAT;
- Albpetrol.

In addition, MSG has selected 8 municipalities (LGUs) for reporting in EITI 2019-2021 Report:

- The Municipality of Patos;
- The Municipality of Rroskovec;
- The Municipality of Fier;

- The Municipality of Bulqizë;
- The Municipality of Lushnjë;
- The Municipality of Krujë;
- The Municipality of Mallakastër;
- The Municipality of Selenicë.

This selection reflects the concentration of production activity for the main minerals of petroleum, chromium, copper and non-metallic minerals and includes a local units that have received an amount of revenue over >1,500,000 (All).

The abovementioned Government Agencies and LGUs are required to report their revenue data as well as on other information including the contextual data.

1.5 Data submission

Before submitting the reporting templates to the government entities and LGUs, multiple steps were taken to verify a list of relevant companies. Representatives from AKBN confirmed that the financial information related to revenue from mining activities might be inaccurate, as it is based on self-reporting and financial reporting to AKBN is done from the moment the mining license is granted, not for the fiscal year. Therefore, they recommended that more accurate financial data be sought from the General Directorate of Taxation. Requests for information were subsequently sent to the General Directorate of Taxation.

The reporting templates were sent to Albpetrol, which successfully completed the reporting in a short period.

Furthermore, GTD provided financial information regarding the mining companies, which included details on revenues (both local and export), mining royalties, and employment for the years 2019-2021.

1.6 Implementation status of EITI recommendations

The principal recommendations arising from our report are summarized as follows:

Recommendations – oversight by the MSG

- | | |
|---|---|
| 1 | <p>Requirement 2.1</p> <p>Ensure that contextual information is periodically (annually) published on publicly available sources, 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.</p> |
| 2 | <p>Requirement 2.2</p> <p>- Ensure that comprehensive information is reported about the recipients of mining, oil and gas licenses awarded and transferred, also non-winning, in the year(s);</p> |

- Comment on the efficiency of the current license allocation and transfer system as a means of clarifying procedures and curbing non-trivial deviations.
- 3 Requirement 2. 3
- Maintain a publicly available register or cadaster system with timely and comprehensive information on all mining, oil and gas licenses;
 - Work with MIE and AKBN to ensure all license information listed in Requirement 2. 3. b is available for all extractive licenses active in the period.
- 4 Requirement 2. 4
- Ensure that the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation is documented;
 - Ensure that the plan for disclosing contracts is agreed and published and had a clear timeframe for implementation.
- 5 Requirement 2. 5
- Ensure the disclosure of the beneficial owners of all companies holding or applying for extractive licenses.
- 6 Requirement 2. 6a
- Ensure that MIE maintain an updated register listing all SoEs and other participations in companies operating in the extractive sector;
 - Ensure annual disclosure and MIE level of involvement in governing the 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, etc.
- 7 Requirement 3. 2 and 3. 3
- Ensure a disclosure of timely production data , including volumes and values by commodity;
 - Ensure a disclosure of timely export data , including volumes and values by commodity.
- 8 Requirement 4.1
- Require that all material payments and revenues are comprehensively disclosed;
 - Guarantee that any material omissions are disclosed, and the non-reporting entities named.
- 9 Requirement 4. 2
- Required to disclose the volumes sold and revenues received, disaggregated by individual company and to levels commensurate with the reporting of other payments and revenue;
 - Reconcile the volumes sold and revenues received by including the buying companies in the reporting process.
- 10 Requirement 4. 5
- Ensure that the EITI reporting process comprehensively includes material payments to SOEs from oil, gas and mining companies, and transfers between SOEs and other government agencies;
 - Ensure that all material dividends collected by SOEs from extractive companies be comprehensively and reliably disclosed.
- 11 Requirement 4. 9
- Ensure that future EITI Reports include a clear assessment on the comprehensiveness and data reliability.
- 12 Requirement 6. 1

- Publicly provide a clear definition of any mandatory social expenditure mandated by law or contract;
- Ensure that public disclosure of mandatory social expenditures are disaggregated by type of payment (distinguishing cash and in-kind) and beneficiary.

2 Approach and Methodology

The EITI reporting process included the following steps:

- conducting a scoping study to determine the scope of the EITI reporting and to design the reporting templates;
- the collection of payment data from Government Agencies and LGUs, which provides the basis for the reporting;
- an analysis of amounts reported by Government Agencies and LGUs to determine the quality of data;
- contact with Government Agencies and LGUs for clarifications, if needed.

2.1 Scoping Study

In accordance with our terms of reference, a scoping study was carried out and reported to the MSG on matters that should be considered in determining the scope for the FY 2019, 2020 and 2021 ALBEITI report, including:

- the materiality threshold for receipts and payments;
- taxes and revenues to be covered;
- Government Agencies and LGUs to be included in the report;
- the materiality threshold for entities to be addressed in reporting;
- reporting templates to be used;
- assurances to be provided by reporting Government Agencies and LGUs to ensure the credibility of the data made available to us.

The results of the scoping analysis which were approved by the MSG can be found in Section 4 of this report.

2.2 Data Collection

Government Agencies and Local Government Units have been requested to submit all necessary data as a result of the development of the reporting templates and guidelines. The Reporting Templates and the Instructions for its completion, was presented to the MSG.

We reconfirmed a list of the relevant companies before sending the reporting templates. This revealed inaccuracies in the financial data of the mining companies provided by NANR (AKBN), which would hinder the listing process in accordance with the materiality threshold. NANR (AKBN) representatives verified that the financial information (i.e., revenues) for mining activities is inaccurate due to self-declaration following the issuance of a license for each entity and not for the fiscal year, so the financial data were requested and obtained from the General Directorate of Taxes.

2.3 Reliability and credibility of data reported

MSG has established a procedure to ensure the quality of the data and the security of the information submitted by the reporting entities, in accordance with requirements 4.3, 4.4, 4.6, 4.9, and 5.2.b of the EITI Standard 2019.

To ensure that EITI data submitted by reporting entities are subject to credible, independent audits, applying international auditing standards and the quality of data reported by reporting entities, we recommended the following approach with regards to the reporting process by Government Agencies and LGUs included in the ALBEITI reporting scope:

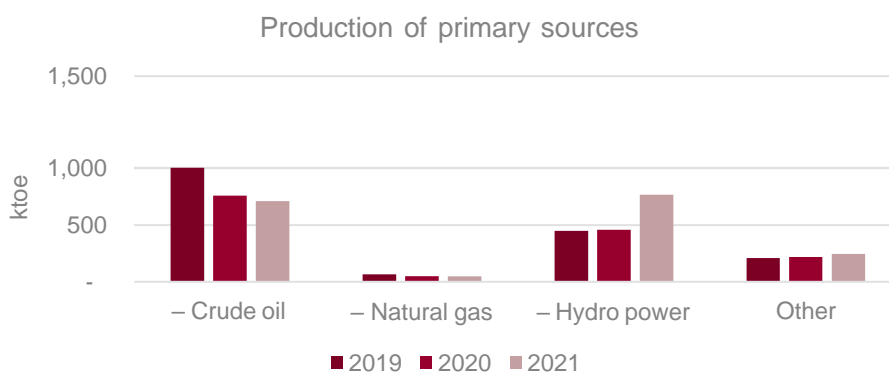
1. Attach a letter from the EITI Executive Director and/or line minister emphasizing the Government's support for disclosure and transparency of information requested.
2. Requesting sign off from a senior staff of the SOE or government official for each reporting form that a complete and accurate record is provided.
3. The reporting entities should be requested to provide assurance report/confirmation letter issued by their statutory auditors or internal auditor confirming the completeness and accuracy of the flows disclosed in the EITI reporting templates, and consistence with their financial statements.
4. Where relevant and applicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external/ internal auditor or equivalent.

Any changes to the information provided in the original data collection templates, supporting documents and/or confirmation from reporting entities will have to be made available to the Independent Administrator.

3 Contextual information on the extractive and hydropower sectors

3.1 Overview of the extractive and hydropower industries including prospective activities (EITI Requirement 3.1)

Crude oil comprised the primary source of energy produced in Albania, measured in toe (ton of oil equivalent). Crude oil accounted for 58.2% of domestic energy from primary sources in 2019, 51.2% in 2020 and 40.2% in 2021. It is followed by the hydropower sector with representing about 25.9% of energy produced from primary sources in 2019, 30.9% in 2020 and 43.3% in 2021³.



The power production from crude oil decreased by 29% in 2019-2021, while the production from hydro energy increased by 71% during the same period.

³ INSTAT <https://www.instat.gov.al/en/themes/industry-trade-and-services/>

3.1.1 Context of oil and gas sector

- **Exploration History**

Oil exploration in Albania Began more than a hundred years ago, in 1918, due to interest shown by companies from Italy, France and Great Britain, which was based on the oil seeps found in the eastern and southern edge of the Peri-Adriatic Depression. Since then, oil fields have been discovered onshore and offshore. In 1955, Gas exploration began in Albania and in 1963, the first gas field was found in the Divjaka structure⁴.

Gas exploration in Albania began in 1955 and was concentrated on the Neogenic structures of Peri-Adriatic Depression. The first gas-bearing field was discovered in 1963 in the Divjaka structure, which was followed by the discovery of other gas-bearing fields such as: Frakulla, Ballaj-Kryevidhi, Panaja, Trevllazer, Durresi, Povelça, etc. The gas pools in all of the above-mentioned fields are related to the sandstone reservoirs of Serravalian-Tortonian to Pliocene inclusive⁵.

Several oil and gas fields have been discovered and exploited, mainly in the Ionian zone and the Peri-Adriatic Depression. The Patos-Marinza conventional oil field recovered 88.15% of its total recoverable reserves, with peak production in 2014 of approximately 24.32 thousand barrels per day of crude oil and condensate. Based on economic assumptions, production will continue until the field reaches its economic limit in 2034. The field currently accounts for approximately 88% of the country's daily output.⁶

To this Date, the oil and gas fields discovered in Albania were found in the External Albanides, mainly in the Ionian tectonic zone and in the Peri-Adriatic Depression, and studies suggests that there is still exploration potential in the region, while some studies indicate that there may be more exploration potential in the tectonic zones of External and Internal Albania. However, due to a lack of financial means, exploration efforts and investments have been hindered in these areas, mainly in the internal Albanides, preventing the opportunity to test the Internal Albanides area in particular.⁷

⁴ <http://www.akbn.gov.al/wp-content/uploads/2019/06/PETROLEUM-EXPLORATION-AND-PRODUCTION1.pdf>

⁵ <http://www.akbn.gov.al/wp-content/uploads/2019/06/PETROLEUM-EXPLORATION-AND-PRODUCTION1.pdf>

⁶ <https://www.energycircle.org/2023/02/27/albania-developing-a-diversified-energy-market/>

⁷ https://www.sciencedirect.com/science/article/pii/S2405656115000681?ref=pdf_download&fr=RR-2&rr=82a9bb4b7ebf6346

- **Geological Overview**

The main geological structures of Albania are the Albanides, which are part of the Alpine orogeny that stretches from the Dinarides to the Hellenides. The Albanides are composed of different tectonic units that have been folded, faulted, and metamorphosed during the Mesozoic and Tertiary.

The Albanides are divided into two main units:

1. The Internal Albanides - which are characterized by developed magmatism and intensivetectonics that led to the over thrusts and tectonic napes.
 - a. The internal Albanides are divided into four major zones (from east to west): Korabi, Mirdita (main ophiolite bearing zone), the Albanian Alps and Gashi.
 - b. The aforementioned compression tectonics, which overthrust toward SW, has formed two post orogenic sedimentary basins:
 - i. The Burreli Basin in the north;
 - ii. The Korca Basin in the south-east.
 - c. These deposits transgressively overlie the Mirdita zone and partly the Krasta-Cukali zone.
2. External Albanides, which are characterized by more regular structures, compared to the Internal Albanides, and lack of magmatism, they are highly affected by a thrusting of the tectoniczones and stractical belts westwards.

The petroleum geology of Albania is related to the source rocks, reservoirs, seals, and traps that are present in different tectonic zones. The main source rocks are bituminous shales of Upper Triassic-Lower Jurassic age in the Ionian zone, and bituminous limestones of Upper Jurassic-Lower Cretaceous age in the Mirdita zone. The main reservoirs are carbonates of Triassic-Jurassic age in the Ionian and Sazani zones, and sandstones of Cretaceous-Tertiary age in the Kruja zone. The main seals are marls and shales of Cretaceous-Tertiary age. The main traps are anticlines, faults and salt domes.

Overall, about 6,799 wells have been drilled in Albania, 400 of which are research wells, with a total of 7,000 liner m (with a range of 400 to 3500 m of depth per well), of which 2,118,516 ml for research and 4,881,484 ml for exploitation⁸.

- ✓ **The Main Oil & Gas exploration players in Albania⁹**

State-run oil firm Albpetrol estimates that Albania has recoverable oil reserves of around 120 million barrels, and natural gas reserves of 5.7 billion m³ gas. Patos-Marinza is one of continental Europe's largest oilfields, and onshore and offshore oil and gas opportunities have attracted dozens of international companies to Albania over the years. Since 1992, dozens of new onshore wells have been drilled and thousands of new 2D, and some 3D, seismic profiles have been completed, onshore and offshore.

Albania's territory is divided into onshore and offshore blocks, some of which may offer opportunities for exploration and development of oil and gas fields. The licensing of all vacant blocks is administered by the National Agency of Natural Resources (AKBN).

⁸ https://www.albpetrol.al/en/oil-wells/#pll_switcher

⁹ <https://www.trade.gov/country-commercial-guides/albania-oil-and-gas>

Shell Upstream Albania, a wholly-owned subsidiary of Royal Dutch Shell, operates in blocks 2 and 3, where the company is currently assessing the commercial viability of its discovery of oil and gas. In 2018, Shell also signed an agreement for block 4. In spring 2019, Shell announced that initial tests on the Shpirag-4 appraisal well near Berat confirmed the flow potential of a significant light oil discovery. Shell has drilled four different oil wells to date and plans to continue for at least two more years in the appraisal stage.

In December 2019, Italian Company ENI signed an exploration agreement for the onshore Dumrea block.

Onshore blocks 1, 6, 7, 8, A, B, C, D, E, and Panaja are vacant, and all offshore blocks are vacant.

In March 2021, Albania signed an agreement with ExxonMobil and Accelerate Energy to turn the Vlorë thermal power plant (TPP) into a terminal for liquefied natural gas (LNG).

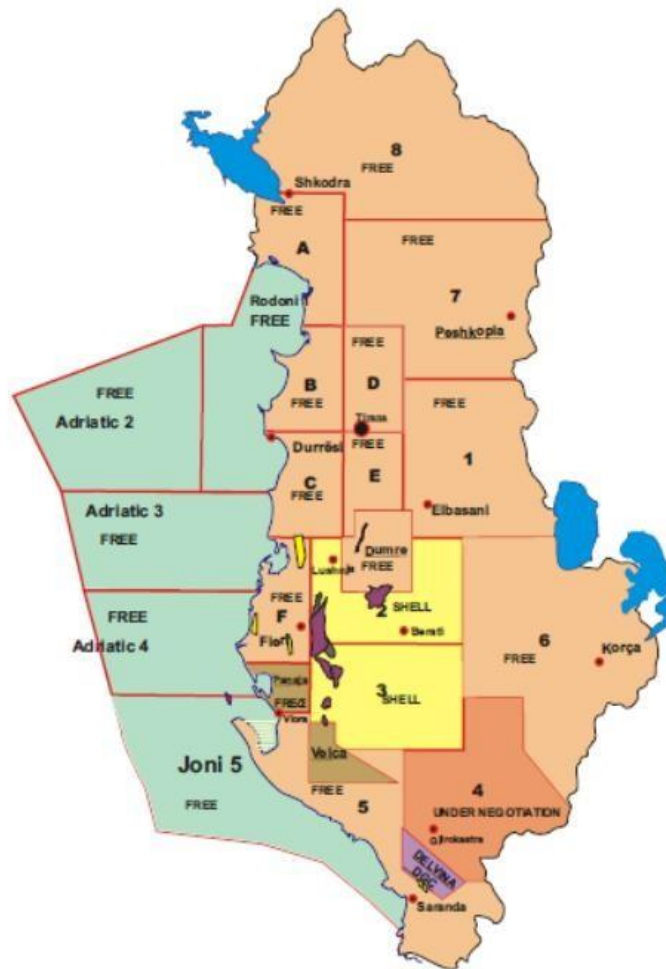
In March 2021, the Albanian gas operator Albgaz signed an MOU with the Italian SNAM for the development of the underground natural gas storage project in the Dumre area. This project aims to store up to 800 million cubic meter of natural gas based on an expected investment of \$ 170 million.

The Albanian Government is interested in co-operation with foreign companies for the exploration and development of hydrocarbons in all Albanian territory.

The Ministry of Infrastructure and Energy through the National Agency of Natural Resources (AKBN) declare free onshore and offshore areas open for petroleum operation and invites applications for Production Sharing Agreements.

Prospecting licenses and blocks in the oil and gas sector

The map below shows the active petroleum blocks by the operator in the fiscal year 2019, 2020 and 2021.



Map of Albania Oil Blocks; 2017

The table below shows oil and gas production during the years 2019, 2020 and 2021:

Year	Oil & Gas Production (ton)
2019	1,004,998
2020	757,362
2021 (*)	652,052

(*) Albpetrol contractors only

Source: <https://www.trade.gov/country-commercial-guides/albania-oil-and-gas>, Albpetrol reporting

The major events in the Oil and gas sectors in Albania are as follows:

Year	Major events
1918	Drashovica oil field is discovered from the sandstones of the Oligocene flysch. For two years, the well produced around 20-30bbld (approx. 3 tons per day).

1920's	<p>1925-1926: The success of the Drashovica well attracted the world's attention, and the Albanian government decided to grant concessions to Italian, French, British and American companies such as AIPA, SFA and APOC.</p> <p>In 1927 and 1928, after intensive drilling in seepage and impregnation areas, the Kucova and Patosi oil fields were discovered within the Miocene sandstones that onlap the older carbonate rocks (both were discovered by A.I.P.A, Italian Petroleum Company).</p>
1930's	<p>1935: The development of the Kucova oil field starts.</p> <p>1939: Normal production from Patosi oil field commences.</p>
1940's	<p>Until 1944, most exploration and production activities were conducted by Italian companies. After WW2, all oil and gas activities are performed by the General Petroleum and Gas Directory (DPNG) of Albania (name changed to "Albpetrol" in 1993).¹⁰</p>
1950's	<p>1950-1951: Onshore seismic surveys started due to the entrance of Russian technicians and equipment to the country.</p> <p>1957: The Marinza oil field was discovered (Marinza No.1 and No.2) in the Tortonian deposition placed under the Driza formation. The Patos-Marinza oil field turned to be the largest onshore oil deposits in continental Europe.</p>
1960's	<p>1960-1967: The seismic survey revealed the structure of the subsurface, leading to the first significant discoveries of deeper-seated carbonated reservoirs such as Visoka (1963), Gorisht (1966) and Ballshi (1967).</p> <p>The seismic survey also led to the discovery of the first gas fields in Albania, the Divjaka gas field (1963) within the Miocene sands and the Frakulla gas field (1965).</p>
1970's	<p>The oil field discoveries of the 50's & 60's, mainly, the Marinza discovery, led to a major increase in production, which peaked in 1974, when production rose to 2.25 million tons per year, and eventually leveled off at approximately 2 million tons per year.</p>
1980's	<p>During this decade, intense exploration activities by the Albanian state-owned company DPNG, in the Lonian zone and the coastal plain of per Adriatic Depression, led to the discovery of several gas fields: Ballaj-Kryevidh (1983), Duressi (1986), Provelca (1987) and Panaja (1988). It also led to the discovery of the Delvina gas-condensate field (1987-1989).</p> <p>In this decade, gas production gradually rose to 1 billion normal cubic meters (Nm³). Production reached its pick in 1985 but declined ever since.¹¹</p>
1990's¹²	<p>Since 1990, Albania started to welcome foreign investments as part of its transition towards a democratic system with a free-market economy. That year, five agreements were signed with international oil companies to conduct the first offshore exploration over an area of 11,763 square kilometers. The companies involved were Deminex (Germany, block Rodini-1), OMW (Austria, block Adriatiku-2), AGIP (Italy, block Adriatiku-3), Occidental (USA, block Adriatiku-3), Chevron (USA, block Adriatiku-4), and Hamilton (Australia, block Joni-5). The exploration resulted in the discovery of the Ad-4 biogenic and condensate gas reserve (1994) in the upper Miocene sands, after the A4-1x was drilled in 1993 by AGIP and Chevron in Adriatiku-4</p> <p>In 1992, the first exploration round for oil and gas onshore opened. The round closed in 1994, and exploration contracts were signed with Shell (Dutch), Ina-Naftaplin (Croatian) and Coparex (French).</p> <p>In 1993, the government enacted the 'Petroleum Law', empowering the Ministry of Energy and Albpetrol to collaborate with foreign companies possessing the technical and financial capabilities necessary for exploration and production activities.</p> <p>In 1998, following the opening of the second onshore exploration round in 1995, six additional exploration agreements were signed. These agreements granted exploration and production permits</p>

¹⁰ [Oil & Gas Exploitation in Albania \(iene.gr\)](http://iене.gr)

¹¹ [Oil & Gas Exploitation in Albania \(iene.gr\)](http://iене.gr)

¹²

[\(iene.gr\)](http://<4D6963726F736F667420506F776572506F696E74202D20474A45524D414E4920494C4941205BCBE5E9F4EFF5F1E3DFE120F3F5ECE2E1F4FCF4E7F4E1F25D>(iene.gr))

	over an area of 22,400 square kilometers. The companies involved were OXY (USA, blocks A and 2,3), Coparex (France, block D), OMW and Hellenic (blocks 4 and 5 with block 1 granted to Hellenic).
2000's¹³	<p>The first onshore discovery in Albania by foreign companies was made by Occidental in December 2001. This discovery was made after drilling and testing the Shpiragu-1 well, which is located in the Sqepuri subthrust structure within Block 2. The Shpiragu-1 well revealed light oil (370 API) from the fractured reservoir of Eocene-Upper Cretaceous formations.</p> <p>Between 2004 and 2010, Albpetrol formed five production sharing agreements with international companies. In 2004, they collaborated with Bankers Petroleum to develop the Patos-Marinza oil field. This was followed by an agreement with Sherwood International Petroleum in 2007 for the Kucova oilfield. In the same year, they also partnered with Stream Oil and Gas for the Ballsh Hekal oilfield and the Delvina gas field. Since 2018, Anio Oil and Gas has been operating the Ballsh Hekal oilfield, while the Delvina Gas company has been managing the Delvina gas field since 2016. Lastly, in 2009, Albpetrol entered into an agreement with Transoil Group for the Viskova oil field, which has been under the operation of Terraoil since 2018</p> <p>During this period, Albpetrol also signed an exploration and production sharing agreement with Shell Upstream Albania (2009, for blocks 2 & 3), and with Bankers Petroleum (2010, for block F).</p>
2010's¹⁴	<p>In 2013, Albpetrol entered into two production sharing agreements with Phoenix Petroleum for the development of the Pekisht-Rase-Murriz oilfields. Since 2016, both fields have been operated by Fin-Pek Petroleum.</p> <p>In the same year, Shell announced positive results from tests performed on the Shpirag-2 well, revealing that the well could produce oil and gas at a rate of 1500-2200 bbls per day. As part of the production sharing agreement, Shell commenced drilling of the Shpirag-3 well in 2016 and the Shpirag-4 well in 2018.</p> <p>In 2015, the construction of the Trans Adriatic gas Pipeline (TAP, operational since 2020) started. Albania designated the project a "project of national importance" as it can support the development of the Albanian domestic gas market plan.</p> <p>In 2018, Shell entered into an exploration and production sharing agreement with Albpetrol for Block 4 (onshore). A year later, Shell announced that initial tests on the Shpirag-4 well confirmed a significant light oil discovery.</p> <p>In 2019, Albpetrol signed an exploration agreement with the Italian company Eni for the onshore Dumrea block.</p>
2020 - onward	<p>In 2021, an agreement was signed between Albania, ExxonMobil, and Excelerate Energy to convert the Vlora Thermal Power Plant (TPP) into a terminal for Liquefied Natural Gas (LNG). The construction of a new LNG terminal, along with the expansion of the Vlore TPP, has the potential to transform the coastal city into a regional hub for U.S. liquefied gas.</p> <p>In the same year, Albgaz, the Albanian gas operator, entered into a Memorandum of Understanding (MOU) with the Italian company SNAM. This MOU was for the development of an underground natural gas storage project in the Dumre area.</p>

3.1.2 Context of mining sector¹⁵

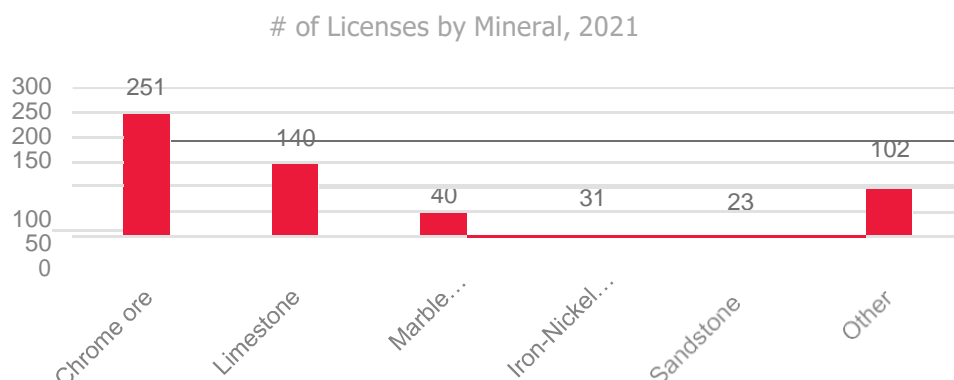
Albania is a country relatively rich in mineral resources. Mineral exploration, exploitation and processing constitute an important component of the Albanian economy, due to a traditional mining industry, that has been a solid foundation to the country economic sector, generating substantial revenues. Chrome, copper, iron-nickel and coal are some of the minerals mined and treated in Albania for a long period.

