

VALIDATION of the EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE IN ALBANIA

August 2011



Report to the Albania EITI Working Group

Prepared by Hart Nurse Ltd

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ABBREVIATIONS AND ACRONYMS

The following is a key to the abbreviations and acronyms used in this report:-

ALBEITI	The Albanian EITI
AFS	Audited financial statements
AKBN	National Agency of Natural Resources
CSO	Civil Society Organisation
EITI	Extractive Industries Transparency Initiative
EITI Board	The International Board of the EITI
FIAA	Foreign Investors' Association in Albania
INTOSAI	International Organisation of Supreme Audit Institutions
ISA	International Standards on Auditing
METE	Ministry of Economy, Trade and Energy
MOU	Memorandum of Understanding
NGO	Non governmental organisation
TOR	Terms of Reference

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1 INTRODUCTION

1.1 Foreword

This report presents our findings on the implementation of EITI in Albania following a review of the documentation provided and a visit to Albania during April 2011.

We have based our conclusions on the initial information provided by 28th April 2011, and the final 2009 reconciliation report approved by the ALBEITI Working Group on 4th May 2011, and we have updated the report in respect of information received up to 3rd August 2011.

Based upon advice from the Secretary to the Validation Committee, Sam Bartlett, we have undertaken the validation in accordance with the EITI Rules including the Validation Guide Version 24 February 2010.

The report comprises:

- A summary of the process of Validation of EITI, an overview of the extractive industries in Albania and a summary of EITI
- A description of Albania's EITI Work Plan and progress against the objectives of the Plan
- A narrative evaluation of progress against and compliance with each Indicator in the Validation Grid
- The completed Validation Grid, with our evaluation of Albania's compliance with each Indicator
- Our conclusions and recommendations concerning the implementation of EITI in Albania

Appendix 1 to the Report contains the list of respondents. Company Self Assessment Questionnaires received are included in Appendix 2 (the Appendices are bound separately).

1.2 The EITI Validation Process

Validation is the process put in place by the EITI Board to determine the compliance with EITI Principles and Criteria of both candidate and compliant countries.

The Validation of Albania EITI consisted of:

- selection of a Validator
- preparation
- a visit to the country, leading to the production of a report
- consideration of the validation report by the Albania EITI Working Group and approval of the report
- submission of the Validator's report to the international EITI Secretariat, consideration of any comments made by the Validation Committee and incorporation as appropriate into the report, and submission of the report to the EITI Board for a decision
- publication of the final report

The main purpose of the visit to the country is to enable the Validator to undertake an evaluation based on interviews and discussions with stakeholders of the progress made in the implementation of EITI, and to make recommendations for improvements and to secure the continuance of EITI in the country.

The final decision on a country's status remains with the EITI Board.

1.3 Validation Approach and Activities

The Validation team consisted of Dmitry Pozhidaev and David Quinn, with local support provided by VeVe Group, under the overall direction of Chris Nurse.

The approach and methodology for validation are set out in the Validation Guide published by EITI, and are based upon:

- a review of documentary evidence
- meetings with members of the ALBEITI Working Group and with other stakeholder representatives
- circulation of self assessment questionnaires to extractive companies operating in Albania

A list of all the persons whom we met during the course of the assignment is included at Appendix 1 of this report.

We visited Albania between 17th and 23rd April 2011 and were based in Tirana.

1.4 The Extractive Industries in Albania

1.4.1 BRIEF HISTORY OF ALBANIA'S EXTRACTIVE INDUSTRY

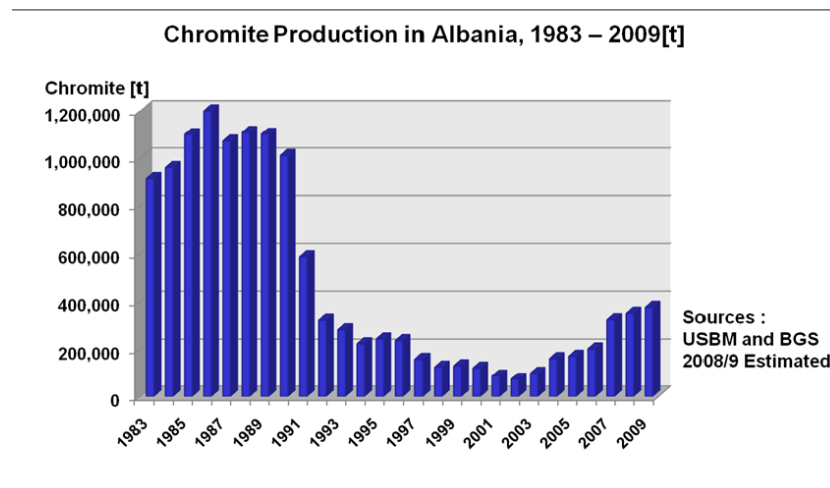
Albania has many mineral resources, most notably: copper, iron-nickel and coal, as well as petroleum. It harbours one of the largest onshore oil fields in Europe: Patos-Marinza, for which an increasing number of international oil companies today are securing oil prospecting licences.

However, Albania's extractive sector has experienced periods of both considerable activity and decline. For 50 years, the industry was a crucial source of industrial growth, and until the 1980s it was one of the world's largest producers of chrome, as well as nickel, iron and copper mineralisation. Over a period of 3 decades of expansion, mineral production and exports peaked in 1989 at US\$140 million when chrome, copper and nickel constituted around 80% of total Albanian exports by value.¹ During this time, the Albanian extractive industry was characterised by solely state-owned enterprises, which saw the over-expansion of extractive production following its boom in the late 1980s. Meanwhile, Albania's oil production peaked in 1975, slowing until 1982, when a more rapid decline set in due to lack of funding for field development and technical expertise.

By 1992, mining exports had fallen significantly to around \$20 million, the result of a combination of political instability, intra-country economic decline and the plummeting of global commodity prices. The subsequent decline in the extractive sector was so extensive that remaining operations today exploit only around 10% of rated plant capacities, having degenerated under years of under-investment.² Similarly, Albania was a net exporter of petroleum products until 1989, but by 2001 the country was importing 73% of what it consumed. The following graph illustrates this decline, showing figures for production of chromite over the last 2 decades:

¹ World Bank (2009) Report No. 47539-AL, "Albania Mining Sector Reform, Restructuring and Future Prospects".

² Ibid.



The 1990s saw a gradual restructuring towards privatisation, with the government making significant efforts to attract foreign capital and technology after the collapse of the communist economic system. The enactment of the 1994 Mining Law catalysed a move to a more privatised and efficient regulatory environment, however the transfer of mineral operations to qualified investors did not take place to the extent envisaged. In 1998, the Government undertook a licence transfer process to reassign mineral exploration and exploitation rights to individuals, but this failed to transfer the rights to those with the expertise and resources needed to stimulate recovery in the extractive industry.

Over the last decade, however, the country has awarded drilling licences to a number of American, Austrian, Canadian, Croatian, Greek, and Swedish companies, and an increasing number of international companies are now seeking prospecting licences. This has been matched with a growing workforce and an influx of investment in the oil, mining and gas sectors, which is providing optimism for a long term recovery in the extractive industries.

1.4.2 CURRENT PROFILE OF THE EXTRACTIVE SECTOR

1.4.2.1 MINING

In 2007, industrial production constituted around 8% of Albanian GDP.³ Within this production, the mineral extraction industry accounted for about 16% of the value of industrial production⁴ and there have since been signs of growth in the Albanian mining sector:⁵

- Investment in small-scale mines went up to 2.7 billion lek in 2008, from 650 million lek in 2005.
- The workforce increased from 1,800 in 2005 to 6,000 in 2008.
- Production has kept growing on a yearly basis, and is now moving close to the 1990 levels of around 3.5-4 million tons minerals annually.
- investment earmarked for large-scale chromium, copper and iron-nickel mines and cement production amounts to over €1 billion.

³ "2008 Minerals Yearbook" US Geological Survey, February (2010)

⁴ Institute of Statistics of the Republic of Albania, 2008; International Monetary Fund (2009)

⁵ World Bank, Report No. 47539-AL, "Albania Mining Sector Reform, Restructuring and Future Prospects" (2009)

Mineral production in Albania can be disaggregated as follows:⁶

- Construction materials – 47.4%
- Gravel – 37.9%
- Chrome -7.1% (40% of mineral production value)
- Coal – 2.4%
- Iron-Nickel – 4.7%
- Decorative stones – 0.5%
- Copper

The production of Albania's predominant minerals (from 2005 – 2008) is set out below:⁷

Table 1. Mineral Production in Albania: 2005 - 2008

Mineral	Unit	Production			
		2005	2006	2007	2008
Chrome	ton	162 772	212 581	199 771	207 104
Copper	ton	68 312	35 071	98 000	105 000
Iron-Nickel and Nickel-Silicate	ton	800	79 000	369 559	353 290
Coal	ton	2 640	3 800	4 000	1500
Bitum + bituminous sand	ton	13 955	9 000	6 785	23 968
Limestone	m3	1 337 373	1 339 440	1 716 122	3 837 529
Limestone flags	m3	-	23 193	29 263	27 900
Marbled limestone	m3	-	11 620	2 805	4 264
Silica sands	m3	3 200	3 200	4 400	12 077
Clays	ton	315 085	562 469	855 675	724 282
Gypsum	ton	14 770	19 683	46 200	77 633

Source: National Agency of Natural Resources, Albania (2010)

⁶ Statistics published by the Ministry of Economy, Trade and Energy of Albania (2005)

⁷ Figures from US Geological Survey (2010)

1.4.2.2 PROFILES OF KEY MINERALS:

Chromite ore

Proven reserves: 36.9 million tons

Three main regions where chrome is located:

1. North-eastern region: Tropoja and Kukews Ultrabasic Massifs
2. Central region: Bulqiza Ultrabasic Massif
3. South-eastern region: Shebenik-Pogradec Ultrabasic Massif

Copper

Proven reserves are estimated at 53 million tons with 1.3-2.5% Cu, but there is currently no production. The main forms of copper found throughout Albania include

- Hydrothermal-metasomatic and volcanogenic-sedimentary deposits, such as Munella, Qafe-Bari.
- Volcanogenic-sedimentary deposits, such as Tuc, Spac, Derven.
- Massif sulphide metasomatic deposits, such as Kurbnes, Golaj, Thirra.