¹³ [CURRENT LICENSING SITUATION - AKBN](#)

¹⁴ [tap-corporate-brochure-english \(tap-ag.com\)](#); [Albania - Oil and Gas \(trade.gov\)](#); [INFORMATION ON THE ACTUAL STATE OF HYDROCARBON AGREEMENTS - AKBN](#)

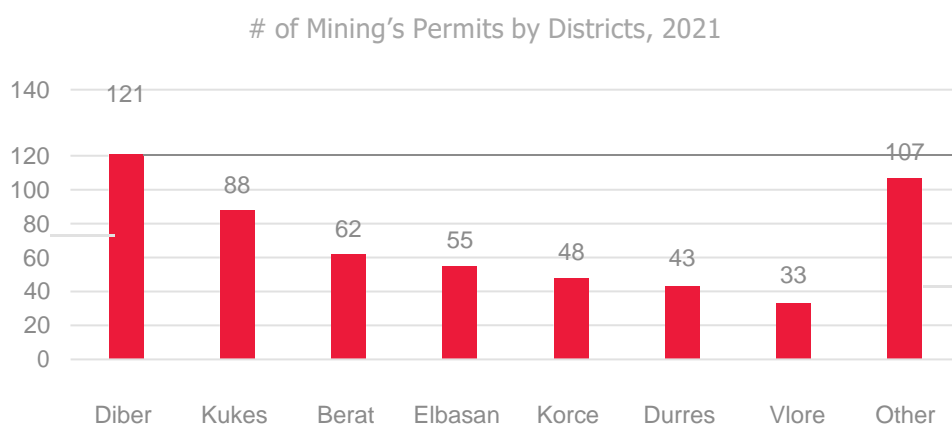
¹⁵ AKBN, INSTAT

The licensing process initiated in 1994, upon approval of the Albanian Mining Law. The concept of a license is equivalent to a mining permit. Up to December 31st, 2021, there are 587 exploitation permits, mostly in Bulqiza, Kruja, Berati, Tirana and Librazhdi ect. districts. The number of active exploitations permits at the end of 2021 by type of minerals is as follows:



Domestic mining activities are mainly focused on the extraction of minerals such as chromium, copper, iron-nickel and nickel-silicate, gravel and tar sands, limestone, clay etc. Mineral processing in the country is minimal. Concessions and investments in the country allow only for the enrichment of chromium and copper, the production of ferrochromium and the production of construction or decorative materials such as cement, concrete, bricks etc. The decision to further process or export minerals is significantly affected by international markets. As shown in the chart above, chrome ore and limestone represent the largest portion of mining licenses in the sector with respectively 251 and 140 production licenses. Sub-sectors of Marble Limestone with 40 production licenses and iron-nickel & nickel-silicate held 31 production licenses, while sandstone had 23 production licenses.

The number of active exploitations permits at the end of 2021 by districts is as follows:



Chromium Ore

Albania is well known for its potential in chromium ore, comparing to the other Mediterranean and Balkans countries.

By the end of 2021 there were 251 active mining exploitation licenses in chromium mining activity. Production activities are concentrated in the Bulqiza region with about 121 active permits followed by the Kukës, Tropoja and Librazhd regions.

By the end of 2021, 650k tons of chromium ore were produced, mainly for export.

From the geologic perspective, there are three main regions where chromium ore is located:

- North-eastern Region (Tropoja and Kukës Ultrabasic Massifs);
- Central Region (Bulqiza and Lura Ultrabasic Massif which is most important);
- South-eastern Region (Shebenik-Pogradec Ultrabasic Massif).

In the branch of the chrome mining industry, important investments are carried out and continue to undertake both in mineral exploitation and in concentrate and ferrochrome production. The further continuation of a sustainable long-term development of this mining industry branch is closely conditioned by the discovery of new reserves of different minerals.

Limestones

Limestones represent carbonate raw material, of different geological ages, in the form of massifs, layers and belts, in almost all districts of the country. There are about 55 recognized deposits of limestones, with approximately 450 million m³ geological reserves.

Marbled limestones of Triassic-Jurassic

Marbled limestones represent the group with the highest decorative quality. They are distinguished for the high level of crystallization, colors diversity, massive construction and possibility to be mined in blocks. The limestones are located in Tropoja, Kukes, Diber and Bulqize districts, with a red to pink color and white hue and other marbled limestone with white color in Qafe Shtame, pink ones in Elbasan and Pogradec and grey ones in Devoll districts.

From the evaluations completed in approximately 20 deposits, are estimated in all around 100 million m³ geological reserves. The most important deposits between all can be considered to be Muhurit, Gjurasit, Kovashices and Qafshtames.

3.1.3 Context of hydropower sector

Hydropower is the second largest contributor to Albania's energy production, after fossil fuels that include mainly crude oil. Albania is almost entirely depended on hydropower for its electricity supply¹⁶, what makes it highly vulnerable to climate changes and forcing it to import electricity during low rainfall periods.

The hydropower sector in Albania is regulated by the Energy Regulatory Authority (ERE), an independent public entity responsible for reporting on, governing and monitoring the energy sector¹⁷. The production, transmission and distribution of electricity are dominated by the public sector as production is realized by public companies KESH (Albanian Power Corporation) and Lanabregas, transmission is realized by "Transmission System Operator" (TSO) and distribution by "Distribution System Operator" (DSO) a subsidiary of OSHEE, all owned by the state.¹⁸

The net total domestic production of electricity realized for 2021 was 8,962 GWh, from which, 5,343 GWh or 59.6% was produced from the plants owned by the public production KESH company and 3,618 GWh or 40.4% was produced from the other plants¹⁹.

Domestic hydropower production was 68% of total electricity consumption in 2019, 70% in 2020 and 106% in 2021.²⁰

¹⁶ INSTAT: Production and consumption of primary energy

¹⁷ The World Bank

¹⁸ ERE Annual Report 2021

¹⁹ INSTAT: Balance of electric power

²⁰ INSTAT: Balance of electric power

From the historic analysis of the history of electricity production registered in the country, it turns out that the production quantity during 2021 was 8,963 GWh, 47.5% higher than the average electricity production for 2009 – 2021 period which was 6,076 GWh.²¹

As evidenced on this report the level of water flows throughout 2021 is close to the historic average in most part of the year and the first three months marked the highest level of flow than multi-year flows²².

In recent years the power sector in Albania is undergoing a reform that includes a series of measures aimed at liberalizing the electricity market in the country and turning it into an open and competitive market. Some of the measures such as the Albanian Market Model, the establishment of ALPEX and the Electrical Balancing Market have already been implemented and the ERE is reporting on the progress in its annual report, as the process will continue in the coming years.

Geological overview

Albanian hydrographical territory is 44, 000 km², 57% larger than its geographical territory. Due to the morphological features, Albania is quite rich in rivers, with more than 152 rivers and streams forming eight big rivers: Drin, Buna, Vjosa, Semani, Mat, Shkumbini, Ishmi and Erzeni, and the average altitude of the hydrographical territory is about 700 m above sea level. Consequently, Albania is considered as a country rich in water reserves and a hydropower potential that bears an important developmental role for the country.

Albania takes advantage of the considerable difference in altitude of its three major rivers to operate cascade hydropower plants: Drin river cascade with three hydropower plants and Mat river cascade and Bistrica river cascade with two hydropower plants each.

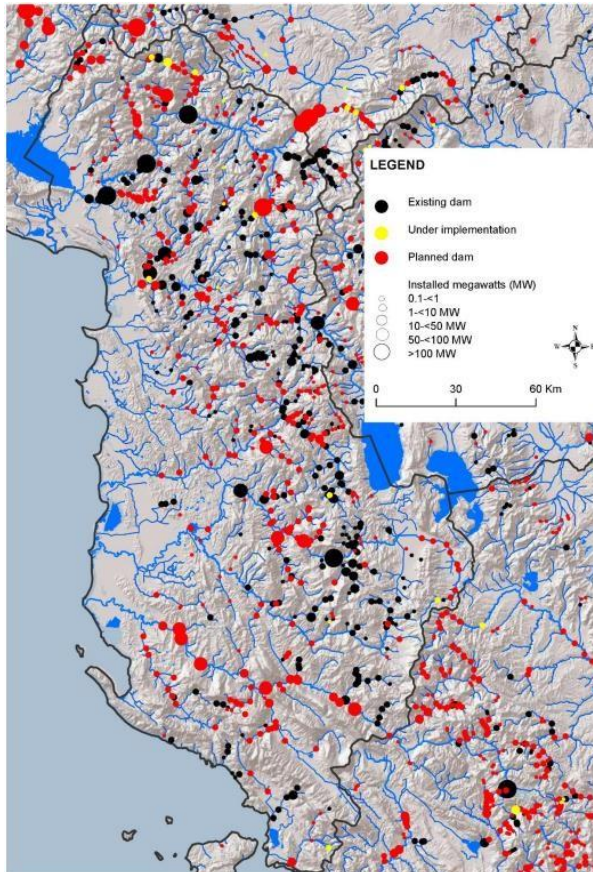
Albanian hydrographical territory map:



²¹ ERE Annual Report 2021

²² ERE Annual Report 2021

Distribution map of hydropower plants in Albania: (2022)



Hydro-energy history in Albania

The hydropower sector in Albania began to develop after 1952, when Selita Hydropower Plant (HPP) started operating and continued six years later when the Ulza Hydropower Plant started operating. Following the construction of three other hydropower plants - Shkopet, Bistrice I and Bistrice II, as well as the Thermal Power Plant in Fier, the power production in Albania reached 500 KWh per capita by the end of 1970. In the following 15 years three large HPPs and another 90 small hydropower plants were established and from then until 2007 there was no further development in the hydro-energy sector in the country.

The total electricity production capacity installed in Albania until 31 December 2021 is 2,605 MW. This capacity was increased in 2021 by 97 MW, compared to 2020 period.

The table below shows a summary of major events in the Hydro-energy sector in Albania^{23 24}:

Year	Major Events
1936	The first hydroelectric power station was built in Vithkuq
1952	Selita Hydropower Plant started operating, located on the eastern outskirts of Tirana with an installed capacity of 5,000 KW
1958	The Ulza Hydropower Plant on the Mat River started operating with an installed capacity of 25,000 KW

²³ <https://memorie.al/en/how-were-the-big-hydro-energy-works-built-in-albania-with-the-help-of-the-yugoslavs-russians-and-chinese-who-exported-another-25-of-their-production/>

²⁴ <http://www.akbn.gov.al/wp-content/uploads/2019/05/Hydro-Energetic-Potential-of-Albania2.pdf>

1963	Shkopet Hydropower Plant on the Mat River started operating with an installed capacity of 24,000 KW. The dam of that plant creates a large reservoir with a volume of 14 million cubic meters which has been used for years by the inhabitants of the area.
1965 - 1966	In 1965 Bistrica I Hydropower Plant on the Bistrica River started operating with an installed capacity of 22,500 KW. A year later, Bistrica II HPP started operating, receiving water flowing from Bistrica I through an open canal and adding capacity of 5,000 KW.
1971	The demand for electricity increased and the Albanian Prime Minister Mehmet Shehu decided to build an HPP on the Drin River. In 1971 the Vau i Dejes Hydropower Plant started operating and almost doubled the existing capacity with an installed capacity of 250 MW. The two dams of this plant create a reservoir with a volume of 580 million cubic meters of water.
1978	Fierza Hydropower Plant started operating, located on the Drin River as well with an installed capacity of 500 MW – almost the same capacity as all the plants built up to that time, combined. The dam of that plant formed an artificial lake with a volume of 2.7 billion cubic meters of water.
1985	Koman Hydropower Plant started operating – the third HPP on the Drin River with an installed capacity of 600 MW. The main purpose of building this plant was to provide electricity to several industrial locations over the country. In addition to the HPPs built between 1970-1985, two large Thermal Power Plants (TPP) were built and dozens of other small HPPs that provided electricity to the villages near by.
2016	The Council of Ministers approved the "Albanian Market Model" (AMM) that was defined as the last step towards the development of Albania's electric power market into a fully competitive market.
2020	Establishment of ALPEX – The Albanian Power Exchange, owned by TSO and Kosovo.
2021	The Albanian Electricity Balancing Market Rules have entered into full force, after a process that started in 2018.

Main players in the Hydro-energy sector in Albania

- ✓ **Albanian Electrical Power Corporation (KESH)** – Owned by the state, KESH is the largest producer of electricity in Albania. The company operates the largest and most important hydropower plants in the country that are located on the Drin River – Vau i Dejes, Fierza and Komani with an installed capacity of 1,350 MW, and the Vlora TPP with an installed capacity of 98 MW which is currently out of service due to a defect in the cooling system since 2012. In total, EEC (KESH) has an installed capacity of 1,448 MW which accounted for 64%, 58% and 56% of total installed capacity in Albania in 2019-2021, respectively.

EEC (KESH) is responsible for supplying electricity to the Energy Universal Supplier in order to supply the electricity demand of the customers in the regulated market, as well as covering the electricity losses in the distribution network. It has a public service obligation to supply DSO with the necessary amount of energy. Any surpluses left after fulfilling the needs of DSO and covering the electricity losses, can be sold by EEC (KESH) in the domestic or international markets.

- ✓ **Transmission System Operator (TSO)** – Established in 2004, TSO is a public company owned by the state and is the owner and operator of the electricity transmission system in Albania.

TSO guarantees the necessary capacities for the transmission of:

- Uninterrupted electricity supply to distribution system substations and to customers connected directly in the transmission network.
- Electricity transmission generated from the country's resources.
- Necessary transition and exchange with the regional countries.

The TSO have plans for development of new sources of electricity and coordination of the development of the interconnection network with neighboring countries.

Another important role of TSO is Electricity Market Operator whose administers and supervises the Albanian Electricity Market. This role functions are gradually expanding with the steps being taken to create a free electricity market in Albania, as well as the integration of this market in the regional market.

In October 2020 the TSO established a joint venture company with Kosovo (KOSTT) named ALPEX – The Albanian Power Exchange. The company is located both in Tirana, Albania and in Pristina, Kosovo and is expected to operate the organized electricity market of the day ahead and intraday market in Albania and Kosovo, organize the electricity market coupling between both countries and to facilitate the coupling with the other markets of neighboring countries in conformity with EU regulations. To achieve this, ALPEX is working towards implementing the EU Target Model for day-ahead and intraday markets and becoming a Nominated Electricity Market Operator (NEMO).

- ✓ **Electric Energy Distribution System Operator (DSO/OSHEE)** – OSHEE founded in 2007 and until 2018 it was the electricity distribution system operator, licensed by the ERE and responsible for ensuring the safe and sustainable development of the distribution system.

In 2018, as part of the preparations for the transition to a liberalized electricity market, OSHEE created three subsidiaries which became operational in January 2020:

- The Universal Service Supplier (FSHU) – retail supplier, distribute electricity to regulated customers and act as a last resort supplier for liberalized/unregulated customers.
- The Free Market Supplier (FTL) – the supplier to unregulated customers, importer and IPP off-taker.
- The DSO (OSSH).

DSO is the operator of the electricity distribution network in Albania. Its main supplier is KESH and it is the DSO responsibility to fill any gap between the domestic supply and demand, usually through import. The DSO tariffs are regulated and it is organized in 11 distribution areas and 42 agencies.

- ✓ **Private power producers and concessions** - Private power producers are entities (such as Priority producers, Independent Producers (IPPs) and Electricity Self Producers) that are licensed by ERE and perform electricity production activity. They utilize the existing or new plants, mainly through privatization agreements, concession agreements or contracts.

In 2021 there were about 236 independent generation plants with a total installed capacity of 1,157 MW, 44% of total installed capacity in Albania.

3.2 Legal and Institutional Framework (EITI Requirement 2.1)

According to the EITI STANDARD 2019, requirement 2.1 "Legal framework and fiscal regime", it is required that EITI implementing countries must disclose a description of the legal framework and fiscal regime governing the extractive industries, enabling stakeholders to understand the laws and fiscal regime and the institutional responsibilities of the State in managing the sector.

Based on these requirements, we set out below a summary description of the legal framework and fiscal regime governing the oil and gas sector, mining sector and hydropower sector in Albania for the FY 2019, 2020 and 2021.

3.2.1 Legal and Institutional Framework in the Oil and Gas sector

Institutional Framework

The main Government Agencies involved in the Oil and Gas sector are listed below:

Nr	Entity	Functions
1	Ministry of Infrastructure and Energy ("Ministry, MIE")	According to Law No. 7746, dated 28.7.1993 "On Petroleum", MIE is the representative of the Albanian State in the realization of its rights and duties in the oil and gas sector. It is also the Institution responsible for monitoring the progress of the oil and gas sector in the light of the implementation of the development policies of the country's economy and sectorial priorities. The Ministry is empowered to adopt binding regulations regarding the management of the oil and gas Sector, the preservation of hydrocarbon resources and the protection of the environment.
2	Ministry of Finance and Economy ("MFE")	According to Law No. 9936, dated 26.6.2008 " On the management of the budgetary System in the Republic of Albania" MIE is the responsible institution that manages financial and budgetary policies as a whole and harmonizes them with the performance of income and expenses of different sectors of the economy, including the oil & gas sector and monitors the priorities of these sectors in the context of the development of the Albanian economy as a whole. The Minister of Finance and Economy is responsible for drafting and approving a system of rules, standards and procedures that ensure the effective administration of public financial resources (Article 16).
3	Ministry of Tourism and Environment ("MTE")	The Ministry of Tourism and Environment/MTE is the institution that prepares national environmental strategies and plans and submits them for approval to the Council of Ministers. According to Article 29 of Law No. 10431, dated 9.6.2011 "On the protection of Environment", all subjects who exercise their activity in the sector that has specific requirements for the protection of the environment must first obtain permission from the National Licensing Center. According to the law, oil and gas sector has impact on the environment and therefore meets the requirements for protective measures. The National Environment Agency is the authority that verifies the accuracy of the information provided by the subjects in their request for environmental permits and after the assessment, provides an opinion to the minister to whether or not grant a permit.

4	National Agency of Natural Resources ("AKBN")	<p>NANR (AKBN) is a government agency under the Ministry of Infrastructure and Energy (MIE), established by Decree of Council of Ministers (DCM) no. 547, dt. 9.08.2006, as amended. The main function of the Agency is the development, supervision of rational use of natural resources, according to the government policy, and monitoring of their post- exploitation in mining, petroleum and energy sector. In accordance with Article 13/2 of the Petroleum Law, AKBN performs the following tasks:</p> <ul style="list-style-type: none"> a) Implementation state policies in the oil and gas sector; b) Prepares the necessary documents and practices for granting permits, licenses and authorizations that enable the conclusion of agreements in the oil and gas sector; c) Supervises developments in the oil and gas sector and ensures compliance with relevant legislation.
5	Agency for Concession and PPP ("ATRAKO")	<p>The Agency for Concession and PPP is based on Law No. 125/2013, "On Concessions and Public Private Partnership". It was created with DCM no. 150, dated 22.03.2007, and DCM no. 285, dated 10.4.2020. ATRAKO's mission is to encourage and assist contracting authorities from different sectors of the economy, including oil and gas sector, in the preparation, evaluation and negotiation of concessions/public private partnerships. Likewise, ATRAKO is responsible for unifying and standardizing concessions/ public-private partnerships models, as well as for monitoring current European trends in the field of concessions/ public-private partnerships, with the aim of promoting the best international practices. In addition, ATRAKO cooperates with ministries and local government units, in order to collect and create a database on the progress of concessions and public-private partnerships at the country level.</p>
6	Albanian Geological Survey	<p>The Albanian Geological Survey exercises its activity in the field of geosciences, based on Law No. 111/2015, dated 15.10.2015, "For the Albanian Geological Survey". The scope of activity of the Albanian Geological Survey also includes studies, assessment and monitoring in Hydrocarbon fields. Studies in this field aim to perform complex evaluations in the field of hydrocarbons, the discovery of new oil and gas-bearing structures and their presentation according to specific territories.</p>

7	Scientific Institute of Hydrocarbons ("Institute")	Law 7746 dated 28.07.1993, " On Petroleum" , as amended, provides the foundations for the establishment of a Scientific Institute of Hydrocarbons by the Council of Ministers, under the direction of MIE. This Institute would constitute a consultative institution for all scientific issues in the sector. According to the law, the Institute would have a wide arrange of tasks inclusive of conducting studies, research, providing advice and monitoring. As of the to date, this Institute has not been established yet and such tasks in this sector are covered by the Albanian Geological Survey, an institution which, as the name indicates, has a much broader scope of activity (article 13/1 of law).
	B. State Owned Entities (SoE) operating in Oil and Gas Sector	
8	Albpetrol sh.a	Albpetrol is a joint stock company with the share capital entirely owned by the State represented by the MIE. Albpetrol Sh.a. was incorporated on 20 March 1993 based on the agreement between the Ministry of Infrastructure and Energy (responsible Ministry) and Albpetrol. This agreement allows Alpetrol, in addition to conduct exploration and production activity, to transfer any or all rights for a particular oil & gas area under its administration to another entity.

Legal framework

The Albanian oil & gas sector is regulated by the following main laws and regulations:

✓ **Law No. 7746, dated 28.7.1993 On Petroleum (Exploration and Production), as amended (hereinafter "Petroleum Law").**

The purpose of the law is to promote the exploration and production of oil and natural gas by exploiting discovered reserves and to promote the discovery of new reserves in accordance with national interests and the best applicable international standards.

According to article 3 of the Petroleum Law, all petroleum deposits, including those in maritime areas, pertain exclusively to the Albanian State, who is represented by the Ministry of Infrastructure and Energy (responsible Ministry) and all these resources shall be used to the benefit of Albanian people. Currently, the responsible Ministry is the Ministry of Infrastructure and Energy.

The Ministry, by the means of a petroleum agreement, may confer to interested parties rights to explore, develop and produce oil or gas (petroleum operations), for a limited period and for a specific zone.

Furthermore, according to article 5 of the Petroleum Agreement, the Ministry may refuse to award a petroleum agreement in case the entity is not able to demonstrate it has the necessary financial resources and technical capabilities to fulfill the contractor's obligation.

A petroleum agreement may confer to the Contractor the exclusive right to perform exploration activities within the contract zone for a period up to 5 (five) years. When there

are specific conditions that require a longer period, then a longer period is granted at the discretion of Ministry, but in every case no more than 7 years in total.

Furthermore, petroleum agreement may confer to the Contractor the exclusive right to perform development and production of petroleum in the contract zone for up to 25 (twenty-five) years in accordance with a development plan as approved by the Ministry. This right is renewable for another period of no more than 5 (five) years if and to the extent as provided by the Petroleum Agreement.

According to article 6, each Petroleum Agreement concluded by the Ministry, shall contain in an appropriate form, commitments by the contractor to carry out exploration and production activities in compliance with Petroleum Law, environmental laws and rules and procedures deriving from these laws and pursuant to best practices from oil and gas sector.

Another special type of Petroleum Agreement is concluded between the Ministry and Albpetrol Sha (SOE) on 26 July 1993. This agreement in addition to the general terms and conditions for the petroleum operations in the respective contract zones indicated thereto, confers to Albpetrol the entitlement to transfer to another subject all or part of its rights and title for a particular contract zone, in accordance with a prior authorization issued by the Minister for that particular zone, referred to as the "License Agreement."

✓ **Law no. 111/2015 dated 15.10.2015 "On Albanian Geological Survey"**

This law regulates the relations between the Albanian Geological Survey and the public and private sectors, to encourage the use of natural resources for the maximum benefit of the public.

According to Article 6 of the law, the activities of the Albanian Geological Survey include:

- (i) Research and Development studies on hydrocarbons, mining and hydropower as well as monitoring on ongoing basis of their reserves (g)
- (ii) Complex geological studies, services, and monitoring on the environment (dh)

✓ **Law no.153/2020 dated 17.12.2020 "On the fiscal regime for the Hydrocarbon Sector"**

This law stipulates the fiscal regime applicable to hydrocarbon operations, as regulated by applicable hydrocarbon legislation (exploration and production);

The scope of application of this law includes:

- (i) the obligation on royalty tax, the tax on profit due to hydrocarbon operations and their administration;
- (ii) the extent to which a hydrocarbon agreement may affect the liability for the imposition of taxes and duties, as well as applicable local and national taxes/charges.

A special treatment in the regulatory aspect of Subcontractors is presented in DCM 397, dated 30.06.2021 "On the approval of detailed rules to subcontracted legal entities, which perform hydrocarbon operations" as shown below.

✓ **Law no. 91/2013 dated 28.02.2013 "On Strategic Environment Assessment"**

This Law aims to provide a high degree of environmental protection and sustainable development by including environmental issues during the preparation, approval and review stages of the programming and planning with environmental implications. In addition, it

establishes the institutional authorities, their tasks and responsibilities, as well as the rules of procedure for carrying out the strategic environmental impact.

✓ **DCM no. 397 dated 30.6.2021 "On the approval of detailed rules to subcontracted legal entities, which perform hydrocarbon operations"**

The purpose of this decree is to define detailed rules, which will be applicable to legal entities, under the definition of point 4, of article 2, of the Law no. 153/2020, "On fiscal regime at hydrocarbon sector", which, directly or indirectly, perform hydrocarbon operations in compliance with applicable law on hydrocarbons.

According to point 3 of this decree, when the expenses due to hydrocarbon operations billed to the authorized person by the subcontractor are not less than 25 (twenty-five)% of total expenditures for hydrocarbon operations, subcontractor or subcontractors are subject to the provisions of the Law no.153/2020, "On fiscal regime at hydrocarbon sector", and pay tax on profit at the tax rate of 50 (fifty) percent (%).

According to point 4 of this decree, the Tax Administration in cooperation with AKBN, analyses the compliance of agreements and contracts closed between the contractor and the subcontractor with provisions/regulations of the legislation in force on fiscal regime in the hydrocarbon sector and taxation on income, in order to identify cases when avoidance of tax payment is intended by the subcontractor.

✓ **Instruction of the Ministry of Infrastructure and Energy no. 811 dated 20.11.2018 "On the approval of the rules for waste management from the petroleum activities in exploration and production in Albania"**

According to this regulation, drilling operations during exploration and production phase in the territory of Republic of Albania, onshore and offshore, must be carried out in accordance with "the best International standards and practices in the Petroleum sector".

In addition, according to this regulation, exploration and production entities must handle the waste at the drilling sites as well as its transportation to specialized destination sites only through legal entities licensed for these activities by the responsible Ministry.

Fiscal Regime

The Government of Albania generates revenue from the oil and gas sector using a variety of mechanisms, including Tax on Profit, Royalties, Value Added Tax, Tax on Dividends, local taxes, etc. Combined, these mechanisms account for a major portion of government revenues.

The main types of taxes that constitute the fiscal regime of oil & gas sector are presented below:

Type of Taxes	Legal References	Brief Description
Tax on profit	Law no. 7811, dated 12.4.1994, "On the approval of amendments of decree no. 782, dated 22.2.1994, "On the fiscal system in the hydrocarbon sector (exploration-production)", amended; Law No. 153/2020, dated 17.12.2020 "On the fiscal regime in the Hydrocarbon Sector"	According to law no. 7811, "Tax on Profit" is calculated at the rate of 50% of the profit before tax. Likewise, according to the law "Profit before tax" is calculated by deducting from the revenues generated during a specific period the capital expenditure and the operating expenses for the same period. Capital expenditures represent the total expenditures incurred by the during the exploration phase and before production phase. This law was repealed by law no. 153/2020 dated 17.12.2020. According to law no. 153/2020 for the calculation of Tax on Profit, capital expenditures (in addition to operating expenses) in hydrocarbon operations are immediately deductible in the period when they occur, or are carried over to the following period/periods. Expenses are allowed to be deducted provided that the deduction does not exceed 85% of the income. This is how this law is interpreted in the Instruction of the Ministry of Finance and Economy No. 6, dated 22.2.2022, for the purposes of calculating taxable profits from hydrocarbon operations. Depreciation is not allowed to be included in expenses, while financing expenses (such as interest, etc.) are not tax deductible.
Royalties	Law no. 9975 dated 28.07.2008 "On national taxes", as amended; Law No. 153/2020, dated 17.12.2020 "On the fiscal regime in the Hydrocarbon Sector".	According to law no. 9975, the royalty tax from the sale of crude oil/hydrocarbons is calculated at the rate of 10% of the value of the goods sold or exported. Meanwhile, according to Law 153/2020, the holder of a hydrocarbon right must pay royalties for all hydrocarbons extracted under the right. The amount of extracted hydrocarbons is measured at the delivery point and its valuation is done with the market value. The market value of hydrocarbons extracted according to the law is the price at which oil or gas is sold at the point of delivery. A rate of 10% of the market value of extracted hydrocarbons is applied for the calculation of the royalties according to this law too.

Value Added Tax (VAT)	<p>Law no. 92/2014 dated. 24.7.2014 "On Value Added Tax". MFE Instruction no. 6, dated. 30.01.2015, amended; DCM no. 953, dt. 29.12.2014 "On Value Added Tax" amended.</p>	<p>According to law no. 92/2014 , VAT is applied at 20 % rate on local sales and 0% on exports. In addition, article 56 of the VAT law (point 39) provides exemption on VAT upon imports of products and services related to exploration phase of oil and gas activities carried out by contractors and /or subcontractors in this sector. Contractors and subcontractors must be certified as such by the National Agency for Natural Resources (AKBN).</p>
Employee Income Tax	<p>Law no. 8438 dated 28.12.1998, "On income tax", amended; MFE Instruction no. 5 dated 30.01.2006"On Income Tax", amended.</p>	<p>According to Law 8438, Income tax from employment is based on a progressive system varying from 0 % up to a maximum of 23%. This tax is unified for all sectors of the economy, including the oil and gas sector.</p>
Social & Health Insurance Contribution	<p>Law no. 9136 dated 11.9.2003, "On the collection of social & health insurance contribution in Republic of Albania" amended; Law no. 7703, dated 11.05.1993 "On Social Insurances in Republic of Albania", amended and Law no. 10383 dated 04.02.2011, "On mandatory health insurance in Republic of Albania" amended.</p>	<p>This legislation determines the criteria for calculating social and health insurance contributions for each employee. The basis for the calculation of social insurance is the monthly gross salary, but not more than the maximum salary level determined by the decision of the Council of Ministers. The basis for calculating health insurance is the gross monthly salary of each employee without an upper limit. These criteria are unified for all sectors of the economy, including the oil & gas sector.</p>
Dividends	<p>Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006"On Income Tax", amended.</p>	<p>According to Law no. 8438, Tax on Dividend is calculated on the gross amount of dividends to be distributed. The dividend tax rate starting from January 1, 2019 is 8%. This percentage is unified for all sectors of the economy, including the oil & gas sector.</p>
Withholding Tax (WHT)	<p>Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006"On Income Tax", amended.</p>	<p>According to law no. 8438, the withholding tax is applied on all income generated in the territory of Albania by non-resident entities, or by individuals or Albanian resident who are not registered with the Albanian tax authorities. The percentage of WHT is 15% on generated income. This percentage is unique for all sectors, including the oil & gas sector.</p>

Carbon Tax (*)	Law no. 9975 dated 28.07.2008 "On National Taxes", amended.	According to Article 4, Point 6 of Law 9975, the amount of the carbon tax is 1.5 ALL per liter for gasoline, 3 ALL per liter for diesel, 3 ALL per kilogram for coal., 3 ALL per liter for solar, 3 ALL per liter for heavy fuel oil (mazut), 3 ALL per liter for kerosene and 3 ALL per kilogram for petroleum coke.
Circulation Tax (*)	Law no. 9975 dated 28.07.2008 "On National Taxes", amended.	According to Article 4, Point 2 of Law 9975, " the circulation tax on gasoline and diesel fuel is set at 27 Lek/liter. This tax is paid for the amount of gasoline and diesel imported or produced in the country, with the exception of the amount of gasoline and diesel produced in the country, but exported outside the territory of Albania.

3.2.2 Legal and Institutional Framework in the mining sector

Institutional Framework

The main Government Agencies involved in the mining sector are listed below:

Nr	Entity	Functions
	A. Institutions that govern the mining sector	
1	Ministry of Infrastructure and Energy ("Ministry, MIE")	According to Law No. 10304, dated 15.7.2010 "On Mining Sector in the Republic of Albania", minerals in their natural form, found in the territory of the Republic of Albania and in the underwater surface of the Albanian maritime space, belong to the state and are public property. The state, for the purpose of the implementation of this law, is represented by the Ministry of Infrastructure and Energy (theresponsible Ministry) for the mining activity. MIE is the responsible institution for drafting the mining strategy as the core document that defines policies, development priorities as well as action plans and the administration of mining resources. The approval of the Strategy is the competence of the Council of Ministers.
2	Ministry of Finance and Economy ("MFE")	Please refer oil & gas sector (Sub-section) 1.1. (a))

3	Ministry of Tourism and Environment ("MTE")	The Ministry of Tourism and Environment/ MTE is the institution that prepares national environmental strategies and plans and submits them for approval to the Council of Ministers. According to Article 29 of Law No. 10431, dated 09.06.2011 "On the protection of Environment", all subjects who exercise their activity in the sector that has specific requirements for the protection of the environment must first obtain permission from the National Licensing Center. According to the law, mining sector has impact on the environment and therefore meets the requirements for protective measures. The National Environment Agency is the authority that verifies the accuracy of the information provided by the subjects in their request for environmental permits and after the assessment, provides an opinion to the minister to whether or not grant a permit.
4	National Agency of Natural Resources ("AKBN")	<p>NANR (AKBN) is a government agency under the Ministry of Infrastructure and Energy (MIE), established by Decree of Council of Ministers (DCM) no. 547, dt. 9.08.2006, as amended. Its main functions in the mining sector are:</p> <ul style="list-style-type: none"> - Implements government policies in the mining sectors; - Ensures, within the scope of its activity, government opposition for studies and projects in this sector; - Promotes mining resources, negotiates agreements and follows the implementation of their development plans; - Supervises mining activities and administers, exclusively, all data related to mining and post-mining activity.
5	Agency for Concession and PPP ("ATRAKO")	The Agency for Concession and PPP is based on Law No. 125/2013, "On Concessions and Public Private Partnership". It was created with DCM no. 150, dated 22.03.2007, and DCM no. 285, dated 10.4.2020. ATRAKO's mission is to encourage and assist contracting authorities from different sectors of the economy, including mining sector, in the preparation, evaluation and negotiation of concessions/public private partnerships. Likewise, ATRAKO is responsible for unifying and standardizing concessions/ public-private partnerships models, as well as for monitoring current European trends in the field of concessions/ public-private partnerships, with the aim of promoting the best international practices. In addition, ATRAKO cooperates with ministries and local government units, in order to collect and create a database on the progress of concessions and public-private partnerships at the country level.

6	Albanian Geological Survey	The Albanian Geological Survey exercises its activity in the field of geosciences, based on Law No. 111/2015, dated 15.10.2015, "For the Albanian Geological Survey". The scope of activity of the Albanian Geological Survey includes studies, assessment and monitoring of the mining sector. Studies in this sector aim to (i) promote the prospect of useful minerals; (ii) evaluation and monitoring of mining permits; (iii) creation of the geological database and mineral reserves.
7	National Authority for the Safety and Emergency in Mines (AKSEM)	National Authority for the Safety and Emergency in Mines is an institution established by Law no. 135/2016 dated 22.12.2016. Its mission is the safety of work in the mining sector. This institution takes the necessary measures to overcome emergency situation in mining activities and requires from each entity engaged in this sector to anticipate in its work practice emergency situations and to prepare an emergency plan.
	B. State Owned Entities (SoE) operating in mining Sector	N/A

Legal Framework

The Albanian mining sector is regulated by the following main laws and regulations.

✓ **Law No. 10304, dated 15.7.2010 "On the Mining Sector in the Republic of Albania" as amended.**

This Law stipulates the rules on exercising mining and post-mining activities in the Republic of Albania and aims to promote mining activity in the Republic of Albania, by ensuring transparency and free competition while exercising this activity, maximizing the public benefit from the mining activity and protecting the environment and public health from the mining hazards and that of industrial mining waste.

(i) According to Article 3 of the law, minerals in their natural form, found in the territory of the Republic of Albania and in the underwater surface and the bed of the Albanian sea space pursuant to international law and international agreements ratified by the Republic of Albania, belong to the state and are public property. The state, for the purpose of the implementation of this law, is represented by the minister responsible for the activity.

(ii) The state may grant mining rights to legal entities, local or foreign, for competitive areas, according to a competition procedure, in accordance with the requirements and deadlines defined in the provisions of the legislation in force. Likewise, the state can grant mining rights to legal entities, domestic or foreign, in accordance with the provisions of the legislation in force on concessions.

✓ **Law no. 111/2015 dated 15.10.2015 "On Albanian Geological Survey"**

This law regulates the relations between the Albanian Geological Survey and the public and private sectors, to encourage the use of natural resources for the maximum benefit of the public.

According to Article 6 of the law, the activities of the Albanian Geological Survey include:

- (i) Research and evaluation of metallic and non-metallic minerals, industrial materials, hydrocarbons, underground water resources, as well as controlling these reserves on an ongoing basis. (g)
- (ii) Geological studies, assessment and monitoring for the environment (dh)
- (iii) Creation of a geological database, and geo-environmental minerals and making these data available to central and local government bodies and other interested entities (i)
- (iv) Promotion of the prospect of useful minerals. (c)
- (v) Monitoring and evaluation of mining exploration permits. (gj)

✓ **DCM No. 320, dated 21.4.2011, "On approving the rules of procedure and criteria of bidding, and the review schedules of the mineral permits applications in competitive areas"**

According to this decision, for a subject to obtain a permit to exercise activity in a competitive mining area, it must first have participated in the competition procedures and be selected as the winner. The competition procedures, according to the decision, are open to both domestic and foreign entities. Likewise, according to the decision, the Albanian Geological Survey and the National Agency of Natural Resources identify the competing areas that are subject to competition procedures. Completed documentation for a mining exploration-discovery- production permit is submitted, by the winning entity to National Licensing Center (QKL) as the authority that has the right to issue mining permits.

✓ **DCM No. 969, dated 2.12.2015 "On minimum requirements for the protection of the safety and health of employees in extractive mining industries"**

The Council of Ministers has approved a mandatory regulation for implementation by entities engaged in the mining sector. This regulation transposes the directive of the Council of Europe 92/104/EEC on the minimum requirements for the protection, safety and health of employees in the mining sector. Likewise, the regulation foresees the obligation of the employee to notify the law enforcement agencies on any accident and any dangerous event at work according to the provisions of the legislation in force. In case of violation of the provisions defined by this regulation, when it does not constitute a criminal offense, sanctions defined in law no. 10237, dated 18.2.2010, "On safety and health at work" apply.

✓ **Instruction of MIE no. 10 dated 26.01.2015 "On the rules and procedures for reviewing administrative appeals of licensed mining entities"**

This instruction is in accordance with the provisions of law no. 10304, dated 15.07.2010 "On the Mining Sector in the Republic of Albania". According to this instruction, mining entities against whom an administrative measure has been imposed have the right to appeal to MIE. The Ministry has established a special body for the examination of administrative complaints submitted by entities engaged in the mining sector. This body, according to the instructions, examines the appeal request, assesses the evidence and takes a decision. It has the obligation to reach a decision and notify the entity within 30 days from the date appeal request was submitted. Furthermore, should the entity disagree with the decision, it has the right to appeal to the administrative court according to the legislation in force.

Fiscal Regime

Mining sector generates income for the central and local government budgets through Tax on Profit, Royalties, Value Added Tax, Tax on Dividends, local taxes, etc. Combined, these taxes account for a major portion of government revenues.

The main types of taxes that constitute the fiscal regime of mining sector are presented below:

Type of Taxes	Legal References	Brief Description
Tax on profit	Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", amended.	According to Law no. 8438, Tax on Profit for resident companies, with minor exceptions, is unified for all sectors of the economy, including the mining sector. The tax rate starting from January 1, 2014 is 15% on taxable profit.
Royalties	Law no. 9975 dated 28.07.2008 "On national taxes", as amended with law no. 10065, dated 29.1.2009; nr.10131, dated 11.5.2009; nr.10145, dated 28.9.2009; nr.10280, dated 20.5.2010; nr.10458, dated 21.7.2011; nr. 83/2012, dated 13.9.2012; nr.120/2013, dated 18.4.2013; nr.178, dated 28.12.2013; nr. 86/2014, dated 17.7.2014; nr.157, dated 27.11.2014; nr.141/2015, dated 17.12.2015; nr.127/2016, dated 15.12.2016, nr. 68/2017, dated 27.4.2017, nr. 104/2017, dated 30.11.2017)	According to law no. 9975, the mining royalties for Copper, Chrome for export, Nickel (nickel-silicate), Iron (iron-nickel) and all other metallic and non-metallic minerals are calculated as a percentage of the value of the minerals sold or exported. The percentage for this group of minerals is specified in laws for each of them and it varies from 4% - 6% for each mineral. Meanwhile, for the bitumen group (Group III), pursuant to the law, the royalties are determined for each type in lek per m ³ or per ton sold or exported. The royalty per ton or per m ³ is fixed for each type of bituminous item and ranges from 117 lek/m ³ to 19,940 Lek per ton. Also group IV of minerals, which include "Minerals and Construction Materials", the royalty is calculated for each type in lek per m ³ or per ton sold or exported. The law specifies in details the respective royalty for each type of mineral or building material.
Value Added Tax (VAT)	Law no. 92/2014 dated 24.7.2014 "On Value Added Tax". MFE Instruction no. 6, dated 30.01.2015, amended; DCM no. 953, dt. 29.12.2014 "On Value Added Tax" amended	According to law no. 92/2014, VAT is applied at 20 % rate on local sales and 0% on exports. The law does not provide exemptions or tax benefits related to VAT for the mining sector.

Employee Income Tax	Law no. 8438 dated 28.12.1998, "On income tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", amended.	According to Law 8438, Income tax from employment is based on a progressive system varying from 0 % up to a maximum of 23%. This tax is unified for all sectors of the economy, including the mining sector.
Social & health Insurance Contribution	Law no. 9136 dated 11.9.2003, "On the collection of social & health insurance contribution in Republic of Albania" amended; Law no. 7703, dated 11.05.1993 "On Social Insurances in Republic of Albania", amended and Law no. 10383 dated 04.02.2011, "On mandatory health insurance in Republic of Albania" amended.	This legislation determines the criteria for calculating social and health insurance contributions for each employee. The basis for the calculation of social insurance is the monthly gross salary, but not more than the maximum salary level determined by the decision of the Council of Ministers. The basis for calculating health insurance is the gross monthly salary of each employee without an upper limit. These criteria are unified for all sectors of the economy, including the mining sector.
Dividends	Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", Amended.	According to Law no. 8438, Tax on Dividend is calculated on the gross amount of dividends to be distributed. The dividend tax rate starting from January 1, 2019 is 8%. This percentage is unified for all sectors of the economy, including the mining sector.
Withholding Tax (WHT)	Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", amended.	According to law no. 8438, the withholding tax is applied on all income generated in the territory of Albania by non-resident entities, or by individuals or Albanian resident who are not registered with the Albanian tax authorities. The percentage of WHT is 15% on generated income. This percentage is unique for all sectors, including the mining sector.
Carbon Tax (*)	Law no. 9975 dated 28.07.2008 "On National Taxes", amended.	According to Article 4, Point 6 of Law 9975, the amount of the carbon tax is 3 ALL per kilogram for coal.

3.2.3 Legal and Institutional Framework in the Hydro-Energy Sector

Institutional Framework

Nr	Entity	Functions
	A. Institutions and public entities that govern the Hydro-Energy sector	
1	Ministry of Infrastructure and Energy ("Ministry, MIE")	Pursuant to Law no. 43/2015 "On Power Sector", defines that MIE is the responsible Ministry for energy and shall: <ul style="list-style-type: none"> (i) develop the National Energy Strategy for Albania, which is subject to approval by the Council of Ministers and is updated at least every five years; (ii) accesses the need to construct new production capacities and strengthening the grids, in conformity with the medium term plans. (iii) supervise the implementation of policies and programs of power sector development, in conformity with the economic and social development of the country.
2	Ministry of Finance and Economy ("MFE")	Please refer oil & gas sector (Sub-section) 1.1. (a))
3	Ministry of Tourism and Environment ("MTE")	The Ministry of Tourism and Environment/MTE is the institution that prepares national environmental strategies and plans and submits them for approval to the Council of Ministers. According to Article 29 of Law No. 10431, dated 09.06.2011 "On the protection of Environment", all subjects who exercise their activity in the sector that has specific requirements for the protection of the environment must first obtain permission from the National Licensing Center. According to law no. no. 43/2015 "On Power Sector", Hydro-Energy Sector is considered to have an impact in the environment and therefore meets the requirements to ensure protective measures. The National Environment Agency is the authority that verifies the accuracy of the information provided by the subjects in their request for Environmental permits and after the assessment, provides an opinion to the minister to whether or not grant a permit.

4	Energy Regulatory Entity (ERE)	<p>ERE is responsible for the regulation of activities in the power and natural gas sector in Albania. According to law no. no. 43/2015 "On Power Sector", ERE is an independent public authority and cooperates with the ministry responsible for energy and with other public institutions, pursuant to this law. In exercising its activity ERE has these objectives:</p> <ul style="list-style-type: none"> (i) promotion of establishing of an internal competitive secure and friendly market to the environment for all the customers and suppliers ensuring the appropriate conditions for the secure and stable operation of electricity grids in close cooperation with the Energy Communities and the regulatory authorities of the other countries; (ii) establishment of the facilitating conditions for access to the grid for new generation capacity, as well as the removal of barriers that could prevent access of the new participants in the market and of those generating electricity from renewable sources; (iii) commitment on the development and operation of a competitive regional market in the Energy Community; (iv) elimination of restrictions in electricity trading with member countries of Energy Community, including development of cross-border capacities of transmission; (v) ensuring that customers benefit through internal market operation promoting competition and customer protection; (vi) the guarantee of high standards on the compliance of public service obligations in electricity supply, protection of vulnerable customers and ensuring the compatibility during the data exchange process, regarding the switch of the supplier.
5	Agency for Concession and PPP ("ATRAKO")	<p>Agency for Concession and PPP is based on Law No. 125/2013, "On Concessions and Public Private Partnership". It was created with DCM no. 150, dated 22.03.2007, and DCM no. 285, dated 10.4.2020. ATRAKO's mission is to encourage and assist contracting authorities from different sectors of the economy, including hydro-energy sector, in the preparation, evaluation and negotiation of concessions/public private partnerships. Likewise, ATRAKO is responsible for unifying and standardizing concessions/ public-private partnerships models, as well as for monitoring current European trends in the field of concessions/ public-private partnerships, with the aim of promoting the best international practices. In addition, ATRAKO cooperates with ministries and local government units, in order to collect and create a database on the progress of concessions and public-private partnerships at the country level.</p>
	B. State Owned Entities (SOEs) in Hydro-Energy Sector	

6	Albanian Electrical Power Corporation (KESH)	KESH is the largest power producer and supplier in the country operating the largest HPPs on Drini River, which includes HPP Fierza, HPP Koman and HPP Vau i Dejes, with a total installed capacity of 1,350 MW. In addition KESH owns a thermal power plant (TPP) in Vlora built in 2009, with an installed capacity of 98 MW. KESH supplies about 70-75% of consumers' demand for electricity. KESH is licensed to exercise its activity through Decision No. 23 date 25.03.2009/ No. 34, dated 13.05.2014 from the Electricity Regulatory Authority (ERE).
7	Transmission System Operator (OST)	OST was established in 2004, and has been certified by ERE as an electricity transmission operator pursuant to the article 54(6) of the Law no. 43/2015 "On Power Sector" and the article 9(6) of the Directive 72/2009/EC. The development of the transmission network represents one of the fundamental functions of OST. Currently, OST investing in several projects.
8	Electric Energy Distribution System Operator (OSHEE)	Electric Energy Distribution System Operator, or OSHEE, is was the energy company engaged in the construction, operation, maintenance and development of the electricity distribution network throughout Albania. The Company provided connection and distribution services to tariff customers, non-tariff customers, producers, and suppliers. In 2017, in order to distribute its responsibilities and comply with EU requirements, OSHEE was unbundled into three separate entities owned by OSHEE specifically: <ul style="list-style-type: none"> - Distribution System Operator (OSSH) - Universal Service Supplier (FSHU) - The Free Market Supplier (FTL) All three companies above are owned 100 % by OSHEE.
9	Distribution System Operator (OSSH)	Distribution in Albania is performed by Distribution System Operator licensed by ERE according to the provisions of Law no. 43/2015 "On Power Sector" as amended. The Distribution System Operator owns the assets in the Electricity Distribution System, in order to deliver electricity to the customers. OSSH is responsible for ensuring the safe and sustainable development of the distribution system, the compliance of the requirements for electricity distribution, maintenance and safe operation of the electricity distribution system throughout the territory for which it is licensed.
10	Universal Service Supplier (FSHU)	FSHU is in charge of supplying electricity to consumers.
11	The Free Market Supplier (FTL)	FTL is in charge of purchasing energy from local producers (i.e. KESH, HPPs, etc.) and in the open market.

Legal framework

The Albanian Hydro-Energy sector is regulated by the following main laws and regulations:

✓ **Law 43/2015, dated 30.4.2015 "On Power Sector", as amended**

According to this law, the Council of Ministers is responsible for the overall policy of the Albanian power development in conformity with country policies of economic development and other sectors.

The Ministry of Infrastructure and Energy develops the National Energy Strategy for Albania, which is subject to approval by the Council of Ministers and is updated at least every five years. The National Strategy of Energy defines the objectives of the energy sector development and the ways of their accomplishment, providing a sustainable development of the national economy in a medium and long term period.

Furthermore, according to this law, any physical or legal person that produces, transmits, distributes, imports, exports or supplies electricity is obliged to submit data related to its activity to the responsible ministry for energy for the drafting of the power sector development policies and communication with specialized institutions, in the framework of the international commitments of Albania as well as the preparation and publication of annual electricity balance.

This Law repealed Law No. 9072, dated 22.05.2003 "On the energy sector" as amended.

✓ **Law no. 7/2017 dated 02/02/2017 "On the promotion of the use of energy from renewable sources"**

This law defines the legal framework for promoting the production of energy from renewable energy sources, the rules for supporting the production of energy from renewable sources as well as the obligation for transparency of information.

This law has been replaced by Law no. 24/2023 dated 23.03.2023 "On the promotion of the use of energy from renewable sources."

✓ **Law no. 125 dated 25.04.2013 "On concessions and public private partnership"**

This law regulates the procedures on for investments based on concessions/public private partnerships, issues related to financial arrangements, the policy of such concessions and the authority to implement them.

According to law 125/2013, the implementation of Concessions and Public Private Partnerships extends to many sectors of the economy, including the electricity production and distribution sector.

The Concession Contract according to the law is an agreement with financial interest, concluded between the contracting authority and one or more economic operators, with object to carry out works or services, whereas the economic operator/s is remunerated by being permitted to exploit the work or service performed.

Likewise, Public Private Partnership means a form of long-term cooperation, regulated by contract, between the contracting authority, i.e. the public partner, and one or more economic operators, i.e. the private partner. Based on the law, the private partner undertakes the obligation to finance, design, build/ reconstruct and renovate the facility, while the public partner rewards it in accordance with the contract, giving the private partner the right to exploit the public works and/or or public service, mainly for the purpose of establishing tariffs or payments from end users or giving the private partner this right together with financial support.