Iron-Nickel

Albanian nickel is located mainly in 3 regions:

1. Devoll (Bilishti, Bitincka, etc)
2. Pogradec-Librazhd (Guri Kuq, Cervenaka, etc), (Prrenjasi, Skroska, Xixillasi, Bushtrica)
3. Kukes (Mamez, Trull Surroj, Nome)

Coal

Albanian coal reserves are estimated at about 794 million tons and concentrated in the following zones:

- Tirana - about 86% of reserves
- Korça-Pogradec - 10% of reserves
- Memaliaj - 4% of reserves

1.4.2.3 OIL AND GAS

In addition to minerals, Albania also holds considerable oil and natural gas, and the government is currently in the process of promoting increased production to international oil and gas firms in the wake of its programme of privatisation. This is enhanced by Albania's developed petroleum infrastructure, with three commercial refineries as well as modern port facilities located on the Adriatic Sea. There is also a well developed road system to facilitate access to drill sites and the natural gas infrastructure is also currently being expanded. However, while there has been considerable interest in securing oil prospecting licences in recent years, natural gas is yet to be exported.

The Albanian Government has reported interest in cooperating with foreign companies for the exploration and development of hydrocarbons in all Albanian territory. This has resulted in some promising discoveries, for example: in 2008, Switzerland-based Manas Petroleum (MNAP) announced it had discovered an estimated 3 billion barrels of oil and 3 trillion cubic feet of natural gas at depth.

From 1991 to present, contracts have been signed and the following foreign companies have been involved in petroleum operation for oil and gas exploration:⁸

⁸ "Hydrocarbon Potential", National Agency of Natural Resources (2010)

Offshore:

Deminex, OMV, Agip, Edison Gas, Occidental, Chevron, BHP Petroleum, Svenska Petroleum Exploration, Premier Consolidated Oilfields, Capricorn Albania Limited, Island International Exploration, Beach Petroleum.

Onshore:

Shell, Ina Naftaplin, Coparex, Lundin Petroleum, Premier Consolidated Oilfields, Enterprise, Clyde Expro PLC, MOL, Hellenic Petroleum, Anschutz, IPC, DWM Petroleum AG.

Currently all of Albania's production is consumed in the local market or shipped to Italy, 50 km to the west. In addition to local markets, Albania sits in the cross roads of several planned major gas pipeline projects from the Black Sea region to Western Europe.

Table 2. Oil Fields in Albania

Field	Year of Discovery	Reservoir Depth (m)	O/G Gravity(API)
Drashovica	1918	100-200	Oil<10o
Patos	1927	Surf. To 1200	Oil (12-24oAPI)
Kucova	1928	Surf. To 1500	Oil (13-16oAPI)
Marinza	1957	1200-1800	Oil (12-35oAPI)
Visoka	1963	800-1000	Oil (5-16oAPI)
Gorisht–Kocul	1965	1000-2500	Oil (17oAPI)
Ballsh-Hekal	1966	1000-3000	Oil (12-24oAPI)
Cakrran-Mollaj	1977	3000-4500	Oil (14-37oAPI)
Finiq-Krane	1973	800-2000	Oil (<10oAPI)
Delvina	1989	2800-3400	Oil (31oAPI)
Divjaka	1963	2400-3000	Gas & condensate
Ballaj-Kryevidh	1983	300-1700	Gas
Frakulla	1965	300-2500	Gas
Povelca	1987	1800-3500	Gas & condensate
Panaja	1988	2500	Gas
Ad-4 (offshore)	1994	2500-3100	Biogenic Gas
Sqepuri	2001	4950	Oil (37oAPI)

Source: "Hydrocarbon Potential", National Agency of Natural Resources (2010)

Crude Petroleum:

Production of crude petroleum was estimated to have increased to about 3,970,000 barrels (bbl) in 2008 – an increase of about 25% compared with that of 2007.

The increase was entirely the result of an increase in production by Bankers Petroleum Ltd. The company increased crude petroleum production at its Patos Marinza field to an average of 5,875 barrels per day (bbl/d) from 4,724 bbl/d in 2007. By the end of 2008, Bankers Petroleum was producing up to 6960 bbl/d from the Patos Marinza field and increased the amount of proved and probable reserves by 22% to 180 million barrels (Mbbbl).

Meanwhile, state-owned company Albpetrol reported production of 281,147 t (1.9 Mbbbl) of crude petroleum in 2008, the same amount of which was reported in 2007.

Refined Petroleum:

In February 2008, the Albanian Government announced that Albania's only petroleum refinery, the state-owned Albanian Refining and Marketing of Oil Sh.a. (ARMO) would be privatized.

In June, the Government announced that a consortium made up of Switzerland-based Anica Enterprises and Mercuria Energy Group Ltd., and United States-based Refinery Associates of Texas Inc. was chosen as the winner of the tender for 85% of the company.

The consortium bid \$193.4 million and planned to invest about \$354 million¹ in ARMO's refineries, which were located in Ballsh and Fier. The deal was reportedly made final in early December 2008, and the consortium paid the Government the money owed for the purchase of the refinery.⁹

Albanian Oil statistics:

- Oil - production: 6,425 bbl/day (2007 estimated)
- Oil - consumption: 30,900 bbl/day (2006 est.)
- Oil - exports: 748.9 bbl/day (2005 est.)
- Oil - imports: 24,860 bbl/day (2005 est.)
- Oil - reserves: 199.1 million bbl (1 January 2008 est.)

Albanian Natural Gas statistics:

- Natural gas - production: 30 million cu m (2006 est.)
- Natural gas - consumption: 30 million cu m (2006 est.)
- Natural gas - exports: 0 cu m (2007 est.)
- Natural gas - imports: 0 cu m (2007 est.)
- Natural gas - reserves: 849.5 million cu m (1 January 2008 est.)¹⁰

Overall, in 2008 natural gas production increased by about 20%, crude petroleum production increased by about 25%, and production of petroleum refinery products decreased by about 14% compared with production data for 2007.

⁹ Albanian Economy, 2008; Koleka, 2009, cited in US Geological Survey, 2010

¹⁰ All figures cited from Albanian British Chamber of Commerce website:
http://www.abcci.com/index.php?option=com_content&view=article&id=86&Itemid=127

1.4.3 REGULATORY ENVIRONMENT

1.4.3.1 MINING LAWS

Up until recently, mining activities in Albania were regulated by the Mining Law of Albania, No. 7796, dated February 17, 1994, which was amended in 2001 and 2006. However, in July 2010 this law was abrogated by Law no. 10304 On Mining Sector in Albania (the "Mining Law").

Features of the Mining Law:

- Albania retains ownership of solid minerals and assigns revocable rights to third-parties to develop these resources.
- With these rights, investors are obligated to invest in the mineral property, comply with all articles of the law, and file periodic assessment reports verifying continued exploration or development such that the mineral asset is being improved.
- Mining activities may be performed in the form of (i) research-exploration; (ii) exploitation; and (iii) research-exploration-exploitation (a combination).
- Payment to the state for the privilege to develop mineral resources includes mineral royalties – a unique payment from the developer to the government based on unit of production, unit of output, gross revenues, or value of processed mineral products.
- Legal entities and individuals have the right to conduct mining activities, but must first acquire mining permits according to the specific mineral category. Entities must present a request to the National Registration Centre according to the procedure predicted in Articles 17, 31, 32, and 33 of the Law "On Licences, Authorizations and Permits in the Republic of Albania."
- Under the 2010 Mining Law, a new classification system of the mineral reserves was introduced, consisting of: a) metallic, non-metallic, cobbles and bitumen minerals; b) construction minerals; c) precious and semi precious minerals; d) radioactive minerals.

Other laws pertaining to the mining sector include:

- Law "On Licences, Authorizations and Permits in the Republic of Albania" No. 10081, dated 23.2.2009
- Guideline no. 1028, dated 10.12.2009 "On the content of the documentation to grant a mining permit" from the Minister of Economy, Trade and Energy
- The Law "On civil using of explosives in the Republic of Albania", No.9126, dated 29.07.2003
- The Law "On Concessions", No. 9663, dated 18.12.2006
- The Law "On National Taxes", No. 9975, dated 28.07.2008

1.4.3.2 PETROLEUM LAWS

Petroleum exploration, development and production in Albania is governed by the "Petroleum Law (Exploration and Production)", No.7746 dated 28 July 1993 and the "Albanian Legislation and the Framework for Petroleum Exploration and Production".