✓ **DCM No. 822 dated 07.10.2015 "On the approval of the rules and procedures for construction of the new electricity production capacities, which are not object of concession."**

The purpose of these rules is to define the necessary procedures and documentation for the application, assessment and granting of the right to build a new generating source of

electricity, which is not the subject of a concession. These rules have been drawn up in accordance with point 2 of article 49 of law no. 43/2015, "On Power sector."

✓ **DCM no. 519 dated 13.07.2016 "On the approval of the electric power market model"**

According to DCM 519, the development and approval of the Albanian Market Model (AMM) is the last step towards the development of the Albania's electric power market into a fully competitive electric power market, in accordance with the obligations of the Electric Power Community Treaty. Furthermore, according to the DCM, Albanian Market Model, has the following objectives: (i) full liberalization of the electric power market and establishing an organized market / market; (ii) ensuring the compliance of the Albanian Market Model with the provisions of the Energy Community Treaty; (iii) electric power market operation as a market of the balancing energy; (iv) providing the necessary liquidity by promoting measures for an efficient functioning of the market / markets of the physical electric power flows; (v) increasing the efficiency and sustainability of the sector.

Fiscal Regime

Type of Taxes	Legal References	Brief Description
Tax on profit	Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", amended.	According to Law no. 8438, Tax on Profit for resident companies, with minor exceptions, is unified for all sectors of the economy, including the hydro-energy sector. The tax rate starting from January 1, 2014 is 15% on taxable profit.
Value Added Tax (VAT)	Law no. 92/2014 dated 24.7.2014 "On Value Added Tax". MFE Instruction no. 6, dated 30.01.2015, amended; DCM no. 953, dt. 29.12.2014 "On Value Added Tax" amended	According to law no. 92/2014, VAT is applied at 20 % rate on local sales and 0% on exports. The law does not provide exemptions or tax benefits related to VAT for the hydro-energy sector.
Employee Income Tax	Law no. 8438 dated 28.12.1998, "On income tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", amended.	According to Law 8438, Income tax from employment is based on a progressive system varying from 0 % up to a maximum of 23%. This tax is unified for all sectors of the economy, including the hydro-energy sector.
Social & health Insurance Contribution	Law no. 9136 dated 11.9.2003, "On the collection of social & health insurance contribution in Republic of Albania" amended; Law no. 7703, dated 11.05.1993 "On Social Insurances in Republic of Albania", amended and Law no. 10383 dated 04.02.2011, "On mandatory health insurance in Republic of Albania" amended.	This legislation determines the criteria for calculating social and health insurance contributions for each employee. The basis for the calculation of social insurance is the monthly gross salary, but not more than the maximum salary level determined by the decision of the Council of Ministers. The basis for calculating health insurance is the gross monthly salary of each employee without an upper limit. These criteria are unified for all sectors of the economy, including the hydro-energy sector.

Dividends	Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", amended.	According to Law no. 8438, Tax on Dividend is calculated on the gross amount of dividends to be distributed. The dividend tax rate starting from January 1, 2019 is 8%. This percentage is unified for all sectors of the economy, including the hydro-energy sector.
Withholding Tax (WHT)	Law no. 8438 dated 28.12.1998, "On Income Tax", amended; MFE Instruction no. 5 dated 30.01.2006 "On Income Tax", amended.	According to law no. 8438, the withholding tax is applied on all income generated in the territory of Albania by non-resident entities, or by individuals or Albanian resident who are not registered with the Albanian tax authorities. The percentage of WHT is 15% on generated income. This percentage is unique for all sectors, including the hydro-energy sector.

3.2.4 Conclusions on the progress and recommendations (EITI Requirement 2.1)

From the review of the above materials, we conclude that EITI in Albania complies with the objective of "Requirement 2.1" to disclose aspects of the regulatory framework for the extractive industries, including the legal framework, the fiscal regime, and the roles of government agencies. There is information and systematic publications of legislation at the central level or through the websites of government agencies such as MFE, MIE, AKBN, ERE, General Tax Authority, etc. We would like to highlight that AKBN has special section on its website on the legal and fiscal regulations on Hydrocarbons sector, the mining sector and the hydro-energy sector.

Furthermore, all laws, Council of Ministers Decisions and instructions from government ministries are published before their entry into force by The Official Publishing Center (QBZ).

It is also important to highlight that during the period 2019, 2020, 2021, AlBEITI has contributed to the implementation of previous recommendations for improvements in legislation, such as the improvement of the legal framework for mining royalties (law no. 153/2020, dated 17.12.2020), drafting of law "on Ultimate Beneficial Owners" (law no. 112/2020 date 29.07.2020) and the decision to establish the register of Ultimate Beneficial Owners. This is attributed to a better cooperation between MSG and government agencies as well as AlBEITI staff.

3.3 Contract and license allocation (EITI Requirement 2.2)

3.3.1 Contract and license allocation in Oil and Gas sector

Exploration, development, and production of oil and gas in Albania are regulated by "the Petroleum Law" and its accompanying regulatory acts. The Petroleum Law establishes that all natural gas and petroleum deposits found in their natural state within the territory of the Republic of Albania are owned by the state.

In addition, gas operations in Albania are governed by "The Law on Natural Gas", which sets out regulations for the organization and operation of the natural gas market, access to the market,

criteria and procedures for obtaining approvals for transmission, distribution, supply, and storage of natural gas, as well as system functioning. According to Article 57 of the Law on Natural Gas, all entities involved in natural gas production activities are subject to the Petroleum Law, which provides the appropriate legal framework for such activities.

The Ministry of Infrastructure and Energy (MIE), by the means of a petroleum agreement, may confer to interested parties' rights to explore, develop and produce oil or gas (petroleum operations), for a limited period and for a specific zone.

"Albpetrol Agreement" is a special Petroleum Agreement between the Ministry and Albpetrol, which in addition to the authorization to conduct petroleum operations entitles Albpetrol to transfer any or all of the rights for a specific zone under its management, to another subject.

The process of entering into Petroleum Agreements for the exploration, development, and production of hydrocarbons, is initiated in the following ways (according to Article 5 of the Petroleum Law):

- i. The Ministry can initiate the process by issuing a notification inviting interested parties to submit applications for a particular contract zone.
- ii. If an interested party submits a request for a specific contract zone, the Ministry can then issue a notification inviting other parties to submit applications for the same contract zone.

Therefore, even if there are unsolicited proposals from interested parties for a specific contract zone, the Ministry is required to provide an opportunity for competitive bidding to other potential applicants for that particular zone or oilfield.

The winning bidder shall enter into the Petroleum Agreement in the quality of "Contractor" and shall abide by its terms and conditions. The notification for the bidding procedure for a specific zone along with the application form is published in the official websites of the Ministry, AKBN and Albpetrol (for the respective zones).

Each Petroleum Agreement must receive approval from the Council of Ministers and only becomes effective after their decision (as stated in Article 13, Paragraph 2 of the Petroleum Law). The primary criteria for allocating Petroleum Agreements (as outlined in Article 5, Paragraph 2), are the financial resources and technical competence of the applicant. However, these criteria are not specifically defined or clarified in the Petroleum Law or other related regulations. As a result, the assessment of these criteria is left to the discretion of the relevant authorities.

Both the Petroleum Agreement signed by the Ministry and the one signed by Albpetrol for the areas under its operation follow the same procedure for approval and implementation, with the exception that Albpetrol must also go through the process of obtaining a License Agreement for the specific area. The Petroleum Law establishes the fundamental principles of this procedure, while the Regulation on approval procedures of the Petroleum Agreement provides further details on the rules and terms for each stage, including initiation, drafting and negotiation, and final approval.

Based on the provided documents, the Ministry conducts an assessment and may grant approval to initiate negotiations for the general terms and conditions of the Petroleum Agreement with the selected applicant. Subsequently, the Ministry forms a negotiation group. Once negotiations are complete, either AKBN or Albpetrol submits the negotiated general terms and conditions of the Petroleum Agreement to the Ministry for approval within 10 days of their signature. The Ministry then has 20 days to issue its approval or refusal of the general terms and conditions of the agreement. The Ministry has the discretion to extend this timeframe if necessary.

If the general terms and conditions are approved, the negotiation group continues with the negotiation of the complete text of the Petroleum Agreement.

When the negotiations and the above procedure are done, the final negotiated draft is submitted to the Ministry for approval in case of Albpetrol and for both approval and signature from AKBN. The Petroleum Agreements are signed respectively by Albpetrol and the Ministry. In the case of Albpetrol, the Ministry also signs the License Agreement after giving the approval for the complete draft text of the respective Petroleum Agreement.

3.3.2 Contract and license allocation in Mining sector²⁵

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 websites.

AKBN and SHGJSH (Albanian Geological Service) 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:

1. Competitive bids (open public procurement procedures) are granted for areas where known geological and recovered reserves present significant economic interest;
2. Ad hoc negotiations are usually performed for higher risk areas with limited information on reserves. In this case, the prospective licensee presents an extended plan involving areas neighboring their current licensed area and supports it with other strategies with significant public interest pursuit in the area.

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

MIE publishes an annual plan regarding mining cadasters for concession for the forthcoming year on its website: <http://infrastruktura.gov.al/planifikimi-minerar/>. The plan provides the technical specifications for each mining cadaster including:

1. The cadaster number, surface, coordinates and location (district),
2. The commodity and its concentration in %,
3. Geological reserves,
4. Type of license (exploration or production),
5. Minimum required output in ton or m³,
6. Minimum required investment in USD,
7. Bid allocation procedure (competitive or negotiation basis).

²⁵ Mining Law of Albania (1994), <https://faolex.fao.org/docs/pdf/alb20226E.pdf>

Based on interests expressed, MIE publishes the individual bid notices, terms of references, and bid evaluation criteria on its website: <http://infrastruktura.gov.al/procedurat-konkurrese-personat-minerare/>.

The conditions and criteria for obtaining a mining permit are outlined in Article 29 of the Mining Law. These permits are exclusively granted to legal entities, whether they are domestic or foreign. Each year, the Minister announces the annual mining plan, which specifies the available mining zones for that particular year and the procedure that will be followed for granting the permit. The application process can be completed entirely online through the e-albania platform. The platform also provides an overview of the necessary documents that must be submitted as part of the application process.

Types of Mining Licenses and Permits

The Law on Mining provides for four groups of minerals, namely: (a) metallic, non-metallic, coal and bitumen; (b) construction minerals; (c) precious and semi-precious minerals; and (d) 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.

Types of mining licenses and permits for a) **metallic, non-metallic, coal and bitumen** are summarized as follows:

License	Term, years	Renewable	Maximum Size
Exploration permit	3	Yes, up to 2 additional years	100 sq. km
Production permit	25	Yes, up to 10 additional years	10 sq. km

Types of mining licenses and permits for (b) **construction minerals** are summarized as follows:

License	Term, years	Renewable	Maximum Size
Exploration permit	1		10 sq. km
Production permit	25	Yes, up to 10 additional years	5 sq. km

License terms for group **c) precious and semi-precious minerals** are 25 years which can be extended up to 10 additional years.

Production licenses provide the licensee with an exclusive right to develop the necessary infrastructure, extract resources, and possess the resulting production within the licensed area. Additionally, the Ministry of Energy and Industry (MIE) has the authority to grant licenses for the processing of mining waste. Licensees are further encouraged to make investments in processing plants.

Key Government Entities

- ✓ **Ministry of Infrastructure and Energy (MIE)** – The Mining Law provides that the monitoring and supervision of the sector is carried out by the respective Ministry and the responsible structures under its direction.
- ✓ **National Agency of Natural Resources (AKBN)** – is the main responsible structure with regard to the monitoring and implementation of government policies in the mining sector.
- ✓ **Albanian Geology Service (SHGJSH)** – is a significant public institution in the sector, providing assistance to the Ministry in studies, monitoring, and evaluation related to exploration and discovery operations. SHGJSH carries out its work in the field of geoscience in accordance with the Law on SHGJSH (No. 8366, dated 02.07.1988, as amended), which designates SHGJSH as the technical-scientific advisor to the State in the field of geoscience.
- ✓ **National Authority for the Safety and Emergency in Mines (AKSEM)** – main focus is ensuring work safety in the mining sector and underground constructions in the hydropower sector. The organization and operations of AKSEM are governed by the DCM on AKSEM. AKSEM carries out various important tasks, such as conducting inspections, registering operators, and ensuring compliance with safety regulations.

3.3.3 Contract and license allocation in Hydropower sector

The country's power system – including power generation from water, thermal and alternative sources, power transmission, and distribution – is regulated by law. In April 2015, the Government of Albania approved a new law no. 43/2015 "On power sector" ("Law on power sector"), in attempt to reflect the EU Directives regarding this industry. This law sets the minimum requirements to be fulfilled to be granted a concession for the construction or reconstruction of a hydropower plant, and a license for power generation.

The Ministry responsible for energy acts as the Contracting Authority for all concessions granted in the hydropower sector. HPP concessions are granted in accordance with Law No. 125/2013 "On Concessions and Public-Private Partnership" ²⁶ ("Law on Concessions and PPP") as amended 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").

The principles and procedures for evaluating and granting concession opportunities in the hydropower sector are defined by legislation and regulations. The Council of Ministers is responsible for approving all concessions in Albania, as stated in the concession law and regulation.

Hydropower plant (HPP) concessions in Albania are structured as Build-Operate-Transfer (BOT) or Reconstruct-Operate-Transfer (ROT). In accordance with this regulation, the operator is responsible for financing the construction or reconstruction of the power plant and is entitled to operate the plant. The Operator ensures the sale of the power generated through Power Purchase Agreements signed with Wholesale Public Suppliers, with tariffs regulated by ERE using the "Feed-in tariff" model. All concessions in Albania, as per the concession law and regulation, are granted for a maximum duration of 35 years.

In accordance with article 48 of the Power Sector Law, the production of electric energy can only be carried out by individuals or legal entities possessing a license for the production of electric energy, unless otherwise specified in the provisions of this law.

²⁶http://atrako.gov.al/transparenca/kuadri_ligjor_rregullator/Law_no_125_2013_On_concessions_and_public_private_partnership_English.pdf

When it comes to the production of hydropower, any entity aiming to operate in this sector must undergo a two-step process and meet the following requirements:

1. Obtain the right to build a hydro-power plant either through :
 - i. A concession in accordance with the Law on Concessions and the procedures provided thereto;
 - ii. An approval from the Minister for plants/objects with capacities up to 2MW;
 - iii. An approval from the Council of Minister for plants/objects with capacities beyond 2MW; in accordance with the DCM on construction of new capacities.
2. Obtain a license for production of energy from ERE.

Concession procedure

The procedure for granting concessions in the Republic of Albania is governed by various laws and regulations, including the Law on Concessions, the Law on Public Procurement, the DCM on Rules of Concessions, and other relevant legislation. The legislation mentioned above establishes the principles and procedures for evaluating and granting concession opportunities in the hydropower sector.

According to the Law on Concessions, the contracting authority can initiate a concession procedure for the production of electric power, including hydropower, either after identifying a potential project or in response to an unsolicited proposal from a potential investor.

In the case of unsolicited proposals, if the contracting authority approves the initiation of the procedure, the Law on Concessions allows for the potential investor who submitted the proposal to receive a bonus in the competitive procedure, amounting to a maximum of 10% of the total points awarded during the procedure. This bonus is approved by the Council of Ministers based on the recommendation of the contracting authority. The DCM on Rules of Concessions provides detailed procedures that the Minister must follow in order to grant a concession.

Concessions are designed to allow an entity to build a hydropower plant, utilize the resources, and subsequently sell the produced energy. Upon the conclusion of a concession, the ownership of the HPP is transferred to the state.

The maximum duration of a concession contract is 35 years. However, this term can be extended if necessary due to amendments outlined in articles 31, 32, and 33 of the Law on Concessions. These amendments may be made for reasons of national security, environmental protection, the health of the population, inability to use the contracted object due to force majeure events, changes in the legal framework, changes in the actual situation, transfer of the concession contract, or when the contractor is given additional work or services to perform.

Construction of other production capacities which are not subject of concession

Pursuant to article 49, article 1 of the Law on power sector, in order to construct new production capacities/ installments (such as hydro-power plants) which are not subject to the concessions procedure, the applicant has to obtain the approval of the Council of Ministers in case their capacity exceeds 2 MW or of the Minister for a threshold up to 2MW, in accordance with the rules set out in the DCM on approval and procedures.

3.4 Register of licenses and permits / Public register / Cadaster (EITI Requirement 2.3)

3.4.1 Register of licenses in the Oil and Gas Sector

According to Article 9 (Paragraph 1) of the Petroleum Law, the Ministry has the authority to establish regulations concerning the registration and maintenance of registers for Contractors.

The Ministry of Infrastructure and Energy, AKBN, and Albpetrol regularly publishes and updates the lists of Contractors and allocated Petroleum Agreements on their official websites. The current publications do not fully comply with EITI Requirement 2.3, b).

3.4.2 Register of licenses in the Mining Sector

The Mining Law in its article 44 provides for the establishment of the mining register. The Order on Register provides that the mining register will contain a wide array of information ranging from the information on owners, amount of reserves and production, legal regime of the surfaces, type of mining permits, etc.

The Register would be held by the National Licensing Center ("NLC") and be publicly available. In 2015, the NLC was merged into the newly established institution, the NBC.

The information regarding mining permits of subjects is available in the General National Register of Licenses, Permits and Authorizations that constitutes a generalized database for all the licenses / permits/ authorizations issued in the Republic of Albania.

It should be noted that a public register of the holders of mining permits in the Republic of Albania is held by the AKBN and the Ministry as well as AlBEITI. The register contains information on the date of issuance, name and tax number of subjects, location, surface of mining zone and the type of mineral.

The register held by AKBN is periodically updated as in this webpage. AlBEITI also maintains a public register of active licenses on their website.

Information is compiled from MIE, AKBN and SHGJSH, and updates the register semi-annually, specifically:

- a. By the end of July including information updated up to June;
- b. By 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. Prior to publishing the register, AlBEITI cross-checks the information about to be published with the lists disclosed by MIE and AKBN on their respective websites. Any discrepancy or inconsistency noted is resolved with the MIE and AKBN before the registers are updated in AlBEITI's website.

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

3.4.3 Register of licenses and concessions in the Hydropower Sector

Register of licenses near ERE

ERE holds the Register of the licenses for the production of energy, which is also electronically available on the website of ERE in the address: <https://www.ere.gov.al/en/licensing/licensees->

This Register contains data with regard to the identification number, date of approval, date of issuance, name of the licensee, location, description of the licensed activity, term of activity and the decision of ERE.

Furthermore, the ERE Regulation on licenses preserves the right of interest parties to address the supporting documents of the licensee that are held near ERE, in accordance with the applicable legislation.

Register of concessions

Article 14 of the Law on concessions provides the establishment of the Register of Concessions/Public-Private Partnerships, which is an electronic database of the concessions contracts granted in the Republic of Albania.

The Register is held by the Agency of the Treatment of Concessions ("ATRAKO") and is made publicly and freely available to the public on the website of ATRAKO. ATRAKO published the listing of concessionaries and full terms of the concession agreement on its website: http://www.atrako.gov.al/?page_id=112

As per the DCM on the register of concessions, the following data are made available:

- Information with regard to the contracting authority, object of the contract of concession/public-private partnership, type of contract, location of the object of the contract, term, value and price of contract, and the tariff paid;
- Full text of the contract, in accordance with the legislation on the data protection.

A copy of the hydropower concessions register is published by AlbEiti on its website: <https://www.albeiti.org/site/en/reqjistri-i-koncensioneve-hidroenergjitike-eng/>

3.5 Disclosure of licenses and contracts (EITI Requirement 2.4)

In accordance with Requirement 2.4 of the EITI Standard, implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of minerals. Albania publishes mining permits and related information on the following websites:

<http://www.akbn.gov.al/reqjistri-i-lejeve-minerare-aktive-shkurt-2023/>

<https://gis.akbn.gov.al/portal/apps/webappviewer/index.html?id=21a1f4bc1ce14c33b7c96460e7a87a30>

Or on the website of the National Registration Center, where you can find all the necessary information about the respective companies through a search for the specific company:

<https://qkb.gov.al/kerko/kerko-ne-regjistrin-tregtar/kerko-per-subjekt/>

3.5.1 Disclosure of licenses and contracts in Oil and gas sector

1. Petroleum Law and Public Disclosure

The Petroleum Law does not explicitly mandate the public disclosure of Petroleum Agreements. These agreements come into force upon approval by the Council of Ministers, and the decisions (DCMs) are published in the Official Gazette.

Since January 2021, only two new hydrocarbon agreements have been signed, which are fully published in the Official Gazettes at the links below:

<https://qbz.gov.al/eli/fz/2022/87/9a5edcc0-c08d-4c90-a7a7-22173fc0b376>

<https://qbz.gov.al/eli/fz/2022/87/9a5edcc0-c08d-4c90-a7a7-22173fc0b376>

As a result, we can state that Albania publishes the Hydrocarbon Agreements in full.

2. Council of Ministers' Decisions

Decision of Council of Ministers (DCMs) is published in the Official Gazette.

3. Current Practices

Since January 2021, only two new hydrocarbon agreements have been signed, which are fully published in the Official Gazettes mentioned above.

3.5.2 Disclosure of licenses and contracts in Mining sector

Pursuant to the Mining Law, mining permits must always be published in the general Register of Licenses, Permits and Authorizations held by the NBC. As such, the main terms and conditions of the mining permit and the respective act of approval are found in this register accessible in the website of NBC.

Mining concession contracts are not officially disclosed for public access. The Mining Law in force in the period covered by this document does not specifically regulate disclosure obligations. Usually, the contractual terms cannot be/ are not disclosed due to confidentiality arrangements but related information can be found in the QKB, AKBN an MIE websites. The Ministry has not announced any planned regulatory changes in this regard.

Considering the adopted practices regarding contract disclosure in oil and hydropower sectors, the Ministry may consider replicating this good practice to the mining sector as well.

3.5.3 Disclosure of licenses and contracts in Hydropower sector

With regard to the disclosure of the Licenses, as mentioned above, the Register of Licenses near ERE is publicly available on the website of the authority and contains relevant information. Moreover, ERE publishes on its website a template of the terms and conditions set out in the license issued, which are used mutatis mutandis for almost all issued licenses.

As mentioned above, the Register near ATRAKO contains the awarded contract for contracts of concession/public-private partnerships.

3.6 State participation (EITI Requirement 2.6)

Requirement 2.6 of the EITI Standard requires the government and state-owned enterprises to disclose their shareholding in oil, gas and mining companies operating within the country, and any changes in the shareholding during the accounting period covered by the EITI Report.

3.6.1 State participation in Oil and Gas Sector

The State participation in the oil and gas industry is through "Albpetrol Sh.a.", a state-owned oil company that is involved in the exploration, development, and production of crude oil and gas. Established on March 1993, Albpetrol is a joint-stock company, with the State as the sole owner of the share capital, represented by the Ministry.

Albpetrol Sh.a has been granted by the State the responsibility of administering all existing oilfields in Albania, as well as some exploration blocks. The extent of Albpetrol's exploration and production rights were defined in a separate agreement called "The Albpetrol Agreement", which was initially approved in July 1993. This agreement has been further amended by Decision DCM 279 (April 2012) and DCM 335 (April 2015).

Albpetrol's activities included exploration, production, refining, marketing, and sales, as well as petroleum services. In 1999, as part of a restructuring process, Albpetrol was divided into three separate state-owned companies:

1. Albpetrol Sh.a. ("Albpetrol", Tax number: J82916500U) which retained exploration and production activity, and inherited administration of all oil fields and exploration blocks allocated;
2. ARMO Sh.a. ("ARMO", Tax number: J82916498D) which retained refining, marketing and sales of oil;
3. Servcom, which retained petroleum services. This entity bankrupted and entered in liquidation.

To optimize resource utilization and improve production efficiency, the Law permits Albpetrol to sub-grant its exploration and production rights to oil and gas companies through petroleum agreements. However, these agreements must receive approval from the Ministry of Infrastructure and Energy. When Albpetrol administers oil fields under these agreements, it becomes a party to them and receives a share of the produced oil.

Apart from Albpetrol, certain oil-related services in Albania were also managed by the following State-Owned Entities which are now inactive and have been in liquidation for years:

Entity Tax number	TransNafta Sh.a. K22627401R	Uzina Mekanike e Naftës Sh.a. J98323107N	PetrolAlba Sh.a. K81706017T
Year of Establishment	2002	2000	2008
Activity	Transport of oil and transport vehicles' maintenance	Mechanic servicing of oil industrial plants	Retail and storing of oil
Financial information	Not disclosed	Not disclosed	Not disclosed
Status in NRC	Active	Active	Under liquidation since 2011

National Agency of Natural Resources (AKBN) – oversees the licensing and regulatory compliance of oil and gas operations in Albania. It ensures that all activities align with national laws and international standards.

Ministry of Infrastructure and Energy – is responsible for administering oil and gas licenses, including the approval of PSAs and concession rights.

3.6.2 State participation in Mining Sector

Until the late 1990s, the mining and minerals industry in Albania was predominantly state-owned. The government controlled all mining activities and resources. Starting in the late 1990s, Albania began a gradual restructuring and privatization of its mining sector. This involved granting prospecting, exploration, and exploitation permits to both Albanian and foreign companies.

The Albanian government is involved in the mining sector through the following entities:

NUIS	Entity	Government Shareholding	Comments
	Ministry of Infrastructure and Energy (MIE)	n/a	Monitoring and supervision of the sector
	National Agency of Natural Resources (AKBN)	n/a	Monitoring and implementation of government policies in the mining sector
	National Authority for the Safety and Emergency in Mines (AKSEM)	n/a	Safety of work in the mining sector
J81920006K	ALB BAKRI SH.A.	n/a	In liquidation process
K72120014C	ALBMINIERA sh.a.	n/a	In liquidation process
J61827513H	ALBKROMI SH.A.	n/a	Previously state-owned but has undergone privatization. The state retains some level of involvement through regulatory oversight
	Albanian Geological Survey (AGS)	n/a	State-owned entity responsible for conducting geological surveys.
J66703740S	ITALB - MERMERI - MUHUR sh.p.k.	n/a	Mixed ownership, with MFE holding 25%.

3.6.3 State participation in Hydropower Sector

The Albanian government is involved in the hydropower sector through various initiatives and partnerships:

Public-Private Partnerships (PPPs): The government has engaged in PPPs to develop hydropower projects. For example, the Ashta Hydropower Plant was developed through a PPP, attracting \$262 million in private investment.

Legislation and Permits: The Power Sector Law No. 9073 (2004) and the Concession Law No. 9663 (2006) facilitate the construction of new hydropower plants and attract private investments.

Major Projects: The Skavica Hydropower Project is a significant joint endeavor between the Albanian government and Bechtel. This project aims to enhance energy security and reduce reliance on energy imports.

International Support: The government collaborates with international organizations like the World Bank to improve the operational efficiency of dams and enhance the stability of power supply. For example:

- ✓ In June 2021²⁷, The European Bank for Reconstruction and Development (EBRD) has agreed to provide a €9.1 million loan to Albania's state power utility Korporata Elektroenergjitike Shqiptare (KESH) to support the construction of a 12.9 MW floating solar PV facility on the Vau i Dejës hydropower plant reservoir.
- ✓ In September 2014²⁸, 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 2016²⁹, 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.

Concession Contracts: Since 2007, the government has granted over 164 concession contracts for the construction of small, medium, and large hydropower plants.

The Albanian government is involved in the Hydropower Sector through the following entities:

²⁷ <https://www.hydropower-dams.com/news/ebrd-supports-keshs-first-floating-solar-pv-plant-in-albania/>

²⁸ [World Bank approves US\\$150 million project for Albania's power sector recovery and reforms](#)

²⁹ [EBRD provides €218 million loan to Albania's KESH](#)

NUIS	Entity	Government Shareholding	Comments
J61817005F	Albanian Electrical Power Corporation (KESH)	n/a	The corporation 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, as well as a thermal power plant (TPP) in Vlora built in 2009, with an installed capacity of 98 MW.
K42101801N	Transmission System Operator ('TSO' or 'OST')	n/a	OST was established in 2004, and has been certified by ERE as an electricity transmission operator pursuant to the article 54(6) of the Law no. 43/2015 "On Power Sector" and the article 9(6) of the Directive 72/2009/EC. As such, OST owns and operates the transmission network and is responsible for the maintenance and expansion of the network. OST transmits power through the transmission and interconnection lines with voltage range of 110-400kV, and the substations that serve to connect them.

Alongside the benefits that the State gains from the hydropower sector in the form of taxes and fees, the State also injects funds into the sector through investments in equity and direct lending to state-owned companies. The Albanian State, also acts as a guarantor in banking and other loans granted to the SoEs.

3.7 In-kind payments (EITI Requirement 4.2)

In accordance with Requirement 4.2 of the 2019 EITI Standard, where the sale of the state's share of production of oil, gas and/or mineral resources or other revenues collected in kind is material, the government, including state-owned enterprises, are required to disclose the volumes received and sold by the state (or third parties appointed by the state to sell on their behalf), the revenues received from the sale, and the revenues transferred to the state from the proceeds of oil, gas and minerals sold. Where applicable, this should include payments (in cash or in-kind) related to swapping agreements and resource-backed loans.

3.7.1 In-kind payment in Oil and Gas sector

The State has the right to receive dividends from the annual financial results of Albpetrol, as well as any revenue generated from the potential privatization of the company. Albpetrol is also obligated to pay various taxes that are applicable to oil commercial entities, including profit tax, royalties, and value-added tax (VAT).

Besides the distribution of dividends, there are no other specified transfer policies in place between the State and Albpetrol.

Reporting entities are requested to report any contributions in kind made to or received by Government or state owned entities.

3.7.2 In-kind payment in Mining sector

In-kind payments in the mining sector refer to non-monetary payments made by mining companies to the government, such as the provision of goods, services, or infrastructure.

In-kind payments were not a significant aspect of the mining sector in Albania from 2019 to 2021. The focus remained on financial contributions by mining companies.

3.7.3 In-kind payment in Hydropower sector

In-kind payments in the hydropower sector in Albania typically involve non-monetary contributions made by companies or concessionaires to the government or local communities.

In-kind payments take place in the hydropower sector in Albania during 2019-2021. These payments were part of concession agreements and other arrangements where companies contributed to local infrastructure, environmental conservation, and community support as part of their obligations.

For instance, companies involved in hydropower projects often invested in local infrastructure development. These contributions were aimed at ensuring that the benefits of hydropower projects extended beyond just financial gains, fostering sustainable development and community well-being.

3.8 Infrastructure provision and barter arrangements in the extractive sector (EITI Requirement 4.3)

EITI Requirement 4.3 states that it should be considered whether there are any agreements or sets of agreements involving 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.

3.8.1 Infrastructure provision and barter arrangements in Oil and Gas sector

Infrastructure provisions and barter arrangements involve the exchange of goods and services, including loans, grants, and infrastructure works, in return for concessions related to oil, gas, or mining exploration and production, or the physical delivery of these commodities.

The government and the oil companies operating in the petroleum sector have clarified that the currently active Petroleum Agreements do not include any barter infrastructure provisions.

In previous reporting periods, Bankers Petroleum, the largest oil producer, has stated that the infrastructure investments made thus far were part of the company's corporate social responsibility initiatives.

3.8.2 Infrastructure provision and barter arrangements in Mining sector

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

3.8.3 Infrastructure provision and barter arrangements in Hydropower sector

In the hydropower sector in Albania, infrastructure provision and barter arrangements are common practices that help facilitate the development and operation of hydropower projects.

Infrastructure Provision – Hydropower companies often invest in local infrastructure as part of their development agreements. This can include:

- ✓ Building or upgrading roads to improve access to hydropower sites and surrounding areas.
- ✓ Developing schools, healthcare centers, and other community facilities to support local populations.
- ✓ Implementing environmental conservation projects, such as reforestation and river basin management, to mitigate the impact of hydropower projects on the environment.

Barter Arrangements – involve non-monetary exchanges between the government and hydropower companies. These can include:

- ✓ In-Kind Payments: Companies may provide goods or services instead of cash payments. For example, they might build infrastructure or provide technical assistance as part of their concession agreements.
- ✓ Community Support: Companies might offer support to local communities through social programs, training, and employment opportunities, which can be considered as part of their contractual obligations.

These practices ensure that the benefits of hydropower projects extend beyond just financial gains, fostering sustainable development and improving the quality of life for local communities.

3.9 Transport of minerals (EITI Requirement 4.4)

EITI Requirement 4.4 states that “Where revenues from the transportation of oil, gas and minerals are material, the government and state-owned enterprises SOE(s) are expected to disclose the revenues received by Government Agencies”. The EITI Standard requires disclosure of details of arrangements in situations where Government Agencies and state-owned enterprises are involved in the transportation of oil, gas and minerals. These details include the product(s) transported, route(s) and the relevant companies and Government Agencies, including SOE(s), involved in the transportation.

3.9.1 Transport of minerals in Oil and Gas sector

Currently, crude oil is transported from the oil fields to the coastal terminal of La Petrolifera Italo-Albanese Sh.a., using oil tanks. There are no specific requirements to utilize State services for oil transportation. Bankers Petroleum has stated that it has the discretion to select oil transportation companies.

The extent of activities carried out by SoE Transnafta sh.a. and any involvement of the Government in Transnafta's activities is unknown as of the date of this report.

3.9.2 Transport of minerals in Mining sector

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

3.9.3 Transmission in Hydropower sector

The EITI Requirement 4.4 specifically addresses the transparency of revenues from the transportation of oil, gas, and minerals. It mandates the disclosure of revenues received by government agencies and state-owned enterprises (SOEs) involved in the transportation of these commodities. While EITI Requirement 4.4 is focused on the extractive industries (oil, gas, and minerals), its principles of transparency and accountability can be relevant to the hydropower sector.

Transmission system operator (OST) has been certified by ERE as an electricity transmission operator pursuant to the article 54(6) of the Law no. 43/2015 "On Power Sector" and the article 9(6) of the Directive 72/2009/EC. As such, OST owns and operates the transmission network and is responsible for the maintenance and expansion of the network. OST transmits power through the transmission and interconnection lines with voltage range of 110-400kV, and the substations that serve to connect them.

OST charges system users for the transmission system services, auxiliary services, payments under the Interconnection Agreement, and for the purchase of balancing power under the Market Rules.

The transmission service fees are regulated by ERE.

3.10 Subnational payments (Requirement 4.6)

In accordance with Requirement 4.6 of EITI Standard 2019, the multi-stakeholder group establishes whether direct payments, within the scope of the agreed benefit streams, from companies to sub-national government entities are material. Where material, the multi-stakeholder group is required to ensure that company payments to sub-national government entities and the receipt of these payments are disclosed.

3.11 Subnational transfers (Requirement 5.2)

In accordance with Requirement 5.2 of the 2019 EITI Standard, where transfers between national and sub-national government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the multi-stakeholder group is required to ensure that material transfers are disclosed.

The primary source of revenue allocated through subnational transfers is royalty. The royalty tax collected from the taxable sales of oil, gas, and minerals is recorded in the State Budget. According to the Law on National Taxes (No. 9975, dated 28 July 2008, amended), 5% of the royalty tax collected is allocated to each Local Government Unit (LGU) in proportion to their contribution to the domestic output of oil, gas, and mining.

Until 2014, only LGUs where oil was produced could benefit from subnational transfers of royalty, and there was no clear correlation between the royalty collected and the subnational transfers. In 2015, clear guidelines for royalty allocation were established, resulting in an increase in the levels of subnational transfers of royalty. However, there are still observed issues that may lead to misallocation of funds.

3.12 Social expenditure (EITI Requirement 6.1)

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

3.12.1 Social expenditure in Oil and Gas sector

Quasi-fiscal expenditures refer to situations where state-owned entities undertake public social expenditure, such as payments for social services, public infrastructure, fuel subsidies, and national debt servicing, outside of the national budgetary process.

The Ministry of Infrastructure and Energy (MIE) and Albpetrol stated that the laws and regulations governing Albpetrol's activities do not include such arrangements. However, Albpetrol employs the largest share of employees in the petroleum industry, despite its declining activity. This could potentially indicate Albpetrol's commitment to employing a larger workforce, even at the expense of operational efficiency, driven by social objectives.

3.12.2 Social expenditure in Mining sector

The Government and the largest mining companies engaged in the mining sector have previously informed that currently-in-force Concession Agreements and mining permits do not include clauses regarding mandatory social payments to be performed by the mining companies in the benefit of the communities. The timing and amount of any social payment is decided by the mining companies at their discretion.

3.12.3 Social expenditure in Hydropower sector

In the hydropower sector in Albania, social expenditure refers to the investments and contributions made by hydropower companies to benefit local communities and civil society. These expenditures are often mandated by law or specified in contracts with the government. Some key aspects of social expenditure in this sector are as follows:

Infrastructure Development:

- ✓ Construction and maintenance of roads and bridges to improve access to remote areas.
- ✓ Building schools, healthcare centers, and other essential community infrastructure.

Environmental Conservation:

- ✓ Planting trees and restoring natural habitats affected by hydropower projects.
- ✓ Initiatives to maintain and improve the health of river ecosystems.

Community Support:

- ✓ Creating jobs for local residents during the construction and operation of hydropower plants.
- ✓ Providing training programs to enhance local skills and employability.
- ✓ Supporting local social programs, such as healthcare initiatives and educational scholarships.

3.13 Beneficial Ownership (EITI Requirement 2.5)

According to Requirement 2.5 (a) of the 2019 EITI Standard: It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity (ies) that apply for or hold a participating interest in an exploration or production of oil, gas or mining license or contract, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Where possible, beneficial ownership information should be incorporated in existing filings by companies to corporate regulators, stock exchanges or agencies regulating extractive industry licensing. Where this information is already publicly available, the EITI Report should include guidance on how to access this information.

The Government of Albania has published and maintains a registry since 2020 that lists all beneficial owners and their ownership stakes, as defined by the EITI. This registry is available on the QKB website and accessible to everyone.

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

In terms of transparency disclosures, the current practice includes providing updated information on the names of direct legal shareholders for domestic companies and parent companies for branches or representative offices of foreign companies. This information is accessible for all companies operating in Albania and can be found on the website of the National Business Centre. It is disclosed in the Commercial Register extract or in the accompanying documents.

The current legal definition of beneficial ownership is described in **Law No. 112/2020 "On the Register of Beneficial Owners"** for beneficial owners and the Anti-Money Laundering legislation (Law No. 9917, dated 19.05.2008, "On the Prevention of Money Laundering and Financing of Terrorism"), as amended. These laws align with the definition provided by the Inter-Institutional Working Group (MSG) and require entities subject to the law to identify and document beneficial owners.

Additionally, there are a number of secondary legal acts that regulate this matter. Below you will find the link where all information regarding the Legislation on Beneficial Owners is summarized:

<https://qkb.gov.al/legjislacioni/legjislacioni-p%C3%ABr-regjistrimin-e-pronarit-p%C3%ABrfitues/>

Regarding the Register of Beneficial Owners, it is public and anyone interested can access it:

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

3.14 Collection and distribution of extractive revenues (EITI Requirement 5.1)

AKBN is the only non-budgetary public institution collecting revenue in the extractive sector and not depositing it in the National budget. To fulfill requirement 5 in the EITI standard, AKBN must provide a disclosure of how these revenues are spent or allocated to other budgets.

Some information regarding the budget of the National Agency of Natural Resources (AKBN) is for the years 2019, 2020 and 2021 are published on its website at:

http://www.akbn.gov.al/wp-content/uploads/2022/03/Programi_i_transparences.html and will be supplemented in the Annex of the Report.

According to Requirement 5.1, the distribution of revenues from the extractive industry that are not included in the National Budget will be cleared in the Annex to this Report.

3.15 Auditing and accounting (EITI Requirement 4.9)

EITI standard 4.9 mandates an evaluation of whether payments and revenues are subject to a credible and independent audit, following international auditing standards. It is expected that these payments and revenues undergo this assurance process, and that the relevant supporting documents are publicly accessible.

In Albania, all entities, private companies and SOEs prepare their financial statements in accordance with Law no. 9228, dated 29.04.2004 "On Accounting and Financial Statements". Based on this law for general purpose financial reporting, two reporting frameworks are applicable in the jurisdiction: (i) National Accounting Standards (NAS) issued by the National Accounting Council (NAC) and (ii) International Financial Reporting Standards (IFRS) as issued by the IASB.

The Law on Statutory Audit and Organization of the Accountancy Profession No. 10091 of 2009 modified in April 2016 by Law No. 47/ 2016, stipulates provisions governing audit of financial statements. The law requires application of ISA, issued by the International Auditing and Assurance Standards Board (IAASB), in statutory audits of entities that meet certain thresholds, including those entities which apply NAS or IFRS (mandatory or voluntary).

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 and IFAC, and as well as the resolutions of the INTOSAI and EUROSAI Congresses, for the standards for government auditing.

The new Law No. 25/2018 on Accounting and Financial Statements was approved on May 10, 2018, by the Assembly of Albania; repealing Law No. 9228 dated April 29, 2004, on Accounting and Financial Statements, which comes into effect on January 1, 2019. This new law is partially harmonized with the European Union directive on annual financial statements, consolidated financial statements, and related reports.

Budgetary institutions for the years 2019-2020-2021 have prepared financial statements in accordance with Law No. 25/2018 "On Accounting and Financial Statements," as well as the Instruction of the Ministry of Finance No. 8, dated March 9, 2018, "On the procedures for the preparation, submission, and reporting of annual financial statements in general government units." Article 5 of Law No. 25/2018 specifies, based on the type of economic units, whether they should apply National Accounting Standards (NAS) or International Financial Reporting Standards (IFRS). NAS are developed by the National Council of Accounting (NCA) in accordance with IFRS and are mandatory for all public and private units when preparing their financial statements. The NCA continuously updates and publishes NAS and IFRS on its official website. In this context, the auditing of financial statements by the High State Audit is conducted in reference to the aforementioned legal framework, which is unified for all public units.

The existing laws on accounting and auditing for the years 2019-2021 provide specific requirements for the declaration or auditing of key performance indicators. Specifically, Articles 17 and 18 of Law No. 25/2018 specify the units that are obligated to prepare an Activity Progress Report and a Non-Financial Report, which include data on the unit's performance, the impact of its activities on the environment, social issues, etc.

The determination of the MSG of Albania to improve data quality is reflected in Article 21 of this law, which encompasses EITI requirements and mandates entities to "report on payments made to state institutions." Large entities and public interest entities engaged in activities related to the exploration of natural resources such as minerals, oil, natural gas, etc., are required to prepare and publish an annual report on payments made to state institutions. Similar requirements, with certain exceptions, also apply to entities that, under this new law, are obliged to prepare consolidated financial statements.

3.16 Management of environment and environmental expenditure (EITI Requirement 6.1 and 6.4)

The primary legislations that govern environmental regulatory compliance in Albania include:

- LAW No. 53/2020, dated April 30, 2020, ON SOME AMENDMENTS TO LAW No. 10 431, dated June 9, 2011, "ON ENVIRONMENTAL PROTECTION," AS AMENDED;
- LAW No. 52/2020, dated April 30, 2020, ON SOME AMENDMENTS TO LAW No. 10 448, dated July 14, 2011, "ON ENVIRONMENTAL PERMITS," AS AMENDED;
- LAW No. 72/2021, dated May 27, 2021, ON AN AMENDMENT TO LAW No. 10 081, dated February 23, 2009, "ON LICENSES, AUTHORIZATIONS, AND PERMITS IN THE REPUBLIC OF ALBANIA," AS AMENDED;
- LAW No. 67/2024, dated July 4, 2024, ON SOME AMENDMENTS AND SUPPLEMENTS TO LAW No. 10 440, dated July 7, 2011, "ON ENVIRONMENTAL IMPACT ASSESSMENT," AS AMENDED;

- DECISION No. 97, dated February 14, 2018, ON SOME AMENDMENTS AND SUPPLEMENTS TO DECISION No. 419, dated June 25, 2014, OF THE COUNCIL OF MINISTERS, "ON THE APPROVAL OF SPECIAL REQUESTS FOR THE REVIEW OF APPLICATIONS FOR ENVIRONMENTAL PERMITS OF TYPES A, B, AND C, FOR THE TRANSFER OF PERMITS FROM ONE ENTITY TO ANOTHER, THE CONDITIONS FOR THE RESPECTIVE ENVIRONMENTAL PERMITS, AND DETAILED RULES FOR THEIR REVIEW BY COMPETENT AUTHORITIES UNTIL THE ISSUANCE OF THESE PERMITS BY THE QKL";
- DECISION No. 462, dated July 26, 2023, ON SOME AMENDMENTS TO DECISION No. 417, dated June 25, 2014, OF THE COUNCIL OF MINISTERS, "ON THE APPROVAL OF ENVIRONMENTAL PERMIT FEES."

The Law on Environment outlines the general principles, regulations, and procedures for environmental protection in the Republic of Albania. It establishes the institutional framework centered around the National Environment Agency, whose main responsibilities include monitoring the environment, managing environmental information, and ensuring compliance with operators' responsibilities.

The Petroleum Law clearly states that the Contractor is obligated to comply with the environmental protection law in the Republic of Albania. According to the law, before commencing operations and obtaining the necessary permits, any entity must conduct an environmental impact assessment in accordance with the Law on Environmental Impact Assessment (EIA). The purpose of this assessment is to identify risks and take timely measures to prevent them.

Under Article 50, points 1 and 6 of the Law on Environment, an operator conducting activities that impact the environment has the following responsibilities:

- ✓ Implementing necessary preventive measures
- ✓ Remedying any harm caused and undertaking environmental rehabilitation.
- ✓ Informing and notifying the National Environment Agency about any potential harm or specific risks resulting from its activities.

The principle of "polluter pays" is a fundamental concept in the Law on Environment, which means that the operator is held responsible for the costs associated with environmental protection measures related to their activities. According to the Law on Environment, any activity that causes pollution to the environment can only be carried out in the Republic of Albania after obtaining an environmental permit and complying with the corresponding regulations.

In the case of petroleum operations, it is mandatory for the operator to obtain an environmental permit in accordance with the Law on Environmental Permits. This law outlines the rights and obligations of the operator. Failure to comply with these rules is considered a violation of the law and can result in administrative fines imposed by the environmental inspectorate.

The National Environment Agency serves as the central institution for environmental protection. Its main responsibilities include monitoring the environment, managing environmental information, and ensuring compliance with the operators' responsibilities.

Recently, the Minister approved the "Regulation on waste of drilling", that sets out rules with regard to the treatment, transport and annihilation of waste from the drilling of wells. The Regulation on waste of drilling stipulates that the administration of waste from drilling can be carried out only from specialized companies, which have been approved by the Ministry. Any Contractor performing petroleum operations in the Republic of Albania has to enter into a contract with such specialized companies for this task.

In addition, Petroleum Agreements usually contain detailed provisions with regard to environment protection, rehabilitation etc. Such provisions are obligatory and charge the Contractor with additional responsibilities with regard to environment protection.

3.17 Local content

3.17.1 Local content in Oil and Gas sector

Local content preferences in the oil and gas sector in Albania are designed to ensure that the benefits of resource extraction extend to the local economy and communities. These preferences are typically embedded in legislation and contractual agreements.

Legislative Framework – Albania has implemented laws and regulations that require oil and gas companies to prioritize local employment and procurement.

Employment Preferences

- ✓ Hiring Local Workforce: Companies are often required to hire a certain percentage of their workforce from the local population.
- ✓ Training Programs: To support local employment, companies may also be required to provide training and development programs for local workers, enhancing their skills and employability in the oil and gas sector.

Procurement Policies

- ✓ Local Suppliers: Oil and gas companies are encouraged or mandated to source goods and services from local suppliers.
- ✓ Capacity Building: Companies may also invest in building the capacity of local suppliers to meet industry standards, ensuring that they can compete effectively for contracts.

Community Development – Beyond employment and procurement, companies often invest in community development projects.

Monitoring and Reporting – Companies are typically required to report on their local content performance, including the percentage of local employees and the value of contracts awarded to local suppliers.

These local content preferences are designed to ensure that the oil and gas sector contributes to sustainable economic development in Albania, benefiting local communities and the broader economy.

3.17.2 Local content in Mining sector

Local content in the mining sector in Albania refers to the policies and practices aimed at maximizing the economic benefits of mining activities for local communities and the national economy.

Legislative Framework

- ✓ Mining Law: Albania's mining legislation includes provisions that encourage the use of local labor, goods, and services. This is designed to ensure that the benefits of mining activities are shared with local communities.
- ✓ Regulations: Specific regulations may require mining companies to prioritize local suppliers and contractors, fostering the development of local businesses and industries.

Employment Preferences

- ✓ Mining companies are often required to hire a certain percentage of their workforce from the local population. This helps in creating job opportunities and building local capacity.
- ✓ To support local employment, companies may provide training and development programs for local workers, enhancing their skills and employability in the mining sector.

Procurement Policies

- ✓ Companies are encouraged or mandated to source goods and services from local suppliers. This includes everything from construction materials to catering services, which helps stimulate the local economy.
- ✓ Mining companies may invest in building the capacity of local suppliers to meet industry standards, ensuring that they can compete effectively for contracts.

Monitoring and Reporting – Companies are typically required to report on their local content performance, including the percentage of local employees and the value of contracts awarded to local suppliers.

3.17.3 Local content in Hydropower sector

Albanian legislation includes preferences for employing local citizens in the hydropower sector. These preferences are often embedded in concession agreements and other regulatory frameworks to ensure that local communities benefit from hydropower projects.

- ✓ **Concession Agreements** include clauses that prioritize the employment of local citizens. This helps to ensure that the economic benefits of these projects are shared with the local population.
- ✓ **Albanian labor laws** encourage the hiring of local workers. Companies operating in the hydropower sector are often required to comply with these laws, which include provisions for fair wages, working conditions, and the prioritization of local employment.
- ✓ **Community Benefits:** As part of their social responsibility, hydropower companies often implement programs aimed at training and employing local residents. This not only provides job opportunities but also helps in building local capacity and skills.
- ✓ **Government Initiatives:** The Albanian government supports initiatives that promote local employment in the energy sector, including hydropower. These initiatives are part of broader efforts to boost local economies and ensure sustainable development.

These measures collectively ensure that local communities benefit from hydropower projects through job creation and economic development.