This law has been amended by:

- Law No.7853 dated 29 July 1994
- Law No.7811 dated 12 April 1994 "On Approval of the Decree No.782 date 22.02.1994, 'On the Fiscal System in the Hydrocarbons Sector (Exploration and Production)'"
- Law No. 9975, date 28.07.2008 "On the National Taxes".

This amended legislative framework was constructed to provide flexibility to the government in negotiating acceptable terms with oil companies, with the aim of incentivising Albanian oil exploration.

The Petroleum law states that all petroleum deposits existing in their natural condition in strata lying within the jurisdiction of Albania are the exclusive property of the Albanian State. “The Petroleum Law (Exploration and Production)” expressly permits the Ministry of Industry and Energy to enter into a Petroleum Agreement under which an oil company may be granted exclusive rights to explore for and produce petroleum.

The Government’s stated objective is to negotiate terms with the oil industry that are fair and balanced, bearing in mind the usual risk associated with exploration and the state’s ownership of natural resources. Additionally, the Albanian Government seeks to encourage the development of small and marginal discoveries through its fiscal framework.

To this end, the METE through the National Agency of Natural Resources has declared free onshore and offshore areas open for petroleum operation and invites applications for Production Sharing Agreements.¹¹

1.4.3.3 TAXATION AND REGULATION

As of January 1st 2008, Albania implemented the 10% flat tax system (excluding VAT). Social security contributions from businesses will likewise be capped at 10%. Through this system, it is thought that the government will widen the taxable base and simplify tax administration, whilst also making Albania an easier place to invest.

Table 3. Albanian Tax System and Rates

Tax System	Tax Rates
Profit Tax	10%
Personal Income Tax	10%
Source Tax	10%
Value Added Tax	20%
Tax on immovable property.	Tax level for buildings is between 5 – 200 ALL/m ² /year according to the type of buildings and the area where it is located. Tax level for agricultural land is between 700 – 5600 ALL/ha/year according to the category of land and district where it is located.
Excise duty	75 % for Oil by-products (but not more than ALL 37 per litre and not less than ALL 27 per litre)
Profit Tax Rate	10%
Capital Gains Tax Rate	10%
Branch Office Tax Rate	10%
Dividends	10%
Interest	10%

¹¹ “Hydrocarbon Potential”, National Agency of Natural Resources (2010)

Royalties from patents etc.	10%
Corporate Income tax	All companies (domestic or foreign) registered for VAT are subject to Profit Tax rate which since 1 January 2008, decreased from 20% to 10%. Resident taxpayers are taxed only on their Albanian source income.

Specific mining taxation:

- The taxation of mines is ruled by the same tax system used for any other activity in Albania.
- The only tax which is special for mining activity **is the royalty 2% of sales.**
- There are no restrictions on foreign ownership or capital/dividend restrictions.
- There is a duty free regime for importation of mining equipment.

1.4.3.4 MINING PERMITS

The privatization of Albanian mineral resources is being accomplished through the granting of prospecting permits, exploration concessions, and mining concessions to Albanian and foreign companies. Every individual or company (Albanian or foreign) may exercise mining activity, after having obtained a mining permit, of which the METE (Ministry of Economy Trade and Energy) is the licensing body.

The mining permit denotes an intangible, independent right from the right of the landowner (the state). There are three types of mining permit:

1. Permit for research purposes
2. Permit for discovery/exploration
3. Permit for exploitation

The following tariffs are applied for Albanian or foreign individuals and companies who obtain a professional licence or permit:

- Individuals: 6 000 leke, for every year of licence validity
- Accessories to the licence for individuals: 4 000 (four thousand) leke
- Renewal for individuals: 6 000 leke
- Licence conversion: 15 000 leke
- Companies: 60 000 leke

Up until December 2009, 832 mining permits had been issued, out of which were 680 exploitation permits. Out of a total of 832 mining permits, the following have been issued:¹²

- 262 permits for chrome
- 37 permits for iron-nickel and nickel-silicate
- 282 permits for limestone
- 15 permits for marble limestone
- 18 permits for copper
- 5 permits for coal
- 2 permits for bauxite
- 5 permits for quartz
- 11 permits for gypsum alabaster
- 35 permits for clay

¹² "Mineral Resources in Albania", National Agency of Natural Resources (2010)

- 39 permits for limestone tiles
- 26 permits for sandstone
- 2 permits for plagiogranite

The remaining exploitation licences include stones, such as: fractured limestones, quartz sands, sandstones, schistes, bituminous sands and gravels, basalts and ultra basic rocks.

1.4.3.5 PETROLEUM AGREEMENTS

Additionally, petroleum agreements with private companies take the form of **Production Sharing Agreements** signed between the METE represented by the National Agency of Natural Resources and the Contractor in line with the 1993 Petroleum Law.

In the case of a commercial discovery, the period for development and production of the development area shall be twenty-five years and can be further extended as provided for in the law.

The licensing situation for petroleum exploration in Albania on February 1st, 2008 was as follows:¹³

- Durres Block (offshore), awarded in 2004. Contractor and operator is Island International Exploration BV and Beach Petroleum
- Block Joni 5 (offshore) awarded in 2007. Contractor and operator is Capricorn Albania Ltd;
- Blocks A and B (onshore), awarded in 2007. Contractor and operator is DWM Petroleum AG;
- Blocks D and E (onshore), awarded in 2007. Contractor and operator is DWM Petroleum AG.

In addition to these awarded blocks, negotiations on the Northern Rodoni Block (offshore) and the onshore blocks 2, 3 have reached their final stage. The National Agency for Natural Resources has also issued licences to and signed agreements with Albpetrol (National Petroleum Company) for the development and production of hydrocarbons in a series of fields.

¹³ National Agency for Natural Resources, http://www.akbn.gov.al/index.php?ak=details&cid=19#Scene_1, [accessed 15/04/11].

1.4.4 COMPANIES OPERATING IN THE ALBANIAN EXTRACTIVE SECTOR

1.4.4.1 MINING COMPANIES

Company	Sector	Ownership	Profile
Albanian Chrome (ACR)	Chrome & copper production	DCM Decometal	Albanian Chrome ACR is the new name of DARFO Albania company, Albania's largest chrome production company, which was entitled a concessionary contract from the Government of Albania in 2001 to redevelop almost 50% of the chrome related industry facilities of the country. ACR launched a 30 million euro (\$41.3m) investment project in June 2009 aimed at boosting the output of its main ferrochrome mine Bulqize
Alfa Nikel	Nickel production	n/a	Recently Alfa Nikel signed a concession agreement with the Albanian Government to use the mineral resort in Bilisht, Korca District in the South East of Albania. The Bilishiti site has a production capacity of 200,000 MT annually.
Empire Mining	Chrome production	n/a	Empire Mining Corporation has acquired exclusive exploration and development rights to <u>four exploration licences</u> , totalling 64.5 km ² , within the historically productive, chromite-bearing Bulqiza Ultramafic Massif.
JAB Resources	Chrome, gold and copper exploration/production	100% subsidiary of Golden Touch Resources Corporation	JAB (Australia) was formed in 2006 and has been active in Albania since 2007. It now holds 5 exclusive exploration permits for: Rubik, Livadheza, Kalimash, Zogaj and Bregu I Bibes – covering 239 square km.
BerAlb	Copper exploration/production	n/a	BerAlb currently holds licenses for the Munelle, Lak Roshi and Karma Copper mines. It also operates the Fushe Arres Copper Concentrate Plant and Facilities in the Puke Province. This mill and flotation plant complex has recently been expanded and is targeted to have a total ore processing capacity of 600,000 tonnes per year.
Tirex Resources	Copper, zinc, gold and silver exploration	n/a	Tirex Resources Ltd. was formed to conduct mineral exploration and development activities in Albania. Tirex has acquired the 553km ² Mirdita property covering most of the traditional Albanian Mining District. It is now focusing its efforts towards developing the potential of the Mirdita Project into a major Volcanogenic Massive Sulfide (VMS) District with multiple large deposits of copper, zinc, GOLD and silver mineralization.
Balkan Resources	Copper and Nickel exploration	Joint Venture	Balkan Resources has been granted 3 exploration licences in Southern Albania: Kokogllave, Verniku and Zemblaku. It has also entered into 50/50 Joint Venture agreement between Balkan Resources, Inc., and European Nickel, creating a new company "Devolli Resources, sh.p.k." to house the Joint Venture, which is exploring Nickel resources in the Devolli region.
European Nickel (ENK)	Nickel exploration	Joint Venture	ENK is in a joint venture with the Balkan Resources to jointly develop Balkan's Kokogllave ("Koko") and ENK's

			<p>contiguous Devolli nickel laterite deposits in Albania.</p> <p>The deposits are located in south-eastern Albania, close to the Greek border. The Devolli nickel laterite deposit has a JORC resource of 427,000 tonnes of contained nickel (35.6 million tonnes at 1.20% nickel).</p> <p>ENK will earn its 50% interest by contributing the Devolli deposit and granting access, via a licence agreement, to its heap leach technology, knowledge and experience.</p>
G&N Albania Minerals SHPK	Chrome ore production and mineral wholesale	n/a	<p>G&N Albanian Minerals SHPK is a mineral wholesaler, specialising in the supply of chrome ore. It has exclusive contracts with the majority of the Albanian mines. This exclusivity allows G&N to supply up to 250,000 tons chrome a year.</p>
Albania Minerals and Bytyci ShPK	Chrome production; mineral exploration	Joint venture	<p>Albania Minerals is a main supplier of Chrome Ore, Bauxite, Copper, Nickel, Quartz, Magnesium and other minerals. It holds rights to mine chrome ore in Tropoje, where there is an estimated 100 million+ tons of minerals. Albania Minerals also has geological and drilling reports for proven chrome, copper, aluminium, magnesium, nickel, cobalt and other minerals.</p>