3.18 Production data in the extractive sector (EITI Requirement 3.2)

3.18.1 Production data in Oil and Gas Sector

Albpetrol is an Albanian state-owned entity (SoE) Oil and Gas upstream company holds shares in oil produced by the companies operating in areas under its administration. Production data reported by Albpetrol regarding its contracting companies is as follows:

	2019		2020		2021	
	Million	Value	Million	Value	Million	Value
	barrels	(USD)	barrels	(USD)	barrels	(USD)
Gas & oil	58	288	45	149	41	227

Source: Albpetrol reporting templates

3.18.2 Production data in mining Sector

The table below sets out the production quantities of mining sector during 2019-2021:

	2019	2020	2021
Production quantities (in minerals, in tons) (1)	1,282,397	4,844,288	5,643,033
Value (Al 000 000) (2)	79,927	78,367	102,497

Source: (1) AKBN, (2) Total revenues, GTD

3.18.3 Production data in hydro-power Sector

The table below sets out the production quantities of companies from the hydro-power and photovoltaic sectors during 2019-2021:

MW H	2019	2020	2021
Photovoltaic Sector	22,196	32,265	40,756
HydroEnergy Sector	4,537,484	4,712,074	8,962,699
Total	4,559,680	4,744,339	9,003,455

Source: ERE reports

3.19 Contribution of the extractive sector to the economy (EITI Requirement 6.3)

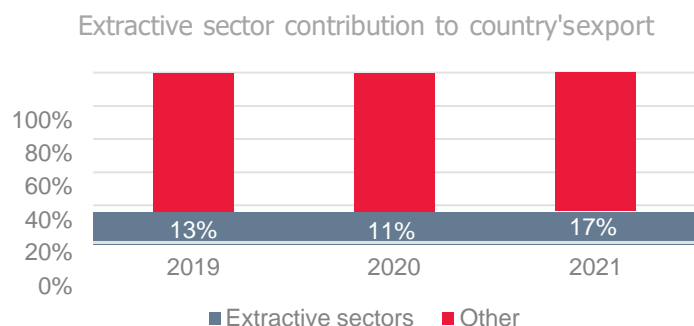
Based on the economic data, the contribution of Mining sector to GDP in 2019-2021 was as follows:

Al 000	2019	2020	2021
Mining and quarrying	48,200,240	34,371,480	40,873,190
Total GDP	1,691,903,420	1,647,431,070	1,856,172,290
Contribution to GDP	2.8%	2.1%	2.2%

Source: INSTAT

INSTAT does not disclose disaggregated data for oil and power sector separately.

According to the Bureau of Statistics of Albania, the Gross Domestic Product (GDP) from the extractive sectors for FY 2019 accounted for 4.9% of total GDP. In 2020 and 2021 extractive sector contribution to the GDP accounted for 4.2% of the total GDP.



The value of exports from the extractive sectors in 2019, 2020 and 2021 respectively amounted to ALL 39.8 billion, ALL 30.5 billion and ALL 61 billion accounting for 13%, 11% and 17% of the total exports of the country.

3.19.1 Contribution of Oil and Gas Sector

The contribution of revenue from the Oil and Gas sector to the government during the fiscal years 2019-2021 are set out in the table below:

ALL 000	2019	2020	2021
Oil&Gas	1,491,949	642,711	2,057,140
Total Government revenue	460,348,690	425,904,780	510,950,990
Oil&Gas revenue, %	0.3%	0.2%	0.4%

Source: EITI Reporting templates, Ministry of Finance

Source: EITI reporting templates, Ministry of Finance

The Oil and gas revenues during FY 2019 is composed of royalties, VAT, social and health insurance, corporate income tax, etc. generated at state-owned entities, amounted to ALL 1,492 million. The drop in oil and gas revenues between FY 2019 and 2020 is associated with a drop in royalties and corporate income tax.

The contribution of Oil and gas sector comprised 72%-78% of Mineral fuels, mineral oils and their distillation products exports in 2019-2021, as follows:

Volume, ton	2019	2020	2021
Oil&Gas export	631,474	577,321	547,835
Mineral fuels, mineral oils and their distillation products	836,885	736,895	756,988
Oil&Gas export, %	75.5%	78.3%	72.4%

Source: EITI Reporting Templates INSTAT

The contribution of the oil and gas sector to the total employment during the fiscal years 2019-2021 are set out in the table below:

#	2019	2020	2021
Employment in Electricity and Gas sector	10,431	10,591	10,794
Total employment	530,853	503,986	519,240
Employment in Electricity and Gas sector, %	2.0%	2.1%	2.1%

Source: INSTAT

3.19.2 Contribution of Mining Sector

The contribution of reported revenues from the mining sector to the governmental revenues in 2019-2021 was as follows:

ALL 000	2019	2020	2021
Mining	343,592	286,168	289,872
Total Government revenue	460,348,690	425,904,780	510,950,990
Mining revenue, %	0.1%	0.1%	0.1%

Source: GTD, Ministry of Finance

Export data of mining companies (as reported by GTD) and total industrial export (as reported by INSTAT) in 2019-2021 are as follows:

ALL 000	2019	2020	2021
Mining export (*)	10,622,044	8,173,037	6,246,948
Total export (industry)	242,633,000	216,178,000	304,985,000
Mining, %	4.4%	3.8%	2.0%

Source: GTD, INSTAT

(*) Mining companies' revenue from mining export

The contribution of the mining sector to the employment in 2019-2021 is as follows:

#	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Mining employment	1,875	1,724	10,540	1,560	10,892	1,593
Total employment	530,853		503,986		519,240	
Mining, %	2.56%		2.40%		2.40%	

Source: GTD, INSTAT

3.19.3 Contribution of hydro-power Sector

n/a

4 Defining the reporting scope

The work included a general understanding of the extractive sector in Albania. Government Agencies have been consulted in order to collect relevant information on the size of the extractive sectors in Albania, their contribution to the economy and to government revenues, as a part of the process to define the scope for EITI reporting for the fiscal years 2019, 2020 and 2021.

4.1 Fiscal years (EITI Requirement 4.8)

Requirement 4.8 of the 2019 EITI Standard states: "Implementing countries are expected to publish regular and timely information in accordance with the EITI Standard and the agreed work plan (1.5) on an annual basis. The multi-stakeholder group should agree the accounting period covered by the EITI disclosures. The data must be no older than the second to last complete accounting period, e.g., information pertaining 2020".

The terms of reference states that the collection of payments and revenue data from the government agencies and LGUs respectively relate to the fiscal years, 2019, 2020 and 2021.

Additionally, the ALBEITI MSG has decided to prepare the EITI report for the abovementioned years using the flexible EITI reporting.

4.2 Revenue flows

With regards to the revenue streams set out in Requirements 4.1-4.2, the multi-stakeholder group has agreed that the following revenue streams from the extractive sector are material and should be considered in the EITI Report:

- ✓ Royalties;
- ✓ Signature Bonuses;
- ✓ Share of oil production;
- ✓ Tax on dividends;
- ✓ Profit tax;
- ✓ Tax penalties;
- ✓ VALUE ADDED TAX (VAT);
- ✓ Dividend Paid To MIE;
- ✓ Other Significant Payments to The State;
- ✓ State's share of production collected in-kind.

The Multi-stakeholder group has agreed that the revenue streams from the extractive sector listed below are material and should be unilaterally disclosed by the government in the EITI Report rather than reconciled with company figures:

- ✓ Sales of goods and services by government units;
- ✓ Voluntary transfer to government (donations).

Furthermore, according to ToRs, additional benefit streams will be included in our assessment for the EITI 2019, 2020 and 2021 report, as follows:

- ✓ Infrastructure and barter arrangements (Requirement 4.3);
- ✓ Social security contribution employer;
- ✓ Taxes On Payroll;
- ✓ Mandatory and voluntary social payments(Requirement 6.1(a), 6.1 (b));
- ✓ Mandatory Environmental payments (where material);
- ✓ Transportation revenues (Requirement 4.4);
- ✓ Voluntary transfers to government (donations);
- ✓ Excise tax;
- ✓ Subnational direct payments to LGUs (when material).

To discussion on each revenue stream please refer to the Inception report.

4.3 Level of disaggregation (EITI Requirement 4.7)

EITI International Secretariat has decided the project-level reporting will be required for all reports covering fiscal years ending on or after 31 December 2018. Given the EITI's "two-year rule" (requirement 4.8), this would effectively require project-level reporting by all countries by 31 December 2020 at the latest.

The MSG Albania asked us to take into account a definition for "project" (decision No.1 of the MSG, 17/2/2023 in which MSG decided that for the scope of the EITI reporting "project" will be the NUIS/NIPT), as per the requirements placed by EITI in standard requirement 4.7, for the purpose of ALBEITI Report 2019, 2020 and 2021.

We agreed with the MSG decision, hence, the data for the project-level reporting will be required based on the following:

- a. In the gas and oil sector, the "Petroleum Agreement" concluded for a specific "Contract Zone";
- b. In the mining sector, the "Mining Permit" for a specific "Permit Zone";
- c. In the hydro-energy sector, the specific "Production License".

Following MSG's Albania decision that the financial data should be disaggregated by project, where levied by project, we suggested to continue the proposed in previous EITI report exercise of project level disaggregation for those revenue streams where it may be possible, as an appropriate approach to reach the EITI requirements for the coming years.

As such, based on above definition of "project", we proposed to request and collect information on project level for years 2019, 2020 and 2021 for the following (but not limited to) revenue streams:

- Signature Bonuses;
- Royalties;
- Share of Production allocated to the National Oil Company;
- Concessionary fee;
- Regulatory tariff paid to ERE.

We also suggested that information on project level will be required for other financial and non-financial information that will form part of the statistics of the EITI Report, like: chromium, copper, iron-nickel, nickel silicate, clay, gypsum alabaster etc.

Furthermore, the business activity of the companies operating in oil and gas are only related to production or research and discovery of the oil and gas fields. We agreed that reporting all the payments on company/NUIS level for this sector would represent in full the activity of the sector, further disaggregation will not constitute any benefit in terms of reporting for EITI requirements.

The same goes for the hydro-energy sector – drawing from a legal analysis, a subject operating in this sector may only hold one license of production, so one company/NUIS represent one production license. Consequently, reporting all the payments on company/NUIS level for this sector would represent in full the activity of the sector, further disaggregation will not constitute any benefit in terms of reporting for EITI requirements.

The situation is different for the mining sector. The problem in this sector is that companies have other business activities despite the mining under the same NUIS. Disaggregation of the payments of tax liabilities in a "project" level is not possible based on the actual law constrains. Consequently, even though we will collect government data reported on "mining license" level for some of the payment streams stated above, we forecast that such reporting will not be possible.

4.3.1. Oil and Gas companies

Oil and gas sector had the largest share of contribution to the Government's revenue since the initial implementation of EITI in Albania. The sector is dominated by few key players, each considered to be material and selected for reporting. The MSG has selected all companies operating in oil and gas exploration and/or production license to report their payments. EITI reports for the years 2019, 2020 and 2021 will cover the following:

#	Activity	Entity	Reporting year	Location where the activity is conducted	Product	Production, ton			Revenue, net, USDk		
						2019	2020	2021	2019	2020	2021
1	Production	Bankers Petroleum Albania Ltd	2019-2021	Patos-Marinez	Oil,gas	884,392	674,256	607,144	272,132	137,417	217,508
2	Production	Anio Oil & Gas Sha ish Trans Atlantik (Albania Ltd)	2019-2021	Balsh -Hekal	Oil,gas	24,410	26,192	27,735	6,049	4,392	6,061
3	Production	Delvina Gas Company LTD	2019-2021	Vendburimi i Delvines	Gas and Condensate	n/a	n/a	n/a	n/a	n/a	n/a
4	Production	TRAN SOIL GROUP AG (IEC Visoka) Shpk	2019-2021	Visoke	Oil,gas	17,778	14,732	14,672	2,797	1,815	3,669
5	Production	Sherwood Intemacional Petroleum Ltd	2019-2021	Kuçove	Oil,gas	1,173	1,091	1,125	302	231	398
6	Production	Fin Pek Petroleum Sha (Phoenix) Petroleum	2019-2021	Vendburimi i metenafitës Pekisht-Mur Finiq-Krane	Oil,gas	502	203	1,253	66	33	236
7	Production	Albpetrol Sha	2019-2021	Fier	Oil,gas	n/a	n/a	n/a	n/a	n/a	n/a
8	Exploration	Shell Upstream Albania BV	2019-2021	Kerkim Bloku 2+3	Oil,gas	n/a	n/a	n/a	n/a	n/a	n/a
9	Exploration	Shell Upstream Albania BV	2019-2021	Kerkim Bloku 4	Oil,gas	n/a	n/a	n/a	n/a	n/a	n/a

4.3.2. Mining companies

Mining sector contains an increasing number of medium and small-scale mining and quarry companies, and only a couple of large-scale industrial mining companies.

In 2019, 2020 and 2021, AKBN reported a number of over 560 active licensees in production stage and 2 in exploration stage in the country. MSG on decision date 17.01.2023 defined selection criteria based on revenues and ensured selection of the entities contributing over \$350,000 to sector's revenues in 2021 (2019-2020 over \$250,000). Based on this decision, the selection resulted in 80 companies (including 2 companies in prospecting-exploration phase) in 2021 (76 in 2019 and 71 in 2020).

We performed independent analysis concerning whether the criteria for the materiality threshold set by MSG were met as listed in the terms of our contract dated 11 October 2023. Results of our examination are reported in the Inception Report.

Following our examination, an enquiry was made to the General Tax Directorate to collect accurate data on mining companies' revenues.

Based on the selection criteria, the selection resulted in 180 companies in 2021 (200 in 2019 and 171 in 2020).

The list of the companies is presented in Annex 1.

4.3.3 Hydro Power Producers

In the hydro energy sector MSG selection applied in order to ensure above 85% of production output. The selection resulted in 15 power production companies for 2019, 2020 and 2021,

including the state owned entity KESH Sh.a, and also 5 companies from the renewable energy sector.

The energy sector is a regulated market in Albania where the production prices of energy are fixed form ERE. So, the level of production is automatically linked to the level of revenues generated and size of the company.

Based on this analysis we agree with the MSG decision to select the largest producers for the reporting purposes. This decision is in line with the size and contribution of the sector.

We performed our independent calculations of the relative weight of each licensee's output to the total annual output based on ERE public data reported for 2019, 2020 and 2021. Based on this, the 15 largest HPP producers have contributed with over 90% in annual output in 2019 and 2020. As for 2021 – the 15 largest producers contributed over 85% of annual output. The highest contribution of non-selected entities individually was less than 0.4%. If the number of subjects would be increased by 10, the contribution to production would be increased by an amount of around 2% only. In order to keep the reporting quality we suggest remaining with 15 largest producers that contributed 86% to sector's total output in 2021.

The largest producers agreed on for the reporting purposes are as follows:

No	Entity	Reporting year	2019	2020	2021
1	KESH sh.a.	2019-2021	2,979,252	3,090,199	5,343,974
2	DEVOLL HYDROPOWER	2019-2021	153,357	295,547	683,274
3	Kurum International sh.a	2019-2021	330,742	303,063	406,632
4	AYEN AS ENERGIJA sh.a	2019-2021	257,496	256,880	336,083
5	ENERGIJASHTA	2019-2021	191,495	187,223	295,245
6	"DITEKO" sh.p.k	2019-2021	99,035	93,483	125,775
7	EURON Energy Group				
8	Alb-Energy shpk	2019-2021	109,797	10,190	125,626
9	Energialshpk				
10	POWER-ELEKTRIK-SLABNJE	2019-2021	40,396	43,890	74,350
11	Seka Hydropower shpk	2019-2021			52,123
12	ERDAT LURA	2019-2021	34,265	28,272	48,247
13	GJO-SPA POWER shok	2019-2021	45,110	42,562	47,070
14	Denas Power	2019-2021			43,701
15	Prele Energji	2019-2021			43,066
16	Hydro Seta	2019-2021			41,470
17	Hec Tervolishpk	2019-2021			34,539
18	"Balkan Green Energy" sh.p.k (ish ESEGEI)	2019-2021	-	46,149	-
19	ENERGY PLUS	2019-2021	-	37,285	
20	"Hec Ianabregas" sh.a	2019-2021	-	28,263	
	Subtotal		4,240,945	4,563,006	7,701,175
	% of total		93%	97%	86%

Total	4,537,484	4,712,074	8,962,699
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Electricity Production, MW H

4.3.3. Photovoltaic power producers

We performed our independent calculations of the relative weight of each licensee's output to the total annual output based on ERE public data reported for 2019, 2020 and 2021. Based on this, the 5 largest photovoltaic producers have contributed with 78% in annual output in 2019 and 64% in 2020. In 2021 5 largest producers contributed 52% in annual output, therefore, we suggest adding 2 additional producers to reach a higher market coverage, as follows:

No	Entity	Reporting year	Electricity Production, MW H		
			2019	2020	2021
1	Plig, Lushnjë	2019-2021	1,844	3,946	4,469
2	FV Lugano	2019-2021			4,304
3	FV SMARTWATT	2019-2021		243	4,290
4	Topoçë (Sheq Marinat) 2	2019-2021	3,891	4,124	4,049
5	Sem an - 2	2019-2021	3,840	4,19	4,021
6	Topoçë	2019-2021	3,905	4,095	4,001
7	Topoçë (Sheq Marinat)	2019-2021	3,903	4,100	3,990
	Subtotal		17,383	20,627	29,124
	<i>% of total</i>		78%	64%	71%
	Total		22,196	32,265	40,756

4.4 Government agencies and local Government Units (LGUs) (EITI Requirement 4.1.d)

The MSG determined that all major government entities that receive extractive-related revenues from companies meeting the materiality threshold are in-scope and their revenues will be included for reporting. Based on these criteria, the MSG identified the following government entities as in-scope for the ALBEITI reporting:

1. Ministry of Infrastructure and Energy and Industry (MIE);
2. Ministry of Finance and Economy (MFE);
3. Ministry of Tourism and Environment;
4. Energy Regulatory Entity (ERE);
5. General Tax Directorate;
6. General Customs Directorate;
7. National Agency of Natural Resources (AKBN);
8. Albania Geological Survey (SHGJSH);
9. National business center (QKB);
10. INSTAT.

We understand that these entities will provide the data on the revenues collected from company payments for disclosure in the EITI report.

We understand that MSG has selected 8 municipalities (LGU) for reporting in EITI 2019-2021 Report:

1. The Municipality of Patos;
2. The Municipality of Rroskovec;
3. The Municipality of Fier;
4. The Municipality of Bulqizë;
5. The Municipality of Lushnjë;
6. The Municipality of Krujë;
7. The Municipality of Mallakastër;
8. The Municipality of Selenicë.

This selection reflects the concentration of production activity for the main minerals of petroleum, chromium, copper and non-metallic minerals and includes a local units that have received an amount of revenue over >1,500,000 (All).

5 Analysis of reported data

Prior to sending out the reporting templates to the government entities and LGUs, several steps were undertaken to re-confirmed a list of relevant companies. Such procedure revealed inaccuracies in the mining companies' data provided by AKBN, which would not let proceed with the listing in accordance with the materiality threshold. The AKBN representatives confirmed that the financial information (i.e. revenues) for the mining activities is not accurate and advised to collect the data from the General Tax Directorate. The enquiries to the General Tax Directorate were made right after, however, the revised data was received.

Despite the above, the reporting templates were sent only to Albpetrol, which successfully completed the reporting in a short period.

Additionally, the GTD provided financial data for the mining companies, which refer to revenues (both local and export), mining royalties, and employment during the years 2019-2021.

This report has been prepared up to this stage based on data received until September 4, 2024. Meanwhile, a substantial amount of data has been obtained from the relevant institutions, which will be published in the Annex of this report.

5.1 Analysis of total extractive revenues

Total extractive revenues are made up of the unilateral disclosure of payments by extractive entities and unilateral disclosure of revenues by Government Agencies / LGUs, as detailed below:

Summary of reported revenues for 2019:

Reporting entity	Unilateral disclosure			Total revenue by sector			
	By Gov. agency / LGU	By company	Total reported revenue	Oil and Gas	Mining	Hydro-energy	Photovoltaic
Ministry of Infrastructure and Energy and Industry (MIE)	n/a	n/a	-			n/a	n/a
Ministry of Finance and Economy (MFE)	n/a	n/a	-			n/a	n/a
Ministry of Tourism and Environment	n/a	n/a	-			n/a	n/a
Energy Regulatory Entity (ERE)	n/a	n/a	-			n/a	n/a
General Tax Directorate	343,592		343,592	343,592	n/a	n/a	
General Customs Directorate	n/a	n/a	-			n/a	n/a
National Agency of Natural Resources (AKBN)	n/a	n/a	-			n/a	n/a
Albania Geological Survey (SHGJSH)	n/a	n/a	-			n/a	n/a
National business center (QKB)	n/a	n/a	-			n/a	n/a
INSTAT	n/a	n/a	-			n/a	n/a
State owned entities		1,491,949	1,491,949	1,491,949		n/a	n/a
Total 2019	343,592	1,491,949	1,835,541	1,491,949	343,592	-	-

Source: EITI reporting templates, EITI Secretariat, GTD

Summary of reported revenues for 2020:

ALL 000 Reporting entity	Unilateral disclosure			Total revenue by sector				
	By Gov. agency /		By company	Total reported revenue	Oil and Gas	Mining	Hydro-	
	IGU						energy	Photovoltaic
Ministry of Infrastructure and Energy and Industry (MIE)	n/a	n/a	n/a	-			n/a	n/a
Ministry of Finance and Economy (MFE)	n/a	n/a	n/a	-			n/a	n/a
Ministry of Tourism and Environment	n/a	n/a	n/a	-			n/a	n/a
Energy Regulatory Entity (ERE)	n/a	n/a	n/a	-			n/a	n/a
General Tax Directorate	286,168			286,168		286,168	n/a	n/a
General Customs Directorate	n/a	n/a	n/a	-			n/a	n/a
National Agency of Natural Resources (AKBN)	n/a	n/a	n/a	-			n/a	n/a
Albania Geological Survey (SHGJSH)	n/a	n/a	n/a	-			n/a	n/a
National business center (QKB)	n/a	n/a	n/a	-			n/a	n/a
NSTAT	n/a	n/a	n/a	-			n/a	n/a
State owned entities			642,71	642,71	642,71		n/a	n/a
Total 2020	286,168	642,71	928,879	928,879	642,71	286,168	-	-

Source: EITI reporting templates, EITI Secretariat, GTD

Summary of reported revenues for 2021:

ALL 000 Reporting entity	Unilateral disclosure			Total revenue by sector				
	By Gov. agency /		By company	Total reported revenue	Oil and Gas	Mining	Hydro-	
	IGU						energy	Photovoltaic
Ministry of Infrastructure and Energy and Industry (MIE)	n/a	n/a	n/a	-			n/a	n/a
Ministry of Finance and Economy (MFE)	n/a	n/a	n/a	-			n/a	n/a
Ministry of Tourism and Environment	n/a	n/a	n/a	-			n/a	n/a
Energy Regulatory Entity (ERE)	n/a	n/a	n/a	-			n/a	n/a
General Tax Directorate	289,872			289,872		289,872	n/a	n/a
General Customs Directorate	n/a	n/a	n/a	-			n/a	n/a
National Agency of Natural Resources (AKBN)	n/a	n/a	n/a	-			n/a	n/a
Albania Geological Survey (SHGJSH)	n/a	n/a	n/a	-			n/a	n/a
National business center (QKB)	n/a	n/a	n/a	-			n/a	n/a
NSTAT	n/a	n/a	n/a	-			n/a	n/a
State owned entities			2,057,140	2,057,140	2,057,140		n/a	n/a
Total 2021	289,872	2,057,140	2,347,012	2,347,012	2,057,140	289,872	-	-

Source: EITI reporting templates, EITI Secretariat, GTD

5.2 Analysis of total extractive revenues – by sector

The table below shows the contribution of each sector to the Government revenues in 2019-2021:

ALL 000	2019	2020	2021
Oil and Gas	1,491,949	642,71	2,057,140
Mining	343,592	286,168	289,872
Hydro-power	n/a	n/a	n/a
Photovoltaic	n/a	n/a	n/a
Total	1,835,541	928,879	2,347,012

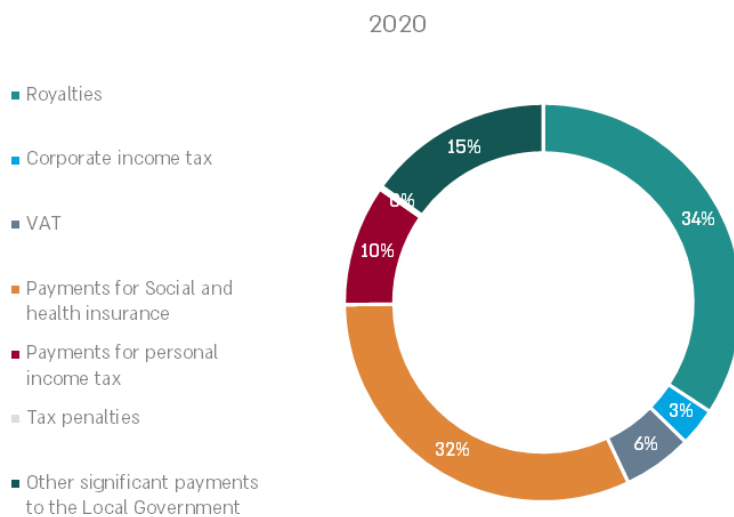
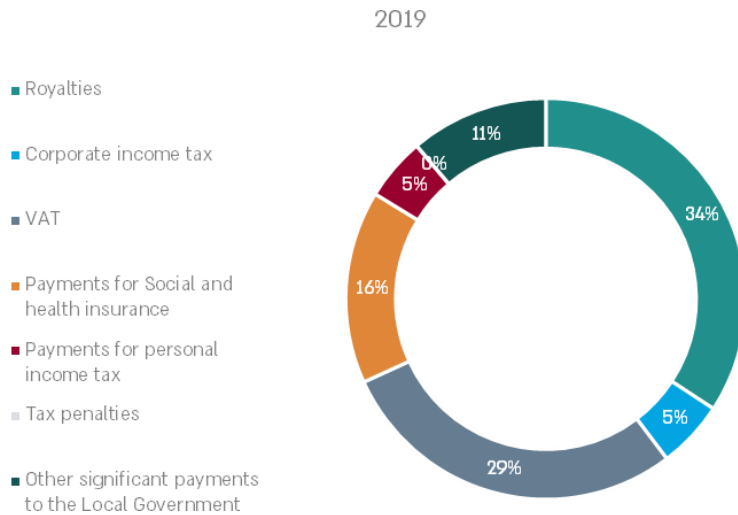
Source: All petrol reporting templates, EITI Secretariat, GTD (Mining royalties)

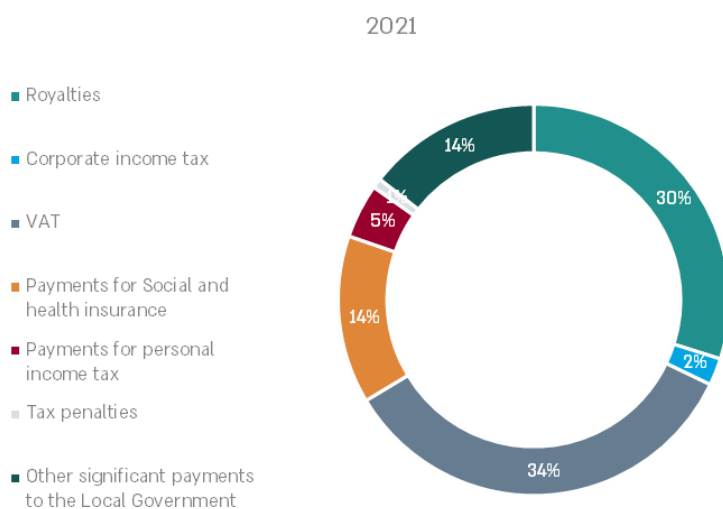
5.3 Analysis of total extractive revenues – by revenue stream

The analysis of payment flows by contribution shows that Royalty fees represent 34%, 34% and 30% of the total extractive revenues during 2019-2021, respectively:

ALL 000	2019	2020	2021
Royalties	628,387	317,921	701,441
Corporate income tax	100,100	28,993	52,688
VAT	523,14	52,320	804,291
Payments for Social and health insurance	285,712	295,809	325,782
Payments for personal income tax	93,150	91,408	105,140
Tax penalties	63	2,318	19,133
Other significant payments to the Local Government	205,014	140,10	338,537
Total	1,835,541	928,879	2,347,012

Source: Albpetrol reporting templates, EIT Secretariat, GTD Mining royalties)





5.4 Social and environmental expenditure disclosed by extractive entities (EITI Requirement 6.1)

Social and environmental expenditure disclosed in Albpetrol reporting templates refers to expenditure held by its contracting entities, presented as follows:

USD	2019	2020	2021
Invested amount for Environment	253,129	21,369	299,510
Invested Amount for the Community	2,691,821	1,200,753	974,983
Total	2,944,950	1,412,122	1,274,493

Source: Albpetrol reporting templates – contractors only

6 Implementation status of EITI recommendations

The EITI standard requires taking steps to act upon lessons learnt with a view to strengthening the impact of EITI implementation on natural resource governance, and to consider the recommendations resulting from EITI implementation.