1.4.4.2 OIL COMPANIES

Company	Sector	Ownership	Profile
Albpetrol	Oil and gas production	100% state-owned	The largest oil company in Albania, with monopoly in the oil and gas industry until 1993, when foreign companies were authorized to operate. In July 2010 it was announced that Albpetrol would begin selling its own crude freely on the market. In October 2010, the government complained that management of the company was ineffective and announced plans to privatise Albpetrol. The tender negotiations for this privatisation process are currently in place.
Bankers Petroleum	Oil and gas exploration/production	n/a	Holds full rights to develop the Patos Marinza and <u>Kuçova</u> heavy oilfields with 25 year licence agreements; has obtained a Petroleum Agreement with Albpetrol.
Stream Oil and Gas	Oil and Gas production and exploration	n/a	Stream is currently focused on the re-activation and re-development of its currently producing Albanian projects: three on-shore heavy oil fields, Cakran-Mollaj, Ballsh-Hekal and Gorisht-Kocul and one onshore producing gas field, Delvina
IEC Visoka	Oil exploration	IEC Group	Holds a Petroleum Agreement with Albpetrol to develop the Visoka oilfield. Average production from the oilfield is 40 tpd of heavy oil. Under the deal, IEC Group will use a new method to intensify the extraction process through catalytic fluids.
Sherwood International	Oil exploration/production	Bankers Petroleum: 100% interest	In 2008, Bankers Petroleum Ltd acquired the remaining 50 percent interest in the Kuçova oil field, held by Sherwood Intl.
Capricorn Albania	Oil and gas production	Cairn Energy Plc: 100% interest	Holds a Petroleum Agreement for the Joni 5 block offshore.
Island International Exploration	Oil and gas exploration/production	Joint Ventures with Beach	In February 2011 Island International acquired a 50% equity interest Durresi oil and gas block offshore Albania from Lundin Albania BV. It has also agreed a joint venture deal with Beach Petroleum Limited for the Durresi Block. This Block covers an area of 4,200 sq km along the Adriatic coast and contains a yet to be appraised deep water gas/condensate discovery as well as several undrilled oil and gas prospects.
Sky Petroleum	Oil and gas exploration/production	n/a	Sky Petroleum has been granted exclusive rights to 3 exploration blocks totalling c. 5,000 km ² , representing roughly 20% of the land mass of

			Albania. Block Four is located in southeast Albania, bordering on Greece; Block Five is located in SW Albania next to the Adriatic Sea; & Block Dumre is located immediately north of the Kucova oil field.
Petromanas Energy Inc	Oil exploration	Petromanas acquired 100% of Manas Adriatic GmbH from DWM Petroleum, a wholly-owned subsidiary of Manas Petroleum.	Petromanas holds three Production Sharing Contracts with the Albanian government. Under the terms of the PSCs, Petromanas has a 100% working interest in six onshore blocks (Blocks A, B, D, E, 2 & 3) that comprise more than 1.7 million acres across Albania's Berati thrust belt.

2 PROGRESS AGAINST THE COUNTRY WORK PLAN

The Prime Minister issued an order (Nr 156 dated 27/12/2008) establishing an Inter-Institutional Working Group to be composed of representatives from various state institutions and representatives invited by the head of the Working Group from "non profit organisations, Albanian Bank, Energy Regulatory Agency, groups of interest, Union of Trade and Industry".

Albania applied for the EITI candidate country status in March 2009 by letter from the Minister of Economy, Trade and Energy dated 30 March 2009.

The Working Group approved the country work plan, developed with the assistance of the World Bank, at its first meeting on 17 March 2009.

The plan covers the period from 2009 to 2011, including the Validation. The plan is fully costed and contains identified sources of funding (for more details see Indicator 4).

The plan identifies five major objectives related to the EITI implementation in Albania. The objectives are closely related to the main stages of the EITI and take into account the EITI validation indicators. These objectives are stated as:

- Objective 1: Establish commitment to implement EITI and establish an EITI working group
- Objective 2: Establish, develop and publish an EITI work plan
- Objective 3: Remove obstacles to EITI / capacity building and outreach
- Objective 4: Complete and disseminate EITI report
- Objective 5: Validation of EITI implementation

Each objective includes a number of major activities and related actions. The progress achieved against each of the objectives is discussed below.

2.1 Objective 1: Establish commitment to implement EITI and establish an EITI working group

This objective included four activities:

- (a) unequivocal public statement of intention to implement EITI (see indicator 1)
- (b) appointment of EITI focal point/coordinator in government (see indicator 3)
- (c) Government commits to work with all stakeholders (e.g., civil society, companies) on EITI (see indicator 2)
- (d) establishment of an EITI Multi-stakeholder WG (see indicator 5)

The first two activities have been implemented. Commentary on the implementation of activities (c) and (d) is contained in sections 3.2 and 3.5 respectively.

2.2 Objective 2: Establish, develop and publish an EITI work plan

This objective had the following associated activities:

- (a) establish, develop and publish an EITI work plan and implementation schedule;
- (b) identify sustainable sources of financing for EITI implementation; and
- (c) establish local EITI Secretariat.

Activities within this objective have been largely implemented although some of them significantly behind schedule as explained further.

The process of identification of sustainable sources of finance for EITI implementation is still in progress but we have been assured by the METE, which is the government agency responsible for EITI implementation, that the Ministry's mid-term budget for 2011 - 2014 will include sufficient funding for the EITI Secretariat and other EITI-related activities.

According to the work plan, the Secretariat was to be established by end of April 2009. In reality, the Council of Ministers issued decision No 540 on the establishment and functioning of the EITI Secretariat on 7 July 2010 but the Secretariat did not become operational until the end of 2010. No explanation for this significant delay was presented to us.

2.3 Objective 3: Remove obstacles to EITI/capacity building and outreach

This objective made provision for the following activities:

- (a) review of legal framework to identify potential obstacles to EITI implementation;
- (b) capacity building/training for government on EITI and petroleum sector issues;
- (c) capacity building/training for civil society (including media) on EITI and petroleum sector issues;
- (d) capacity building/training for and from industry on EITI and petroleum sector issues;
- (e) outreach informational activities; and
- (f) build capacity to monitor the Estimated Sustainable Income (ESI).

With the exception of the first activity (review of legal framework, for more details see Indicator 8), it is not possible to make any conclusive judgment on whether the other points of the plan have been implemented since the work plan does not provide any measurable targets for these activities.

A number of actions were carried out to implement activities (b) through (c) (for more details see Indicators 6 and 7) but it is impossible to say whether these actions collectively amounted to implementation of the relevant activities. The METE suggested that the percentage of the foreseen budget spent may be used as an achievement indicator but this is an input measure which provides no satisfactory measure of progress in terms of output or impact.

We could not find any evidence for implementation of activity (f) but, according to clarification received from the METE, this activity concerns internal capacity building for the Ministry itself and is not relevant for EITI implementation. If so, it is unclear why it was regarded as an "obstacle to EITI" in the country's Work Plan.

2.4 Objective 4: Complete and disseminate the EITI report

This objective consisted of five activities:

- (a) develop a reporting template for the EITI report;
- (b) determine and agree the level of aggregation/disaggregation;
- (c) decide terms of reference and recruit a consultant to determine whether the process and scope of preparing the Petroleum Fund Annual Report is consistent with the reporting template;
- (d) EITI compliance report completed by consultant and agreed (or rejected) by EITI WG; and

(e) publish and disseminate EITI compliance report and submit it to Government.

The first two activities, (a) and (b), have been implemented, although rather later than scheduled. According to the work plan, the reporting templates were to be developed by June 2009. However, the reporting template, including the level of aggregation/disaggregation, was presented to the Working Group meeting on 4 December 2009. The minutes of that meeting mention no discussion of the template and it is not clear if the template was formally approved by the Working Group. The hiring of an independent administrator for the EITI report also took place much later than initially planned: according to the Working Plan, the TOR were to be ready and the independent administrator was to be recruited by June 2009 whereas in reality the Working Group discussed the TOR on 23 December 2010 and the independent administrator was selected by the Working Group on 14 February 2011. No satisfactory explanation for this significant delay from June 2009 was given.

Activity (e) has not been done. The Working Group approved the report by the independent administrator on 4th May 2011.

According to the work plan, the reconciliation report was to be published and disseminated by end of January 2011. No explanation for this delay has been given to us.

2.5 Objective 5: Validation of EITI implementation

This objective had two related activities:

- (a) EITI Validation; and
- (b) publication and dissemination of EITI validation report.

Both activities are late: the Validator was to be selected by the beginning of 2011, but the invitation to submit a proposal was not issued until 7th January with a closing date of 28th January 2011 for submissions. The subsequent procurement process took around two months before a contract was concluded. The Validation was, however, due to have been completed by the end of March, with the publication and dissemination of the EITI validation report starting at about the same time. The delay in commencement of the appointment of a Validator is related to the late launch of activities related to the EITI reconciliation report as explained in the previous paragraph.