To improve the EITI reporting process in Albania, we present below the progress made in implementing the recommendations that were set out on the previous EITI report.

6.1 Concluding comment on recommendations

In line with EITI Requirement 7.3 entitled 'Recommendations from EITI Implementation', the multi-stakeholder group is required to take steps to act upon lessons learnt, to identify, investigate and address the causes of any information gaps and discrepancies, and to consider the recommendations resulting from EITI implementation.

Lack of action on some of the ALBEITI Report's recommendations will hamper progress by ALBEITI in meeting the requirements of the EITI Standard. This also impedes:

- preventative actions to correct and address discrepancies between declarations by Government Agencies and by the extractive entities;
- the data quality and comprehensiveness of the disclosures, which may reduce the public's confidence in the ALBEITI Report's data. This would also compromise the fundamental purpose of EITI open data being a tool for government in improving policy making and sector Management as stipulated in Section 8 of the EITI Standard.

6.2 Status of recommendations of prior fiscal year report

We identified areas that can be further improved to enhance the EITI reporting process during the course of this assignment. The Albanian Inter-Institutional Working Group (MSG) is responsible for determining the relative merit of each recommendation and the timeline for implementation if it is accepted.

The recommendations listed in the previous EITI report and their current status, as well as the updated recommendations, are as follows:

6.2.1 Reporting of public entities

This section lists previous issues, our approach and recommendation, as well as progress made throughout the reporting years:

Lack of centralized reporting at government level

Description

The Central Government reporting system cannot produce data on total taxes paid by individual taxpayers. It is our understanding that the Government's cash collection activities and payments are recorded into a single cash management system: the Treasury system .In previous reporting cycles we have been 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, the MSG has opted to request information from all government agencies that collect substantial

Recommended actions:

In order to facilitate the reconciliation procedure, the system used by the government would have to support the reporting of analytical data, disaggregated per payment, and categorized by NUIS and revenue stream.

In the long term, establishing a dedicated platform for EITI reporting to be used by both private and public entities would significantly impact the quality of reporting. All parties would have more knowledge regarding the information they are required to disclose ,and the reporting of both parties. This would incentivize accurate reporting, increase reporting party readiness, and

cash flows from the sectors in scope, instead of deriving information from a single source.

provide greater transparency on the revenue collected by the government.

Related agencies: Government

Current status: No progress was made. During the scoping stage, we understood that the data is to be collected from each respective government agency.

Reporting from Local Government Units

Description

Reporting licensees' activity extends to a large number of local government units. In this reporting cycle, the MSG selected six LGUs to report EITI flows. This selection reflects the concentration of production activity for the main minerals of petroleum, chromium, copper and non-metallic minerals and includes a local units that have received an amount of revenue over >1,500,000 (All).

Despite the legal requirements, and continuous cooperation among the AlbEiti secretariat and certain LGUs, their reporting was incomplete , significantly delayed, and contained many discrepancies .

The Petroleum Law and Law on Mining request operating licensees ,respectively in the oil & gas and mining sector, to report data and information in accordance with the EITI Standard. Additionally, both laws demand reporting from the General Directorate of Taxes, Albanian Customs Administration and the central and local public institutions collecting revenue from the sector. Although reporting is required, the lack of willingness to participate in reporting points to a lack in enforcement of these requirements.

Recommended actions:

LGUs have certain autonomy in taxing businesses operating in their districts. To improve the transparency on payments of local taxes ,fees, contributions, and other activities resulting in revenue LGUs generate from the sectors, we recommend selecting a number of LGUs based on level of production activities reported by AKBN. To support the timely reporting of LGUs, the selection of reporting LGUs and requirements should be planned and communicated months ahead of the reconciliation work schedule, in order to fit the reporting requirements within their schedules . AlbEiti must emphasize the necessity to provide disaggregated payments and commentary information on methods for setting tax rates and fees when these are not specified in the Law for local taxes 9632 dated 30.10.2006, as amended and the accompanying regulations .

In order to ensure consistent implementation of these requirements we recommend that the MSG introduce complementary regulation addressing the continued cooperation with LGUs, and how their participation is essential to ensuring transparency in the sector .

Throughout the reporting cycle we have noticed that LGUs are not aware of the information they are required to report. Additionally ,some have reported that they are unable to conduct all activities they are charged with, regarding the extractive sector. As such, we recommend undertaking capacity building initiatives to increase the level of information and knowhow in LGUs regarding these procedures.

Current status: In light of the information received regarding this recommendation, we will express our views in the annex that will be attached to this report.

Limitations on data produced by AKBN

Description

As described, before sending out the reporting templates we re-confirmed a list of relevant companies, which revealed inaccuracies in the mining companies' financial data provided by AKBN, which would not let proceed with the listing in accordance with the materiality threshold. The AKBN representatives confirmed that the financial information (i.e. revenues) for the mining activities is not accurate and advised to collect the data from the General Tax Directorate.

Recommended actions:

We recommend undertaking steps as follows:

Establish Clear Data Collection Protocols: Ensure that all relevant agencies, like AKBN and the General Tax Directorate, have standardized procedures for collecting and reporting financial data.

Create a centralized database where all financial data related to mining activities is stored.

Foster better communication and collaboration between different government agencies and stakeholders involved in the data collection process.

Utilize advanced data management and analytics tools to automate and streamline the data collection and reporting process.

Related agencies: AKBN / Government

Limitations on reports produced by Tax authorities

Description

The system of General Directorate of Taxes, which administers the largest number and value of revenue, did produce reports on payments made by mining companies based on Tax identification number. The reports disclosed the total payments made per revenue stream per NUIS.

Recommended actions:

In order to enhance the overall effectiveness and efficiency of reporting from government agencies we recommend that the MSG and AlbEiti 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, considering the relative size of revenue collected by tax authorities from the

concerned sectors we recommend exploring opportunities to produce analytical data on taxes and payments collected, disaggregated by payment, from the Tax reporting systems.

Related agencies: AKBN / Government

Current status: Our opinion on this recommendation will be expressed in the Annex, which will be published soon as an integral part of this report.

Assurance process (government institutions and SOEs)

Description

Reporting from government institutions - Revenue reported by public institutions collecting revenue from the extractive sectors including MIE, AKBN, Tax authorities, Customs 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.

Recommended actions:

Regarding Albpetrol, the MSG may ask the latter to disclose EITI revenue in the required format, and other information in a separate report or in an annex to the annual financial statements. In both cases, this information should be subject to independent annual audits.

Related agencies: Government Institutions and SOEs

Current status: During the scoping stage, In order to improve the quality and safety of reporting, based in previous practice, we agreed with MSG decision to follow certain procedures:

- 1 -Attach a letter from the EITI Executive Director and/or line minister emphasizing the government's support for disclosure and transparency of information requested.
- 2 -Requesting sign off from a senior staff of the SOE or government official for each reporting form that a complete and accurate record is provided.
- 3 -The reporting entities should be requested to provide assurance report/confirmation letter issued by their statutory auditors or internal auditor confirming the completeness and accuracy of the flows disclosed in the EITI reporting templates, and consistence with their financial statements.
- 4- Where relevant and applicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external/internal auditor or equivalent.

Other quality aspects of the payments analysis

Description

Reporting on an activity basis - Operating licensees in Albania are taxed on an NUIS / NIPT basis – i.e. based on the results reported under each tax identification number. The tax and customs legislation in Albania does not require companies to report separately on the activities they conduct under the same NUIS. Due to this, the payments reported may include payments stemming from the entities' operations in other sectors (i.e. reporting licensee pursued mining activity and construction business) under the same tax number. This issue is especially pertinent in the mining sector. As a result, there is no way to distinguish between payments made due to extractive activities, and those made due to other activities such as processing, construction, trading, etc.

Reporting on project-basis - The term "project" is not defined in Albanian legislation, reporting on a project basis cannot be conducted. The definition of "project" used in this report was defined in the scoping study undertaken prior to this reporting cycle. As the term project is not defined, project-based reporting, as required by the EITI Standard, cannot be achieved within the current legal framework. These issues are minimized for hydropower and oil companies, as one is required by law to register a NUIS for each "project" and the other has adopted this practice.

Recommended actions:

We recommend that the MSG collaborate with the Albanian Government to create a legal definition of the term "project" for the industries relevant to AlbEiti. As mentioned, through carrying out the scoping study, we concluded that the term "project" is not defined in the Albanian legal framework. The definition used throughout this report is the result of the scoping study; it is based on the EITI Standard, and adapted for the Albanian legal framework and the way companies in the three industries operate in Albania.

In order to genuinely achieve project level reporting licensees would have to have a unique tax number for each project – i.e. each license or group of licenses which are geographically and operationally integrated. This would mean that companies would have to report and pay taxes, or other payments to the state, solely based on their extractive activities. Additionally, this type of reform would ensure that data would be available at project-level on the DPT database. This would create a basis for comparison, which has a more strict level of control, for the data companies report to AKBN.

Creating a basis for project-level reporting will also resolve the issue of distinguishing the extractive activities from the other commercial activities conducted by a company. However, before such changes can be made, we recommend that the MSG undertake an economic study to understand the true benefit, for all parties involved, of taking steps towards facilitating project-level reporting. As this would come with a time and cost burden to both public and private institutions, the benefits must be understood.

Related agencies: MSG/ Government

Current status: Our opinion on this recommendation will be expressed in the Annex, which will be published soon as an integral part of this report.

Publication of statistics in the sector

Description

The EITI standard imposes certain requirements regarding the disclosure of contextual information and regulations governing the extractive industry which include, but are not limited to, the disclosure of:

- a. An overview of the extractive industry in terms of reserves, regions, current structure and size, significant exploration activities etc.
- b. Contribution in the economy – employment and export levels
- c. Total government revenue generated by the sectors and funds earmarked for specific programs / geographic regions and sub-national transfers
- d. Environmental and social impact studies performed for the sector
- e. Public information on license allocations, register of licensees, beneficial owners, contract terms etc.

We noted efforts made by MEI, AKBN and Albpetrol by publishing information on their website, however data is scattered across different sources and further improvements are still necessary to provide comprehensive and consistent reporting on the extractive industry.

Additionally, in some cases information reported by AKBN included discrepancies when compared to other sources.

The contextual information in this report has been gathered from a range of sources across the public sector. The statistics include data for a broader sector (for instance, the reported GDP for Energy and resources encompasses extractive industries, the supply of electricity, gas, steam, and air, as well as other activities related to waste management).

Recommended actions:

In order to enhance completeness, accuracy, reliability, and accessibility, of the contextual information, we recommend that the Ministry of Infrastructure and Energy publish, 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:

1. Production size and quality details (gravity of oil, sulphur concentration, concentration of minerals etc.)
2. Investments (number of wells and mineshaft hold / developed)
3. Environmental rehabilitation projects and costs
4. Workforce employed, average salary and subcontracting, social expenses, etc.

These can be collected and elaborated annually and provide the basis for reporting statistics and factual information on the sectors. AKBN, engaging in several monitoring activities in the sector, can contribute to compiling of the sector's statistics through collating received information from individual licenses' annual reports. Additionally, an evaluation of the reports can be conducted based on KPIs set by the MSG on production, reserves, sales, employee number, investment in environment, social payments etc.

To increase comprehensiveness and accuracy of the reported data, MIE and AKBN may incorporate reconciliation and crosschecking procedures with other public institutions collating and administering data such as DPT, DPD, etc.

Additionally, the long-term strategies set by MIE should be regularly updated with current developments. To support these initiatives, new studies need to be undertaken regarding the reserves in the extractive sector. Although AKBN has reported that these initiatives exist, their results or progress have not been published. Updated information on reserves can also be provided by companies holding licences, which conduct their own studies.

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 with a high concentration of extractive activities.

In the context of improving reporting and statistics on the extractive sector, we recommend that the Ministry of Infrastructure and Energy consider implementing similar reporting requirements to those listed in the EU Directives on Accounting and Transparency.

Related agencies: MSG/ Government

Current status: AKBN, MIE, MFE and other institutions all disclose certain contextual information on their websites or provide links to current laws and regulations. When this data is publicly available, it has been referred to in the text, throughout the report. However, further improvements are necessary to ensure the comprehensive public disclosure of activities. Reporting on contextual information was not complete throughout the reporting cycle. Gathering contextual information in the hydropower sector was less challenging due to the information published in ERE's annual reports. AKBN publishes a report on the mining sector, however it is not as detailed, and thus, additional reporting from the institution is necessary in the writing of the EITI Report.

Production data and values

Description

Through inquiries with AKBN, we understood that production data reported by AKBN is based on self-declarations submitted by the licensees to AKBN, as part of their annual reporting. AKBN informed us that its current level of monitoring did not include assurance procedures to ensure the accuracy of self-declared production, revenue and reserves data. Moreover, AKBN could not provide details of minerals composition and concentration in the reported mining output. In absence of such information, mining output could be priced after the average international market prices.

Recommended actions:

In addition to declarations submitted, we suggest that AKBN provide:

An increase level of monitoring on companies activities and production.

A comparison of the production declared with the measurements made from AKBN throughout the year, including details of mineral concentration.

A summary of production values based on local market transactions and exports, as well as a comparison of the prices applied in domestic vs international sales, and between these prices and the international prices for the minerals produced.

Related agencies: MSG/ Government

Current status: Information regarding extractive activities is available and accessible in the Cadastre and the Open Data Portal of AKBN, as well as in the Cadastre and Open Data portal of AlBEITI.

Disclosure of total government revenue

Recommended actions:

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 recommendations, through working with the Government's reporting team, the MSG can obtain a holistic understanding of the government's revenue from licensees operating in the extractive and hydropower sectors. Project-level reporting must be achieved in the mining sector, to accurately evaluate the sector's contribution.

Related agencies: MSG/ Government

Current status: The DPT provided the data on total revenue collected by the mining sector, distinguishing the mining activity, as well as local and export.

Reserves

Recommended actions:

We understand that assessing the national reserves takes many years and imposes a heavy cost burden to the State's Budget. However, reserves are key to providing contextual information on the overall value of the national resources in accordance with the EITI requirement 3. Additionally, new studies may attract more private investment in the sector. We recommend that MIE consider undertaking new studies in areas that show the most promise.

Furthermore, accurate information on proven and recoverable reserves combined with tighter control over current exploration and exploitation activities, would provide information leading to better fiscal planning and aid in the prevention of abuses with national resources.

Related agencies: MSG/ Government

Current status: Progress has been made <http://www.akbn.gov.al/wp-content/uploads/2023/11/VKM-380-date-01.06.2022-Plani-minerar-3-Vjecar-2022-2024.pdf>

Assurance on EITI reported flows

Recommended actions:

In order to satisfy Requirement 4.9 of the EITI Standard, we recommend that the MSG take the necessary steps to decide on :

- The levels of assurance they require for EITI reported numbers from private and public institutions, including SoEs – i.e. the elements, if any, that would be required to assess the level of assurance.
- A methodology on how the assurance level is to be assessed for private and public institutions, including SoEs .

Related agencies: MSG/ Government

Current status:

MSG decided to follow certain procedures in this regard:

- 1 -Attach a letter from the EITI Executive Director and/or line minister emphasizing the government's support for disclosure and transparency of information requested .
- 2 -Requesting sign off from a senior staff of the SOE or government official for each reporting form that a complete and accurate record is provided .
- 3 -The reporting entities should be requested to provide assurance report/confirmation letter issued by their statutory auditors or internal auditor confirming the completeness and accuracy of the flows disclosed in the EITI reporting templates, and consistence with their financial statements .
- 4- Where relevant and applicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external/internal auditor or equivalent.

Maintaining an updated public register of licensees and concessions

Recommended actions:

This request has already been fulfilled. Continuous updates are recommended.

Related agencies: MSG/ Government

Current status: Full progress.

Transparency over license allocation

Recommended actions:

Mining licenses - We recommend MIE consider sharing the names of non-winning applicants ,as well as any irregularities encountered, with AlbEiti under a non-disclosure agreement. This would allow for an audit of the license allocation procedure .However, this disclosure must be supported by legal reforms, releasing MIE from its responsibility to maintain the privacy of the participating companies' information and bid.

Related agencies: MSG/ Government

Current status: We will address this in the Annex of this report.

Reconciliation of subnational transfers

Recommended actions:

In order to increase transparency and ensure that the new law changes are fully implemented, we recommend that the MSG include the reconciliation of subnational transfers of royalty, or other assurance procedures, in the forthcoming EITI reports.

Related agencies: MSG/ Government

Current status: The reconciliation process was not required for 2019-2021 EITI report.

Government's participation in the extractive sector

Recommended actions:

In order to satisfy the requirements of point 2.6, we recommend that Albania maintain an updated register listing all SoEs and other participations in companies operating in the extractive sector. The register must be updated regularly to account for new acquisitions, sales, privatizations etc .

Additionally, MIE must disclose its level of involvement in governing the economic and financial activities of these companies, through participation in the Board of Directors or other arrangements, including but not limited to :

- Current level and planned investments
- Loans and guarantees made
- Profit distributions and re-investments policies

Related agencies: MIE / Government

Current status: We will address this issue in the annex of this Report.

Setting of materiality thresholds

Recommended actions:

They should continue to be defined as they have been by the MSG so far.

Related agencies: MSG / Government

Current status: MSG sets materiality threshold for all the sectors.

Disclosure of Albpetrol's share of oil

Recommended actions:

To strengthen implementation, the MSG may request that future EITI reporting 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.

Related agencies: MSG / Government

Current status: The reconciliation was not required for the 2019-2021 EITI report.

Allocation of revenue not recorded in State budget

Recommended actions:

In accordance with requirement 5.1, we recommend that the MSG ensure that the allocation of extractive revenues not recorded in the National Budget is explained, with links provided to relevant financial reports, as applicable.

Related agencies: MSG / Government

Current status: We will address this issue in the following Annex of this Report.

Transparency disclosure of payments received vs statutory confidentiality duty

Recommended actions:

The Petroleum Law and Law on Mining request that operating licensees in the oil & gas and mining sectors, respectively, report data and information in accordance with the EITI Standard. Furthermore, both laws demand reporting from the General Directorate of Taxes, Albanian Customs Administration and other central and local public institutions collecting revenue from the sector.

Current regulatory enforcement does not address forms of reporting with regard to cash flows and contextual information.

The appointment of EITI focal points among the concerned Government institutions positively contributed in the increase of their awareness and coordination of EITI activities in the short term.

The barriers listed above need to be addressed through regulatory reform and enforcement. We recommend that the MSG establish complementary regulation addressing all aspects required for the completion of the preliminary analyses. Additionally, we recommend that the following elements be included, in order to create a set schedule and format for reporting, thus increasing the preparedness of reporting entities:

- a. Timing and form of reporting by licensees
- b. Timing and form of reporting by recipient public entities
- c. Timing and form of reporting concerning the contextual information
- d. Level of assurance required for each reporting
- e. Forms to address confidentiality issues

The regulation also needs to address time required for and allowed to each reporting entity and public institution to understand and adopt the regulation and plan the EITI reporting accordingly.

Reporting templates and instructions shall be reviewed and updated for changes in EITI scope and standard, regulatory updates, and new facts affecting the extractive industry (i.e. new revenue streams, licensees etc.).

The selection of the reporting entities should be planned and communicated months ahead of the reconciliation work schedule. We recommend requesting all licensees (where possible) to submit electronic declarations via web or email.

The annual deadline for submission of declarations should be planned ahead and be included in the Reporting entities' schedule.

Creating a reporting platform- Provided that the EITI Albania systems support this activity, we recommend that approved templates and instructions be published on the AlbEiti website, where they can be downloaded by the private and public reporting entities, completed, and uploaded through a dedicated portal on the website.

Related agencies: MSG / Government

Current status: The Government of Albania is still in the 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 contextual information on the sectors, on an ongoing basis.

The law is currently under review of the concerned government parties.