The table below summarises the progress against the work plan. The table shows the progress against the activities and actions as formulated in the work plan and does not imply that related indicators have been met.

Planned activities	Progress	Planned activities	Progress
1. Establish commitment to implement EITI and establish an EITI working group		3. Remove obstacles to EITI/capacity building and outreach	
1a. Unequivocal public statement of intention to implement EITI		3b-d. Capacity building for government/ civil society/ companies	Progress cannot be established
1b. Appointment of EITI focal point/coordinator		3e. Outreach information activities	Progress cannot be established
1c. Government commits to work with all stakeholders		3f. Capacity building for Estimated Sustainable Income monitoring	Progress cannot be established
1d. Establishment of EITI Multi-Stakeholder Working Group		4. Complete and disseminate the EITI report	
2. Establish, develop and publish an EITI work plan		4 a-b. Develop a reporting format for EITI report and agree on level of disaggregation	Completed late
2a. Develop and publish EITI workplan and implementation schedule		4c. Decide TOR and recruit an independent administrator	Completed late
2b. Identify sustainable sources of financing for EITI implementation	In progress	4d. Complete and approve the EITI report	
2c. Establish local EITI Secretariat	Completed late	4e. Publish and disseminate the EITI report	
3a. Review of legal framework		5. Validation of EITI implementation	
		5a. Conduct validation	In progress
		5b. Publication and dissemination of EITI validation report	

Table: Albania's progress against the EITI work plan

The plan is satisfactory in that the major activities are defined. However, the absence of properly measurable targets against some of the activities makes monitoring of progress difficult.

Despite repeated enquiry, people we interviewed did not offer any explanation for the pervasive delays and the existence or effectiveness of appropriate monitoring processes is called into question.

2.6 Objective 6: Sustainability and continued implementation of EITI

After a good start in 2008 and early 2009, little progress was made until the end of 2010. Much has been achieved in the first three or four months of 2011, but there is in our view insufficient evidence of a sustained implementation to be able to conclude yet on the future sustainability of EITI in Albania.

3 REPORT ON PROGRESS AGAINST THE INDICATORS IN THE VALIDATION GRID

3.1 Grid Indicator 1: Has the Government issued an unequivocal public statement of its intention to implement EITI?

Progress to date

The Prime Minister of Albania announced that Albania decided to implement the EITI. This was declared in a letter to EITI Chairman Peter Eigen dated 16 January 2009, and reiterated at the EITI Global Conference in Doha, Qatar on 16-17 February 2009. Since then, the government has confirmed its commitment to EITI implementation publicly on several occasions, including at the EITI conference in Paris on 2nd – 3rd March 2011.

Stakeholder views

All the stakeholders consulted agree that this indicator has been met.

Validator's assessment

This indicator has been met.

The public nature of the Government's statement internationally raises no doubts; however, we would note that despite repeated requests, we saw no evidence of the extent to which the domestic public was made aware of this statement¹⁴.

¹⁴ The statement made by the Deputy Minister of the METE, Neritan Alibali, to the Doha conference, is now included on the METE website.

3.2 Grid Indicator 2: Has the Government committed to work with civil society and companies on EITI implementation?

Progress to date

The Prime Minister established an Inter-Institutional Working Group by Order 156 of 12 December 2008 designed to operate as the Multi-Stakeholder Group in terms of the EITI Rules. This Order appoints the Deputy Minister for Economy, Trade and Energy as chairman of the group and in addition identifies 12 representatives from government agencies as members of the group. The Order also states that 'representatives from non-profit organisations, Albanian Bank, Energy Regulatory Agency, interest groups, Union of the Trade and Industry may participate in the meeting of working group at the invitation of the Chairman'.

The METE invited two extractive industry companies to the first meeting of the Working Group on 17 March 2009 and one NGO (Centre for Development and Democratisation of Institutions) to represent civil society. In April 2009, the METE invited a number of civil society organisations identified in consultation with the World Bank to participate in the EITI. Eight organisations responded and delegated one representative (the Executive Director of the Centre for Development and Democratisation of Institutions) to be a member of the Working Group from civil society.

The EITI work plan for 2008 - 2011 and the EITI Secretariat work plan for 2011, approved by the Working Group in January 2011, both make provision for activities to engage civil society and companies in EITI. In their public communications to media, representatives of the METE and the ALBEITI Secretariat (after its establishment in November 2010) emphasised the multi-stakeholder nature of the EITI and the important role played by civil society and companies in this process.

Stakeholder views

All stakeholders participating in the Working Group, including civil society and companies' representatives said that the government's commitment is satisfactory. Some civil society organisations consulted during the Validation opined that the government's commitment lacked scope and sustainability. In their view, the Government has not done enough to reach out to and engage wider civil society in the EITI process. The companies consulted during the Validation did not express any dissatisfaction with the level of the government's commitment but could not cite any example of government efforts to engage with companies beyond the requirement to submit data for the reconciliation report. In the opinion of the stakeholders consulted, there are no obstacles to civil society and company participation in the process, and civil society and company representatives can speak freely on transparency and natural resource governance issues.

Validator's assessment

The government has committed formally to work with civil society and companies on EITI implementation. The Working Group is the primary means by which the government engages with civil society and companies on EITI implementation. The practical outworking of this commitment in the EITI Working Group and through engagement with company and civil society stakeholders is assessed in sections 3.5, 3.6 and 3.7.

This indicator has been met.

3.3 Grid Indicator 3: Has the Government appointed a senior individual to lead on EITI implementation?

Progress to date

The PM appointed the Deputy Minister of the METE as Chairman of the Working Group by Order 156 of 12 December 2008 (from that time until now Mr. Neritan Alibali). We understand the appointment was published in the Official Gazette and is available on the website of the Council of Ministers and the website of METE. The METE is the relevant government agency charged with EITI implementation in Albania and Mr. Alibali personally enjoys the confidence of all stakeholders. He has adequate authority and freedom to coordinate action on EITI across relevant ministries and agencies as per the PM Order.

Stakeholder views

All stakeholders consulted agree that this indicator has been met.

Validator's assessment

This indicator has been met.

3.4 Grid Indicator 4: Has a fully costed country work plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)?

Purpose: The Country Work Plan is the foundation of the country Validation process. The sixth EITI criterion requires that a Work Plan be produced that is agreed with key EITI stakeholders and is publicly available.

Evidence: To give this indicator a tick, the Validator is expected to see evidence that the Work Plan has been agreed with key stakeholders and that it contains:

- Measurable targets;
- A timetable for implementation;
- An assessment of potential capacity constraints;
- How the government will ensure the multi-stakeholder nature of EITI, particularly in terms of the involvement of civil society;
- A timetable for Validation during the stage at which a country is a Candidate. This should reflect country needs, but should take place once every two years;
- The Work Plan should also elaborate on how the government will pay for validation.

The Validator will need to assess progress on the implementation of the EITI against these targets and timetables, and assess whether a country has acted on the identified capacity constraints.

A key element in the country Validation process will be whether the timetable for implementation is being followed. If the timetable is not being met, the Validator – based on evidence from key stakeholders and others – will need to determine whether delays in meeting the timetable are reasonable. If unreasonable, the Validator will need to consider whether to recommend that the country be de-listed from the list of Candidate countries.

Progress to date

The EITI work plan for Albania was developed with the assistance of the World Bank and covers the period from 2009 to 2011. The plan was approved at the first meeting of the EITI Working Group on 17 March 2009 attended, among others, by a representative of the business community.

According to the METE, the work plan was developed by the staff of the Ministry and then presented to other stakeholders (companies and civil society). One representative of civil society and one representative of extractive industry companies received the draft work plan in advance and had enough time to submit their comments and suggestions. One representative from civil society and two representatives from companies participated in the Working Group meeting on 17 March 2009, which discussed and approved the work plan. However, the process by which these representatives were selected by the government is not clear since the invitation to companies to join the EITI was sent in April 2009 and the decision of the eight NGOs to appoint that NGO (Centre for Development and Democratisation of Institutions) as their representative in the Working Group did not take place before April 2009. METE has explained that there was a presentation of the work

plan to a variety of stakeholders on 18 May 2009 but the details of this presentation and its attendance have not been made available.

Most of the targets presented in the work plan are measurable although, as explained above, the targets of Objective 3 (Remove obstacles to EITI/capacity building and outreach) are not precisely formulated, in that there are no specific activities defined and no detailed timetable for events. This makes their measurement impossible and impedes effective implementation. Unfortunately, this is the objective that is supposed to ensure the multi-stakeholder nature of EITI through certain activities, such as capacity building and training for civil society (including media) and companies on EITI and mining/petroleum sector issues as well as information outreach. Increasing the awareness and capacity of companies and civil society, as noted elsewhere in this report, is an area which requires attention in Albania and it is particularly important that this Objective 3 is defined at the appropriate level of detail. Although the intention to ensure the multi-stakeholder nature of EITI appears clear, the existing plan does not specify how it will be achieved.

The work plan also contains a timetable for implementation, including a timetable for Validation. All activities of the work plan are costed and sources of funding are identified, including funding for Validation. However, there is no assessment of potential capacity constraints in the plan.

The work plan is publicly available on the METE website in Albanian (<http://www.mete.gov.al/upload/Deklarate%20per%20median%20-%20N.Alibali%204%20Qershor%202009.pdf>) and English (http://www.mete.gov.al/upload/plan_En.pdf).

Progress against the work plan has been explained in the section 2 above.