Annex 1- List of Mining Companies

2019		
NITI according to Taxes	Company	Revenues above 250,000 USD
K11613001M	Albchrome	68,829,877
K71827801E	F.K.C. Factory	63,097,455
K61914005R	Antea Cement	62,559,845
K58615301M	Gener 2	47,391,448

J69102508C	Alb-Building sh.p.k	41,076,388
J62903125G	Salillari	34,479,096
L51623028A	Combined Group Contracting Company	33,869,307
K31321021N	Shpresa - AL	19,078,957
K82418002C	Devoll Hydropower sh.a	17,958,925
K72306010V	Colacem Albania	14,415,139
J92408001N	ANK shpk	12,483,294
L41713003M	Alesio - 2014 shpk	12,333,000
K12107002A	"BERALB" Sh.a.	12,093,222
K71627041B	Tete Albania	11,369,422
K32807432W	Agbes Construksion	10,171,898
K12911201C	Vellezerit Hysa	10,060,001
K32712206U	"Victoria Invest" Sh.P.K	10,018,712
L01629005J	Illyria Minerals Industri sh.p.k	7,840,426
K52128506K	KID-Alb	6,880,366
K01801001D	Fafa	5,862,293
J66703049C	Alb Tiefbau	5,458,996
K02715414M	Cobial	5,305,214
K01524006L	Vega shpk	5,265,931
K22218005O	Lim - Em	5,002,225
L21317019E	ASAB	4,823,708
K72113012U	Inerte Expres	4,657,467
L51608023A	Albavia & Sintram shpk	4,531,179
L41914013H	Albtek-Energy sh.p.k	4,452,387
L06825401U	"Ballenja" sh.p.k	4,440,976
L02712202J	Victoria Invest Internacional	4,274,586

J64102248C	San Tara sh.p.k	4,092,256
J74517202O	Xhulio	3,947,946
J64103148B	Konstruksion 93	3,656,252
J86906408N	Alb lea Internacional	3,467,393
K27713604T	Gega - G	3,455,416
L42103006Q	Happy Tours-Albanian Tour Operator	3,197,010
J93711608Q	Rej	3,111,580
J74517209B	Babasi COO	2,613,976
J62904264O	Rruga Ura Asfaltim Nr.2 Elbasan sh.a.	2,515,842
L32009020I	Mineralinvest	2,465,659
J98021907T	Klosi	2,412,923
J61811017V	Edil-Centre	2,382,130
K06626403L	Koka	2,344,258
J64103808P	Arti	2,340,820
K06626418M	"Fabrika e Pasurimit te Kromit Bulqize" Sh.P.K	2,271,611
L52228034M	Alb Mine&Chrome sh.p.k	2,236,254
L17609201R	Kastrioti Mineral sh.p.k	1,982,549
K73328401U	Qeramika Apollon	1,963,532
K86806401B	Alb-Mi sh.p.k	1,960,287
J98021906L	Herbi	1,957,489
J98021904S	Shkalla	1,896,030
K82124015I	Bregu Adriatik	1,891,103
L03209201T	"Y. SALLA" SHPK	1,885,772
K44801201C	Milis Brick	1,826,465
K07729901W	Alb - Canaj	1,690,340
K16815202M	Selenice Bitumi	1,645,469

K62805404K	"GANT CONSTRUCTION" SHPK	1,599,147
K77424401L	"EGI-K" SHPK	1,597,458
K41313033U	"STONE PRODUCTION" SHPK	1,570,385
K87021202E	Mineral Bitumen	1,563,225
K26728201V	Florida - FH	1,541,417
K86328401E	"Klervi - Bris" Sh.p.k	1,534,719
K82509006P	ARDMIR	1,517,947
K04005052C	Milenium	1,501,046
K02701009U	Vellezerit Llupo	1,498,352
J78716319A	Vllaznimi Deda Imp-Exp	1,424,509
L66823401Q	Kurti-Trans L82 Bulqizë	1,353,273
K24725213C	Makaresh sh.p.k	1,280,636
K92110004Q	"XYZ 08" SHPK	1,280,326
J71909005P	Xhiretone	1,254,220
K11829502V	"D & A" Sh.P.K	1,248,530
J96829417K	Gerti shpk	1,232,864
L26912401G	Pakti	1,229,420
L07324401C	"Erli-D" SHPK	1,223,741
J91505006Q	Alcani	1,219,134
K94016202U	Kegli-Duri sh.p.k	1,195,521
J73804663H	"Benaks 94" Sh.P.k	1,159,726
L67421401T	Braiden	1,153,587
K87530903A	Dema Patin	1,150,703
J61810504P	Durrakium shpk	1,140,171
J67902520S	Milis shpk	1,125,445
L31929015F	"Mining Ferro Nikel" shpk	1,118,039

K02715455C	Kapaj	1,113,326
L46802702E	Canameti	1,107,138
K47220402N	Drini Bulqize	1,102,169
J68103911D	"Ateani" Sh.p.k	1,086,967
J68117216C	"Griald" Sh.p.K	1,085,349
K04226216O	Babasi - 2	1,058,383
K06626412K	Gjoni Shpk	1,055,160
K82217010F	Zasha	1,011,804
J64103054Q	Vashtemia	1,004,374
K81608041A	Eternal Security	993,668
K51523031P	T.M.C - Transport - Mining - Construction	992,288
J92009003W	Otto - Al	980,743
L86512401A	KENSHEL Shpk	971,116
L23402205B	Alb Industries	963,001
J96829402J	Isaku	958,088
K51517023R	"Knauf Tirana" Shpk	954,384
J64416207W	Priska sh.p.k	949,805
J68103906N	"Neli" Sh.P.K	920,846
L37009201B	Ana 2013 sh.p.k	911,914
K86603401D	Arkev	903,867
K77411401P	Kadurtex	902,796
K47220407H	Geri's 2002	902,055
L06417401O	Çupi group	892,345
L06817401D	Kaprolla & Kompani	890,922
K91624006A	Platinum Alb	867,935
J79602604P	Florida	846,395

K13001013H	"Mustafai Sh.P.k	804,782
J76705049N	"Alb-Construksion" Sh.P.K	787,598
K83103001E	T&T Beton	777,909
J64102265P	"Kastrioti" Sh.P.k	777,867
K07713216Q	afrimi kshpk	776,057
L26718401H	KACI-IF -2012 sh.p.k	766,234
J97507310P	Kotica	765,453
L02427001J	Materia Cons. AL	765,389
L08412202M	Koldashi Chrome Minerals sh.p.k	761,302
J82916504G	Topi Eki	761,175
K86407401R	Ardas	760,890
K92028004L	"NIKA BL" Sh.P.K	760,677
L06510401F	Ro-Gent 1 sh.p.k	753,053
K64312403D	Sokolaj sh.p.k	717,683
J64228811C	Kalivjoti	712,722
K44021003N	"ADEL" SHPK	710,293
K19003407J	Klerajdi sh.p.k	685,699
L39311601C	Albanian Minerals	672,332
K24207608A	Kuarci Blace	667,060
L52028112F	Llagnat	659,587
K47222405B	Cani-1	643,832
L18516901B	Mara 2011	634,311
K16702201F	Alfa sh.p.k	632,352
K88016902A	Ra-Krom Tirana	628,567
K28310906F	11 Heronjte Bater	621,071
L11401018K	Al-Gem sh.a	603,716

K53129001Q	"Pietra Nesli" SHPK	601,096
J62903303L	"Prodhime Karbonike" Sh.a	594,822
J61826021J	Maxi	593,923
K07729908J	Ylberi	584,008
K62505801B	Habili	562,667
J74818822J	Dinamika	555,598
K33708651V	Fada - 1	552,245
L57416205N	Gerald Krom shpk	547,983
L38927401R	Vllezerit Hazisllari	521,510
L08112201S	Kroi I Thanzes	513,452
L73514802M	Simoni & Veza	512,150
J67902618M	Loshi - BL	512,057
J68403919H	Tadri	507,685
J64103811M	Ikeral	503,477
L06410401C	"Kevger" sh.p.k	496,369
L36506201A	B&AD Construction sh.p.k	486,795
J88511208S	Oruçi	486,044
K49719204I	Albanera	480,476
L01818011E	KLEVI-10 shpk	470,841
L37916901N	"Vileda" Sh.P.K	469,384
K62418008C	"COMPASS MINERAL AL" Sh.P.K	455,018
K87608602E	"Sorige Alb" Sh.P.K	446,185
K97114401A	Aris	443,091
K36811904G	Bledi	437,424
L36901401V	Deliu 3D sh.p.k	425,654
J67902530C	"Malvini" Sh.P.K	415,311

L48408501G	Kovaci-3 sh.p.k	415,038
L02410001Q	Sara Albania	406,494
K67812601U	Miniera e Kromit Katjel	406,009
J62904026N	Beta sh.p.k	403,649
J96829414J	Dialba	403,566
K08906611T	Mali	403,556
K81914005T	Aki-Leo	390,786
L81515039U	Vllahen Mining	379,045
L81906026C	H4 CHROM SHPK	377,933
L77818201F	KOSTURR KROMI sh.p.k	375,479
J81503013L	Gentari	371,365
K51718007A	Pashkashesh	366,061
K26513471B	Shkembali	363,125
K78431302E	Silbora	351,586
J76418901I	"VËLLAZËRIA" SHPK	339,418
K47220405O	Ivno 1100	338,396
K81819509L	Tur-Alb-Krom	333,041
J98220509M	"Gjoni" Sh.P.K	330,895
K86528001J	Alfa- Beton 07	325,300
K47220404G	Dushi	323,875
K66530202O	D.K.S. Group	321,726
K64006602O	Joal - 06	320,964
K49326630V	Bytyçi	307,974
K11708004O	Vortek	301,194
L08501201V	"AMERIKA GRUP" SHPK	295,472
L02719001B	Dobrushki 2010	293,581

K12511635V	Janimar	292,754
K88414902C	Mario - Xhiku	289,047
L17207208F	Tili Inert	287,284
K82816605S	Buci Co	287,072
J72603129H	Koloseu sh.p.k	281,393
K73627001A	B & B Stone	279,358
K24305001Q	Thoreneks	278,473
K06626404T	Koxherri	275,315
L41504003H	ELDOAL	271,084
K07729917I	Jaho-Mat	270,714
L46526701P	Santi & Xhulio	267,082
K02701010B	AKS sh.p.k	266,698
K19006207M	"Flu-To-Ne" Sh.P.K	266,567
J67402009I	Gojani Stone sh.p.k	258,880
	others	12,409,232
	Total Revenues	732,741,837

2020		
NITI according to Taxes	Company	Revenues above 250,000 USD
K71827801E	F.K.C.F Fushe Kruje	70,459,044
K61914005R	Antea Cement	69,455,960
K58615301M	Gener 2	56,428,694
K11613001M	Albchrome	41,829,211
J62903125G	Salillari	40,253,242
J69102508C	Alb-Building sh.p.k	35,340,677
L51623028A	Combined Group Contracting Company	33,453,048

K82418002C	Devoll Hydropower sh.a	26,855,913
K31321021N	Shpresa - AL	18,936,278
K12107002A	Beralb Sh.a.	18,699,351
K72306010V	Colacem Albania	18,457,839
L41713003M	Alesio 2014	15,760,261
K71627041B	Tete Albania	15,184,946
K12911201C	Vellezerit Hysa	14,502,399
J62904264O	Rruga Ura Asfaltim Nr.2 Elbasan sh.a.	12,105,768
K32807432W	Agbes Konstruksion	11,560,176
L51608023A	Albavia & Sintram shpk	8,344,985
K52128506K	KID-Alb	7,755,493
K32712206U	Victoria Invest Sh.p.k	7,751,894
L21309010H	IBN shpk	6,395,763
K22218005O	Lim - Em	6,278,734
L21317019E	ASAB	4,672,989
L41914013H	Albtek-Energy sh.p.k	4,518,209
K72113012U	Inerte Expres	4,338,203
L02712202J	Victoria Invest Internacional	4,071,839
J66703049C	Alb Tiefbau	3,984,771
L01629005J	Illyria Minerals Industri sh.p.k	2,725,818
K16815202M	Selenice Bitumi	2,660,710
J96829417K	Gerti shpk	2,587,390
J93711608Q	Rej	2,531,400
J74517202O	Xhulio	2,466,048
J86906408N	Albleaa International sh.p.k	2,433,072
J64228811C	Kalivjoti	2,302,272

K96504201R	ZEON		2,272,615
K86328401E	"Klervi - Bris" Sh.p.k		2,112,588
K44801201C	Milis Brick		2,093,801
J98021907T	Klosi		2,054,880
K06626418M	Fabrika e Pasurimit te Kromit Bulqize" Sh.p.k		2,001,633
K83103001E	T&T Beton		1,945,689
K73328401U	Qeramika Apollon		1,913,341
K77424401L	Egi -K		1,909,458
K06626403L	Koka		1,857,348
L81606012A	Compass Industries	General	1,833,073
K27713604T	Gega - G		1,767,795
L03209201T	Ylli Salla		1,741,836
J64104078V	Favina		1,669,115
K04223403D	Perpunim Granit	Mermer	1,667,634
J73804663H	Benaks 94		1,613,624
K82509006P	ARDMIR		1,612,707
J74517209B	Babasi COO shpk		1,610,791
L06825401U	"Ballenja" sh.p.k		1,563,621
J92009003W	Otto - Al		1,561,859
K07729901W	Alb - Canaj		1,517,701
K92110004Q	"XYZ 08" SHPK		1,477,363
L52228034M	Alb sh.p.k	Mine&Chrome	1,458,710
J98021906L	Herbi		1,389,611
K24725213C	Makaresh sh.p.k		1,361,320
K04226216O	Babasi - 2		1,360,018
L23402205B	Alb Industries		1,311,401

J91505006Q	Alcani	1,307,093
L07324401C	"Erli-D" SHPK	1,249,149
L77818201F	KOSTURR KROMI sh.p.k	1,241,587
K47220402N	Drini Bulqize	1,221,446
K04005052C	Milenium	1,193,389
K02701009U	Vellezerit Llupo	1,175,354
J67902520S	Milis shpk	1,131,570
K51517023R	"Knauf Tirana" Shpk	1,127,556
J62903303L	Prodhime Karbonike	1,112,609
L31929015F	Mining Ferro Nikel	1,111,103
K62418008C	K - 12	1,096,536
L39311601C	Albanian Minerals	1,059,813
J68103911D	Ateani sh.p.k	1,001,204
J98021904S	Shkalla	1,000,537
J96829402J	Isaku	968,669
J71909005P	Xhiredone	948,101
L06510401F	RO-GENT 1	942,266
K11829502V	"D & A" Sh.P.K	933,352
K41313033U	"STONE PRODUCTION" SHPK	910,332
K87021202E	Mineral Bitumen	895,623
L06417401O	Çupi group	893,483
J82916504G	Topi Eki	882,021
J61810504P	Dyrrakium	871,581
K24207608A	Kuarci Blace	867,846
J64102265P	"Kastrioti" Sh.P.k	853,584
K56814201D	Nacional shpk	840,606

K06626412K	Gjoni Shpk	834,010
J78716319A	Vllaznimi Deda Imp-Exp	827,732
J67902618M	Loshi - BL	826,695
J64103054Q	Vashtemia	824,075
L17609201R	Kastrioti Mineral sh.p.k	814,022
K16702201F	Alfa sh.p.k	784,846
L26912401G	Pakti	782,744
K81608041A	Eternal Security	774,691
J68117216C	"Griald" Sh.p.K	744,948
K91624006A	Platinum Alb	696,940
L67421401T	Braiden	689,236
K64312403D	Sokolaj sh.p.k	688,183
K94016202U	Kegli-Duri sh.p.k	684,879
J61811017V	Edil-Centre	672,750
K13001013H	"Mustafai Sh.P.k	646,364
J97507310P	Kotica	645,600
L37009201B	Ana 2013 sh.p.k	634,046
K07713216Q	afrimi kshpk	625,579
K97527302K	Keli - Inerte	625,227
L73514802M	Simoni & Veza shpk	614,706
K62805404K	"GANT CONSTRUCTION" SHPK	609,602
L46802702E	Canameti	603,411
L06817401D	Kaprolla & Kompani	600,135
L11401018K	Al-Gem sh.a	588,278
J81517002U	Delia Group	574,805
K07729908J	Ylberi	573,178

L42103006Q	Happy Tours-Albanian Tour Operator	567,203
K77411401P	Kadurtex	558,686
L36506201A	B&AD Construction sh.p.k	548,857
K53129001Q	"Pietra Nesli" SHPK	534,065
K82217010F	Zasha	533,038
K02701010B	AKS sh.p.k	529,886
K26728201V	Florida - FH	511,243
L64202602B	K-12	509,228
K44021003N	"ADEL" SHPK	505,256
K47220404G	Dushi	501,874
L08501201V	"AMERIKA GRUP" SHPK	498,173
L18516901B	Mara 2011 sh.p.k	492,414
K53210201F	Devolli 2005 sh.p.k	483,558
L02719001B	Dobrushki 2010	472,788
L02427001J	Materia Cons. AL	463,748
J79602604P	Florida	462,179
K47222405B	Cani-1	460,331
L76718401M	Ro Nei 17	457,408
L46526701P	Santi & Xhulio	452,434
K32803014D	ALION sh.p.k	441,507
K49719204I	ALBANERA shpk	422,721
K86728402B	"Albtani -08 Konstruksin" Sh.P.K	421,667
K02715455C	Kapaj	415,274
K86603401D	Arkev	414,651
J61826021J	Maxi	413,571
K51718007A	Pashkashesh	410,285

K97114401A	Aris Albania	408,154
K86806401B	Alb-Mi sh.p.k	401,975
J76705049N	"Alb-Construksion" Sh.P.K	395,007
K86528001J	Alfa- Beton 07	391,968
K49326630V	Bytyçi	362,016
J64103811M	Ikeral	359,142
K28310906F	11 Heronjte Bater	358,668
L06410401C	"Kevger" sh.p.k	358,652
K51523031P	T.M.C - Transport - Mining - Construction	356,490
K67812601U	Miniera e Kromit Katjel	351,581
L26718401H	KACI-IF -2012 sh.p.k	347,705
J72015001L	Ag-Invest	335,907
K73627001A	B & B Stone	330,740
K24305001Q	Thoreneks	328,164
J78716317H	Drini - 1	322,860
K82816605S	Buci Co	322,734
L86512401A	KENSHEL Shpk	322,639
K82124015I	Bregu Adriatik	320,723
L08412202M	Koldashi Chrome Minerals sh.p.k	318,849
L38927401R	Vllezerit Hazisllari	318,428
L37916901N	"Vileda" Sh.P.K	306,389
J66702417H	Arilda sh.p.k	303,963
L48408501G	Kovaci-3 sh.p.k	294,795
J67402009I	GOJANI-STONE shpk	287,990
J72603129H	Koloseu sh.p.k	285,288
K88016902A	Ra-Krom Tirana	283,011

L22323013L	"VËLLAZËRIA MINERALS ALBANIA" SHPK	276,334
K77315401J	Gerda - 07 sh.p.k	273,611
K81706001K	DEJA VATA shpk	268,267
L49303401U	Dorus	265,508
L07525201B	Blerimi Kosturr 2010	263,692
K86405401H	Turici 07	258,951
J96829414J	Dialba	253,749
K87530903A	Dema Patin	252,523
	others	12,799,773
	Total Revenues	700,773,315

2021		
NITI according to Taxes	Company	Revenues above 350,000 USD
K11613001M	Albchrome shpk	112,069,324
K61914005R	Antea Cement sh.a	85,131,163
K71827801E	FUSHE-KRUJE CEMENT FACTORY shpk	71,655,349
K58615301M	Gener 2	70,446,776
J62903125G	Salillari	68,994,199
L41713003M	Alesio - 2014 shpk	24,334,012
K72306010V	Colacem Albania shpk	23,168,562
K71627041B	Tete Albania Tunel&Mining sha	22,858,571
K31321021N	Shpresa - AL shpk	21,801,340
J92408001N	ANK shpk	20,701,236
J69102508C	Alb-Building shpk	17,738,196
K12911201C	Vellezerit Hysa shpk	16,013,359
K32807432W	Agbes Konstruksion shpk	15,859,406

K12107002A	"BERALB" Sh.a.	14,880,883
J62904264O	Rruga Ura Asfaltim Nr.2 Elbasan sh.a.	13,203,076
K52128506K	K.I.D-Alb shpk	10,532,045
L73412205K	RT MINERALS SHPK (nenkontraktor i shoqerise Beralb sh.a)	10,315,446
L51623028A	Combined Group Contrancting Company (K.S.C.)	10,129,692
K22218005O	LIM - EM shpk	10,066,715
K86328401E	Klervi Bris shpk	9,787,862
K32712206U	Victoria Invest shpk	9,099,632
L21317019E	ASAB shpk	8,655,434
K72113012U	Inerte Expres shpk	8,359,397
L02712202J	Victoria Invest Internacional shpk	7,965,936
L51608023A	Albavia & Sintram shpk	7,885,423
L21309010H	IBN shpk	7,089,100
J93711608Q	Rej shpk	5,818,632
K83103001E	T&T Beton shpk	5,663,979
K16815202M	Selenice Bitumi	5,150,219
K77424401L	EGI-K shpk	3,895,016
J74517202O	Xhulio	3,704,435
K44801201C	Milis Brick sha	3,500,061
J98021907T	Klosi shpk	3,316,126
L07324401C	Erli-D shpk	3,094,819
J64103148B	Konstruksion 93 shpk	2,890,839
K96504201R	ZEON shpk	2,843,914
J74517209B	Babasi COO shpk	2,786,567
L03209201T	Y. SALLA sh.p.k	2,672,499

K06626403L	Koka shpk	2,601,371
L01629005J	Illyria Minerals Industry sha	2,518,584
J66703049C	Alb Tiefbau shpk	2,420,666
J86906408N	Alb Leaa Internacional shpk	2,419,176
K06626418M	"Fabrika e Pasurimit te Kromir Bulqize" shpk	2,311,455
K82217010F	Zasha shpk	2,145,184
J67902520S	Milis shpk	2,128,776
J96829417K	Gerti shpk	2,078,343
L52228034M	Alb Mine&Chrome sh.p.k	2,072,487
J73804663H	"Benaks 94" shpk	2,071,070
J91505006Q	Alcani shpk	2,055,041
L81606012A	Compass General Industries shpk	1,962,934
J62904026N	Beta sh.p.k	1,894,214
J64104078V	Favina shpk	1,891,690
L42103006Q	Happy Tours-Albanian Tour Operator	1,864,070
K04226216O	Babasi - 2	1,852,131
K24725213C	Makaresh sh.p.k (n/k i Kegli-Duri shpk)	1,819,561
J68117216C	"Griald" Sh.p.K	1,809,183
L92427008F	GLOBAL-CHROME shpk	1,756,604
K86603401D	ARKEV shpk	1,746,352
K41313033U	"STONE PRODUCTION" SHPK	1,732,025
K04223403D	Perpunim Mermer Granit shpk	1,723,631
L77818201F	KOSTURR KROMI shpk	1,719,238
L46802702E	Canameti shpk	1,718,232
J64228811C	Kalivjoti shpk	1,665,877
K64312403D	Sokolaj shpk	1,633,998

L22323013L	Vëllazeria Minerals Albania	1,609,573
L77412401V	"Aris Nivelet" shpk	1,592,133
J98021904S	Shkalla shpk	1,564,388
K07729901W	Alb - Canaj shpk	1,534,921
K47222405B	Cani-1 shpk	1,523,697
K82509006P	ARDMIR shpk	1,516,805
J98021906L	Herbi shpk	1,474,861
K87021202E	Mineral Bitumen shpk	1,448,760
K16702201F	Alfa sh.p.k	1,390,288
K11829502V	D & A shpk	1,385,435
J64103054Q	Vashtemia shpk	1,358,626
L39311601C	Albanian Minerals shpk	1,346,886
K77411401P	Kadurtex shpk	1,325,779
K26728201V	Florida - FH shpk	1,310,286
K92028004L	NIKA BL shpk	1,275,333
K92110004Q	XYZ 08 shpk	1,266,785
K67812601U	Miniera e Kromit Katjel shpk	1,261,867
K07713216Q	Afrimi - K shpk	1,250,557
J98220509M	Gjoni shpk	1,249,247
K27713604T	Gega - G shpk	1,233,535
J96829402J	Isaku shpk	1,219,585
L56624202K	STONE MONDIAL shpk	1,198,478
L01614001R	Allkurti shpk	1,167,075
K94016202U	KEGLI- DURI shpk	1,162,463
K51517023R	Knauf Tirana shpk	1,127,410
K73328401U	Qeramika Apollon shpk	1,125,165

K91624006A	Platinum Alb shpk	1,094,869
L08501201V	AMERIKA GRUP shpk	1,085,996
J71909005P	Xhireton shpk	1,077,950
J78716319A	Vllaznimi Deda Imp-Exp shpk	1,073,661
L31929015F	Mining Ferro Nikel	1,055,667
K44021003N	ADEL shpk	1,052,909
K97527302K	Keli - Inerte shpk	1,048,421
K97114401A	Aris Albania shpk	1,038,254
L32009020I	Mineral Invest shpk	1,014,707
K02701009U	"Vellezerit Llupo" shpk	992,972
K48429906N	Ceruja shpk	981,698
L26912401G	Pakti shpk	943,205
L39010601L	Editi-A shpk	938,240
J76705049N	"Alb-Konstruksion" shpk	934,926
K36811904G	Bledi shpk	907,739
K74526804U	Blumar Skele shpk	905,331
K47220402N	Drini Bulqiza shpk	905,100
J81517002U	DELIA GROUP shpk	902,954
K04005052C	Milenium shpk	896,234
L11401018K	Al-Gem sh.a	883,287
L58913601H	Çorroj shpk	882,260
J64103111Q	ERA MERMER shpk	853,663
K47220407H	Geri's 2002 shpk	849,595
J97507310P	Kotica shpk	830,961
K87530903A	Dema-Patin shpk	827,992
K82124015I	Bregu-Adriatik shpk	809,661

J68103911D	Ateani shpk	809,231
J64102265P	"Kastrioti" Sh.P.k	808,514
L06417401O	Çupi Group shpk	807,482
L73514802M	Simoni & Veza shpk	799,600
L06510401F	RO-GENT 1 shpk	794,546
L06817401D	Kaprolla & Kompani shpk	792,680
L42230012O	AE GRUP shpk	775,174
J64103811M	Ikeral shpk	771,512
J92009003W	Otto - AI shpk	748,730
K48021209M	GIB shpk	728,617
J78428713E	Malesia Valtur	720,954
K19003407J	Klerajdi shpk	713,885
J97201201R	Sevast shpk	705,704
L48421202P	Kukes Inerte shpk	702,684
K62805404K	GANT CONSTRUCTION	698,673
L66823401Q	Kurti-Trans L82 Bulqizë shpk	679,590
K13001013H	Mustafai shpk	667,565
J69102223E	Rosi sh.p.k	662,722
L76718401M	Ro Nei 17	661,273
K78431302E	Silbora shpk	645,984
L02719001B	Dobrushki 2010 shpk	631,079
L41504003H	ELDOAL shpk	629,772
L02427001J	Materia Cons. AL shpk	629,532
K47220404G	Dushi shpk	618,715
K07729908J	Ylberi shpk	611,389
K53129001Q	"Pietra Nesli" SHPK	607,840

L48505902D	CHROME CAPITAL shpk	592,807
L81906026C	H4 CHROM sh.p.k	585,114
J62903303L	"Prodhime Karbonike" Sh.a	569,055
K62418008C	K - 12 shpk	561,421
J67902618M	Loshi - BL shpk	560,133
L67421401T	Braiden shpk	554,398
K73508201G	MINERALS ALBANIA shpk	554,053
J68103906N	NELI shpk	531,180
K53210201F	Devolli 2005 shpk	518,026
J82916504G	Topi Eki shpk	509,258
L37916901N	"Vileda" Sh.P.K	508,923
L64202602B	Red Mines shpk	505,837
K81608041A	Eternal Security shpk	504,145
J96829414J	Dialba shpk	498,029
K49719204I	Albanera shpk	494,238
L88520901F	Ateani Mining sh.p.k	484,036
L06410401C	Kevger shpk	481,463
K91320037A	Lita Brothers shpk	477,592
J68403919H	Tadri shpk	465,125
K02701010B	AKS shpk	459,861
K32803014D	ALION shpk	449,551
K28310906F	11 Heronjte Bater	438,910
L23402205B	Alb-Industri shpk	437,629
K51718007A	Pashkashesh shpk	437,205
K11708004O	Vortek shpk	432,285
L74701401P	Alarup shpk	413,954

K66613408P	Algej shpk	401,612
K87720602V	Fat-Alkom Beton Albania shpk	395,430
K56814201D	Nacional shpk	392,994
J61826021J	Maxi shpk	391,995
K73627001A	B & B Stone shpk	386,549
K34109009D	2D shpk	382,322
J78716317H	Drini - 1 shpk	379,378
K24207608A	Kuarci Blace shpk	377,521
J78311933L	Alba-Co shpk	358,910
J72603129H	Koloseu sh.p.k	355,957
K87608602E	"Sorige Alb" Sh.P.K	355,235
K86405401H	Duriçi-07 shpk	350,442
	others	20,043,006
	Total Revenues	911,418,352

Disclaimer

This Report is being published in accordance with the Decision of the EITI International Board on October 10, 2023, and in line with Albania's obligations as an EITI member country. The Report is being released with the information available up to this point. If any other information will be received, the Independent Administrator and EITI Albania are committed to work and publish it as an integral Appendix to this Report in the future.



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