Stakeholder views

The stakeholders whom we consulted were of the opinion that the plan fairly represents the views and interests of all stakeholders. They recognise that some planned activities were implemented behind the schedule and some activities that should have been completed are still in progress or have not been started yet (such as dissemination of the EITI reconciliation report, for example). At the same time, the stakeholders feel that in general the plan has been implemented.

Validator's assessment

The EITI Rules and Validation Guide state that "a key element in the country Validation process will be whether the timetable for implementation is being followed". As described above, the timetable has not been followed. This appears to have been due to the economic and political circumstances in Albania during the period, which impeded implementation and to the delay in establishing the Albania EITI Secretariat. In the light of the activity taking place in 2011, both before and after the Validation visit, it does not seem unreasonable to attribute the earlier delays to such causes.

Implementation of the EITI work programme has significantly improved after the EITI Secretariat became operational at the end of 2010, and the last four months have seen a flurry of activities aimed at achieving all EITI targets.

The low level of activity in 2010 means that implementation fell behind the targets in the work plan and a new plan has recently been drafted covering the period to 2013. A copy of this plan, which is still under discussion in Albania, is included as Appendix 3 to the report. It contains provisions for a second EITI report to be produced during December 2011/January 2012, with a target publication date of February 2012.

Noting the views expressed by stakeholders and the progress made in 2011, it is hard to conclude that the indicator has not been met, although there are areas where further progress is required (see further section 5.2, points 2 and 3 for our recommendations for improvement).

In summary, after a good start in 2008 and early 2009, little progress was made until the end of 2010. While much has been achieved in the first three or four months of 2011, there is insufficient evidence at the time of Validation of a sustained implementation to be able to conclude yet on the future sustainability of EITI in Albania.

This indicator has been met, although there are several areas where further actions are desirable.

3.5 Grid Indicator 5: Has the Government established a Multi-Stakeholder Group to oversee EITI implementation?

Purpose: Implementation of the EITI should be overseen by a group comprising all appropriate stakeholders, including – but not limited to – the private sector, civil society (including independent civil society groups and other civil society, such as the media and parliamentarians) and relevant government ministries (including government leads). The group should agree clear, public terms of reference (TORs). These TORs should at least include: endorsement of the Country Work Plan – following revisions where necessary; choosing an auditor to undertake audits where data submitted for reconciliation by companies or the government are not already based on data audited to international standards; choosing an organisation to undertake the reconciliation; and other areas as noted in the Validation Grid.

Evidence: To give this indicator a tick, the Validator is expected to see evidence that a multi-stakeholder group has been formed, that it comprises the appropriate stakeholders and that its terms of reference fit the purpose. Evidence should include:

- Stakeholder assessments where these have been carried out;
- Information on the membership of the multi-stakeholder group:
 - Was the invitation to participate in the group open and transparent?
 - Are stakeholders adequately represented? (This does not mean stakeholders have to be equally represented.)
 - Do stakeholders feel that they are adequately represented?
 - Do stakeholders feel they can operate as part of the committee – including by liaising with their constituency groups and other stakeholders – free of undue influence or coercion?
 - Are civil society members of the group operationally, and in policy terms independent of government and/or the private sector?
 - Where group members have changed, has there been any suggestion of coercion or an attempt to include members that will not challenge the status quo?
 - Do group members have sufficient capacity to carry out duties?
- Do the TORs give the committee a say over the implementation of the EITI? These TORs should at least include: endorsement of the Country Work Plan – following revisions where necessary; choosing an auditor to undertake audits where data submitted for reconciliation by companies or the government are not already based on data audited to international standards; choosing an organisation to undertake the reconciliation; and, other areas as noted in the Validation Grid.

Progress to date

Establishment and composition

The multi-stakeholder group to oversee the implementation of the EITI was created by Order of the Prime Minister No 156 of 27 December 2008 under the name of an Inter-Institutional Working Group. This Order specifies the task of the Working Group as undertaking “all the necessary measures to ensure the realisation of the action plan, prepare all the needed documentation in order to realise the beginning of the validity process towards candidacy of the Albania as candidate implemented country and in order to realise the candidacy of Albania with full of rights as an implemented country of this Initiative”.

The Order emphasises the multi-stakeholder nature of the Working Group and mentions a wide range of potential stakeholders, stating that “representatives from non-profit organisations, Albanian Bank, Energy Regulatory Agency, interest groups, Union of the Trade and Industry may participate in the meeting of the working group upon invitation by the head of the working group,”.

Despite this broad definition of potential stakeholders, only one segment of civil society has been represented in the Working Group – non-governmental organisations. The METE explained that some informal stakeholder analysis was carried out prior to deciding on the working group composition. With respect to civil society, the World Bank was consulted on the choice of relevant non-government organisations. However, no formal stakeholder analysis was conducted and the original invitation to participate in the EITI Working Group issued by the government to civil society was not made available to us. The selection of the single civil society representative on the Working Group for most of the time since it was established was made by eight organisations only and among the non-WG civil society organisations contacted during the Validation, only two knew who represented them in the Working Group. This suggests the representation has not been adequate.

We found that membership of the Working Group has not been clearly established, nor has it been communicated to stakeholders from government and others on the Working Group itself, or to stakeholders who are not members of the Working Group. The membership is not clear even to those people designated by government as representatives and is not known to stakeholders outside the Working Group.

The lack of clarity over membership of the Group, combined with the decision to increase the representation of companies and civil society in the Working Group taken only a few days prior to our visit on the suggestion of the EITI International Secretariat (Tim Bittiger) while the Working Group was considering issues connected with the validation process, are not consistent with an effective commitment to work with civil society and companies on EITI implementation.

Our initial request, issued on 31st March 2011, for a list of all current and past members of the EITI Working Group and their full contact details, produced a list of 12 government officials. We asked for clarification, including company and civil society representation, and were provided with additional lists¹⁵ including representatives from these stakeholders. During our presentation of initial findings to the Working Group on 22nd April, we requested a definitive list of members and full contact details, together with confirmation of their appointment and the date on which they were appointed (and resigned, if applicable). This information has not been provided.

Stakeholders whom we met were unclear about membership of the group. It was widely known that Ilir Aliaj represented civil society, and certain other members – e.g. the Chairman – were also named. However, company representation was not well known, even among the companies themselves and various individuals were named. This is most unsatisfactory.

¹⁵ The membership list submitted by the Secretariat to us on 20 April 2011 includes three members from civil society and four from companies. The list submitted on 26 April mentions five civil society representatives and five representatives from the private sector. We do not know why, how and by whom these changes were made. Further, one of the companies which, according to the list provided by the Secretariat, is a member of the Working Group, denied it was a member. The publicly available list of the Working Group members published in the EITI section of the METE web site gives only the names of the Working Group members from government agencies (compare the list provided to us initially). ([http://www.mete.gov.al/upload/Anetare%20e%20Grupit%20e%20Punes%20\(%20MSG%20\)%20viti%202011.pdf](http://www.mete.gov.al/upload/Anetare%20e%20Grupit%20e%20Punes%20(%20MSG%20)%20viti%202011.pdf), accessed on 29 April 2011).

Part of the confusion may stem from the practice of inviting wider participation at certain meetings, so that attendees from “non member” companies and civil society organisations are present. This appears to be a genuine attempt at transparency but the lack of clarity over procedures (below) leads to confusion about the capacity in which people are attending. Uncertainty over membership and representation could lead to poor communication between the Working Group representatives and their stakeholder groups.

It appears that until April 2011 the Working Group consisted of 15 members:

- chairman (Deputy Minister of the METE);
- 12 representatives of various government agencies (two from METE, and one from each of the following:- Ministry of Finance, Ministry of Foreign Affairs, Ministry of Justice, Ministry of Labour Social Issues and Equal Opportunities, General Directorate of Taxes, General Custom Directorate, Institute of Statistics, National Agency of Natural Resources, National Geological Service, Agency of Concessions);
- one representative of companies (Foreign Investors Association of Albania, FIAA)
- one representative of civil society (Centre for Development and Democratisation of Institutions)

Senior government officials are represented on the multi-stakeholder group by the Deputy Minister of the METE and six directors from other government agencies. Thus, the level of government representation is adequate for implementation of EITI-related tasks.

In April 2011 a decision was taken to increase the Working Group membership by adding representatives from civil society (non-government organisations) and from the business community. The procedures for appointment of WG members from civil society and companies are unclear, particularly with respect to the new members identified in April 2011. There is no evidence of any discussion by the Working Group about the expansion of membership nor whether wider civil society and companies were involved in debates over additional members.

Composition change

A new Order of the Prime Minister (No.71 dated 21st July 2011) replaces the original order from December 2008 and establishes the Working Group membership as set out below, in addition to the Deputy Minister of Economy, Trade and Energy:-

- a) One representative from the Ministry of Economy, Trade and Energy;
- b) One representative from the Ministry of Finances;
- c) One representative from the Ministry of Justice;
- d) One representative from the General Tax Department;
- e) One representative from the National Agency of Natural Resources;
- f) One representative from the Albanian Geological Service;
- g) Five representatives from the business, selected by the National Network of Extractive Industries;
- h) Five representatives from the civil society, selected by the National Network for the Civil Society for EITI.

and the Order provides that “the representative level in this Group for State institutions will be not lower than that of a director of directorate in a ministry”.

The English text of the Order (provided by the ALBEITI Secretariat) is included in Appendix 4.

The full list of members under Order No 71 of the Prime Minister was provided to us on 24th August 2011:

1. **Neritan Alibali** Working Group Chairman, Deputy Minister of METE
2. **Sokol Mati** METE, director of directorate
3. **Arjana Dyrmishi** Advisor to the Minister of Finance and director of directorate, Ministry of Finance
4. **Tetis Lubonja** Director of directorate, Ministry of Justice
5. **Shilda Kamberi** Chief of sector, General Tax Department
6. **Edmond Gaskolli** Director of directorate, AKBN
7. **Gjovalin Leka** Director of directorate, Albanian Geological Service
8. **George Bedineishvili** CEO, Company Albanian Chrome
9. **Adrian Bylyku** CEO, Company Antea Cement (Titan)
10. **Leonidha Cobo** CEO, Company Bankers Petroleum Albania
11. **Fatos Ademi** CEO, Company Stream Oil and Gas Albania
12. **Perparim Alikaj** FIAA representative and CEO of the Company Tirez Resources
13. **Fatbardh Zeneli** Civil Society (Albanian Centre for International Right)
14. **Erald Kapri** Civil Society (Centre for Albanian Youth and Media)
15. **Ilir Aliaj** Civil Society (Centre for Development and Democratization of Institutions)
16. **Anila Hajnaj** Civil Society (Albanian Centre for Institutional Development)
17. **Sami Nezaj** Civil Society (Albanian Centre for Transparency and Free Information)

We have not seen the letters of nomination specified by the Order of the Prime Minister.

Terms of reference and rules of procedure

No terms of reference were developed for the Working Group to identify its scope of work and responsibilities, including the minimum requirements listed in the EITI Rules and Validation Guide. Government representatives argued that the terms of reference are defined in the PM Order establishing the Working Group, although this is not the case. The order contains a requirement that that Working Group should undertake all necessary activities to ... realise the candidacy of Albania as a compliant country. However, the detailed steps listed under IAT 5 – endorsement of the Working Plan, choosing an auditor to undertake audits where data submitted is not already based on data audited to international standards, etc – are not set out, as would be the case in terms of reference. The inclusion of such detailed steps in a document directed at members of a group not necessarily all familiar with EITI requirements would be informative and would empower the group members.

The Working Group did fulfil requirements specified under EITI – for example, considering and appointing the Reconciler and approving the Reconciliation Report

There are no written rules of procedure specifically for the Working Group. According to the government representatives, the Working Group uses generic rules of procedure for government institutions. We did not obtain a copy of these rules but, according to the government, the rules establish a quorum requirement of 50% plus one of the total number of participants, and decision making by a simple majority vote.

We observed the meeting in which the Working Group considered the draft reconciliation report. This was attended by several representatives from companies and NGOs not nominated on the list of members by government. There was little discussion of the report from the floor. At the conclusion of the meeting, there was a gathering of Working Group members for a formal vote on the report. This procedure was confirmed to us in interviews with government representatives.

The minutes of meetings provided to us were in many cases copies of handwritten notes on a spiral bound notepad. There is no procedure for circulating these to members of the Working Group (when interviewed, members did not comment on this), and minutes of each meeting are not formally approved as a record of that meeting.

Amended terms of reference and rules of procedure

The Order of the Prime Minister dated 21st July 2011 also provides that “the Secretariat of the Extractive Industries Transparency Initiative (EITI) shall prepare the draft Regulatory Act for the functioning of the Working Group of the Extractive Industries Transparency Initiative (EITI), which is approved by the Minister of Economy, Trade and Energy”. A copy of the Terms of Reference drafted by the ALBEITI secretariat is included in Appendix 5.

We believe the TOR and rules of procedure could be improved and include recommendations in this respect in section 5.2.5

Working Group operation

There is no evidence that civil society groups involved in EITI as members of the Working Group may be in any way operationally and in policy terms dependent on government and/or companies. All members of the Working Group interviewed during the Validation stated that they are able to operate freely without restraint or coercion, including by liaising with their constituency groups.

The members of the Working Group took part in four training workshops and one seminar. These were delivered by the World Bank, EITI international Secretariat, and the government.

The members of the Working Group from civil society and companies participated in the design, monitoring and evaluation of the EITI process and contributed to public debate through participation in media events. They also participated in the selection of the independent administrator for the EITI reconciliation report (for more details see Indicator 5).

The membership of the Working Group until very recently (12 members plus the Chairman representing government, one representative from each of civil society and companies), in combination with the quorum requirement (50% plus one), and voting procedures requiring a majority vote for decisions, gives no effective authority to non-governmental participants.

The provision in the Order of the Prime Minister that “representatives from [various institutions] may participate in the meeting of the working group upon invitation by the head of the working group” has been put into practice only partially. For example, the attendance lists for the 11 WG minutes between 17 March 2009 and 23 December 2010 do not indicate any attendance of civil society beyond the two or three regular CS attenders. Some WG meetings, for example the presentation of the EITI reconciliation report, were attended by a larger CS representation. At the same time, the most recent activities suggest that the WG is working actively on improving CS representation (increase in WG membership, attempts to create EITI local support groups, engagement of new NGOs in Tirana, etc.)

At least one representative of civil society and one representative of companies, we were told, have participated in most meetings of the Working Group. However, there was no participation of civil society or companies in the Working Group meeting on 25 February 2011, which considered the selection of the EITI Validator.

The activity of the Working Group has not been even. Meetings for which we have been given minutes are set out in the table below (to the end of March 2011). It can be seen that the level of activity in the last two quarters has increased significantly. Four of the Q4 2011 meetings were held between 23rd and 30th November.

2009	Q3	1
	Q4	2
2010	Q1	1
	Q2	1
	Q3	2
	Q4	5
2011	Q1	6

We have requested but not received an attendance list for every meeting of the Working Group.

Stakeholder views

Some Working Group members consulted during the Validation were satisfied with the Working Group composition and the adequacy of representation of various stakeholders. They said they consider their capacity to carry out their duties is adequate although they recognise that there may be some room for improvement.

WG members feel free to operate without undue influence, express their views and liaise with their constituencies.

Some members, however, expressed concerns over the existing rules of procedure, perceived as biased in favour of the government, as well as over lack of expertise of some Working Group members in technical issues. Organisation of work was another concern underlined by some WG members who believe that the large membership makes the Working Group unwieldy and is not conducive to productive decision-making. Some members - from all groups of stakeholders - expressed the view that civil society representation, and perhaps private sector representation, do not adequately represent these constituencies and should be enlarged.

Non-WG stakeholders contacted during the validation (non-government organisations and companies) were generally unaware of their representation in the Working Group.

Validator's assessment

The MSG established by the December 2008 Order of the Prime Minister is deficient in a number of ways:-

- i. The basis of the original invitation to participate is not clear
- ii. The membership is not clear and is not widely known
- iii. Stakeholders are confused about their representation and it cannot, therefore, be considered that they are adequately represented.
- iv. The process for agreeing changes in membership and appointing members is not set out
- v. Given the majority voting procedures under which the Working Group operates, the representation of companies and civil society is inadequate in comparison to the 12 members plus the Chairman from the government

- vi. The quorum requirements for meetings do not require the presence and participation of members from each constituency (government, companies, civil society)
- vii. The Working Group has not agreed any terms of reference

Records of meetings and decisions have not been subject to appropriate scrutiny and approval. The July 2011 Order of the Prime Minister and the draft Terms of Reference and rules of procedure drawn up by the ALBEITI secretariat substantially change the membership of the Working Group, increasing the representation of companies and civil society and setting out formally, for the first time the responsibilities and procedures of the Working Group. The process whereby the company and civil society associations responsible for nominating the Working Group members is not prescribed.

The recent changes to the Working Group and its procedures are an improvement on the way in which these operated from the time of Albania's adherence to EITI to the time of our visit in April 2011. We have made recommendations for changes to the revised MSG rules of procedure in section 5.2.5.

It is too early to conclude on the operation of the new regime and in any case, it has only recently become operative. Our assessment is based on the structures applying from the date of adherence to July 2011.

On this basis, we are not able to report that this indicator has been met yet; the reported subsequent actions begin to address several of the identified deficiencies.

3.6 Grid Indicator 6: Is civil society engaged in the process?

Purpose: This indicator reinforces Indicator 5. The EITI Criteria require that civil society be actively engaged as a participant in the design, monitoring and evaluation of the process, and that it contributes to public debate. To achieve this, EITI implementation will need to engage widely with civil society. This can be through the multi-stakeholder group, or in addition to the multi-stakeholder group.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government, and the EITI multi-stakeholder group where appropriate, have sought to engage civil society stakeholders in the process of implementation of the EITI. This should include the following evidence:

- Outreach by the multi-stakeholder group to wider civil society groups, including communications (media, website, letters) with civil society groups and/or coalitions (e.g. a local Publish What you Pay coalition), informing them of the government's commitment to implement EITI, and the central role of companies and civil society;
- Actions to address capacity constraints affecting civil society participation, whether undertaken by government, civil society or companies;
- Civil society groups involved in EITI should be operationally, and in policy terms, independent of government and/or the private sector;
- Civil society groups involved in EITI are free to express opinions on EITI without undue restraint or coercion.

Progress to date

The government endeavoured to reach out to wider civil society groups at the beginning of the EITI process in early 2009, sending an invitation to a number of them to join the EITI. We have been unable to obtain the original invitation to civil society organisations and cannot say how many organisations were invited. Since then, the government has dealt with a group of 8-10 NGOs based in Tirana who expressed their interest in the EITI, and we have seen no evidence of government's further attempts before late March 2011 to increase the number of civil society groups engaged in the EITI.

The three NGOs most actively involved in the Working Group (Centre for Development and Democratisation of Institutions, Centre for Development and Integration, and Centre for Transparency and Information) do not have a website or regular forms of communications (such as newsletters) and said they inform other civil society organisations about EITI through e-mail or personal communication on an ad hoc basis. In September 2010, the three above-mentioned organisations launched a project with the financial support of the Soros Foundation in Albania to establish a local network in support of the EITI. To this end, the three NGOs distributed questionnaires to local government officials, NGOs, trade unions, and businesses in five districts of Albania with high concentration of extractive industries to explore their interest to be engaged in the EITI. According to the NGOs, 60 persons and organisations have expressed their interest, and activities, such as training sessions and awareness raising campaigns, are due to start in the near future. There have been no activities involving this network yet. Also, preparations are being made by a group of NGOs to convene an international conference in Tirana on NGO participation in the EITI in October 2011.

Training workshops were held for civil society in September and November 2009 and further training is planned to run from May 2011, the latter financed by the Open Society Forum.

Two representatives of civil society participated as part of the Albanian delegation in the EITI conference in Paris on 2nd – 3rd March 2011. The representative of civil society in the Working Group was invited to take part in TV debates on the EITI in April 2011.

Stakeholder views

Civil society members of the Working Group expressed satisfaction with their representation but believe that it may be increased. Civil society representatives in the Working Group feel that they are given sufficient advance notice of meetings and timely access to documents prior to their debate and proposed adoption. They feel free to express opinions on EITI without undue restraint or coercion.

Some civil society organisations consulted during the Validation opined that the government's commitment lacked scope and sustainability. In their view, the Government has not done enough to reach out to and engage wider civil society in the EITI process.

Some NGOs contacted during the Validation think that civil society, beyond the three NGOs with membership in the Working Group, is not sufficiently engaged in EITI implementation. In particular, they expressed concerns over lack of civil society's engagement in the areas with high concentration of extractive industries.

The three civil society groups involved in EITI said they are operationally, and in policy terms, independent of government and / or the private sector and are free to express opinions on EITI without undue restraint or coercion. They said they are financed from international donors or sources independent of government and companies, and were strongly opposed to accepting financial assistance from companies.

Some stakeholders, from government and companies, expressed the view that civil society representation does not adequately represent the constituency and should be enlarged.

Validator's assessment

There has been involvement of civil society in the EITI process but the scope of the engagement and the efforts undertaken by the Working Group to date have not yet realised the result "that civil society be actively engaged as a participant in the design, monitoring and evaluation of the process, and that it contributes to public debate", for which "EITI implementation will need to engage widely with civil society, either through the multi-stakeholder group, or in addition to the multi-stakeholder group" (EITI Validation Guide). Civil Society itself in Albania is somewhat fragmented and its organisation is still relatively immature. Participation in EITI, and increasing its participation, is therefore particularly important.

The scope of civil society engagement has been limited for most of the time since Albania's adherence to EITI. Civil society has been represented by one sector only – the non-government sector - and even this engagement has been very limited. (There has been no representation on the Working Group from other parts of civil society, for example community groups, faith-based organizations, professional associations, trade unions or advocacy groups.) The maximum number of civil society groups that engaged in any EITI-related events has been 11. However, only one organisation has participated in the Working Group more or less regularly, while two organisations have attended some of the meetings, and there is no evidence that the other five (out of the original eight who responded to the government's invitation to join the EITI) have had any involvement in the EITI process. There is no evidence that the government or Working Group plans to engage civil society further at the Working Group or government level. There have been efforts by individual Working Group members (such as the establishment of a local EITI network described above): these have been initiated by the NGOs themselves.

We did not find any evidence of outreach by the Working Group to the wider civil society groups. There are no arrangements to inform wider civil society systematically and on a regular basis about the EITI, such as web sites, newsletters, updates and so on.¹⁶ There are no publications, printed or electronic, that would specifically target civil society. Civil society participated in only one media event, in April 2011. As a result, the level of civil society's awareness about the EITI is low. Some large NGOs working in the fields of transparency and consumer protection were contacted during the Validation. They claimed to have no information about the EITI but expressed their interest in participation when informed by the Validator.

There is not enough evidence of actions to address capacity constraints affecting civil society participation, whether undertaken by government, civil society or companies. Such efforts were either taken by other partners or involved a small number of civil society representatives. Only one NGO participated in the meeting of the Working Group on 18 September 2009 where the EITI International Secretariat delivered a presentation on civil society participation in the EITI. 11 NGO and media representatives participated in half a day workshop organised by the World Bank for civil society in September 2009. One representative of civil society attended the Working Group meeting on 10 December 2009 where the World Bank study of the extractive industry sector in Albania was presented and amendments to the Mining Law explained.

Since our visit, representation of civil society on the MSG has been strengthened and the ALBEITI Secretariat has given details of activities relating to civil society. These include

- intensification of direct contacts with wider stakeholders
- provision of necessary funding to carry on these activities
- training workshops and seminars starting since July 2011, including a workshop with main media of the country and the establishment of the Club of Journalists ALBEITI on July 21, 2011

We have not been able to examine these activities, many of which are of recent date, but the increase in engagement with and by a wider representation from civil society appears encouraging for the future.

Assessing this indicator on the period from the date of adherence to July 2011, this indicator has not yet been met. We note that if the increased recent activity is sustained, it would be possible to re-assess this Indicator in, say six months' time.

¹⁶ The principal electronic resource for information on EITI in Albania is the website of the Ministry of Economy, Trade and Energy, which contains a section on EITI in both Albanian and English (http://www.mete.gov.al/mete_eiti_al.php). According to the Secretariat, a new web site specifically dedicated to the EITI will be launched in the near future but as of time of this writing the new site is not operational. The currently operational site does not provide the names of civil society representatives in the Working Group, neither does it contain materials specifically designed for civil society

3.7 Grid Indicator 7: Are companies engaged in the process?

Purpose: This indicator reinforces Indicator 5. EITI implementation requires that companies are actively engaged in implementation and that all companies report under the EITI. To achieve this, EITI implementation will need to engage widely with oil, gas and mining companies. This can be through the multi-stakeholder group, or in addition to the multi-stakeholder group.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government, and the EITI multi-stakeholder group where appropriate, have sought to engage companies (oil, gas and mining) in the implementation of the EITI. This should include the following evidence:

- Outreach by the multi-stakeholder group to oil, gas and mining companies, including communications (media, website, letters) informing them of the government's commitment to implement EITI, and the central role of companies;
- Actions to address capacity constraints affecting companies, whether undertaken by government, civil society or companies.

Progress to date

The participation of companies in the EITI Working Group is allowed by Order of the Prime Minister No 156 of 12 December 2008. The METE invited two extractive industry companies to the first meeting of the Working Group on 17 March 2009, which approved the country's work plan. According to one of the participants (the FIAA representative), those invited received the work plan in advance and had an opportunity to comment on it. As explained above, until April 2011, there was one representative of the business community in the Working Group but the latest membership list submitted by the Secretariat on 26 April 2011 includes five industry representatives: two mining companies (Beralb and ACR), two oil companies (Bankers and Albpetrol, the state company) as well as a representative of the Foreign Investors Association of Albania.

Industry representatives participated in the Working Group meetings that dealt with the approval of the EITI reporting forms, selection of the independent administrator and selection of the Validator.

Other company representatives were invited to the Working Group meetings from time to time: six companies participated in a meeting on 18 September 2009 when the EITI International Secretariat delivered a presentation; five companies attended a presentation by Fair Links on a study in transfer pricing in the extractive sector on 15 February 2010; six companies attended the presentation of the EITI reconciliation report by the independent administrator on 22 April 2011.

In late 2009, the AKBN developed and distributed a reporting form for the payments effected by oil and mining companies in 2009. The forms were collected during 2010 from 95 companies by the AKBN. The format was considered at a meeting in July 2009 attended by one company representative and two civil society representatives. According to the Secretariat, the form was not designed to replace an official ALBEITI reporting form but served to test the willingness of companies to participate in the EITI, including disclosure of their revenues. There is no information about how the data obtained were used but the government cites this exercise as evidence of companies' engagement in the EITI.

The EITI section of the METE website contains some information for companies, including the PM's decision on EITI reporting as well as the EITI reporting forms. Two companies (one oil and one mining) published

information on their payments to the government and their level of production on their websites, one of them also published information on EITI.

We have seen no evidence of the efforts by the government to reach out to the wider business community and found a generally low awareness of the initiative among companies we met. Government representatives cite the legislation mandating disclosure of data by mining companies as an example of the government's commitment to EITI, but legislation is not evidence of a dialogue with companies.

Stakeholder views

The government and civil society representatives on the Working Group are completely satisfied with the engagement of companies and do not expect any more engagement. Civil society representatives on the Working Group were unwilling to accept any financial assistance from companies to further their activities in publicising EITI in Albania.

Awareness of the ALBEITI Working Group, and of its purpose and activities, was low among companies.

To illustrate the level of awareness, we give some details about discussions with three major producing companies. We requested the ALBEITI Secretariat to arrange meetings with extractive companies to discuss EITI and the EITI reconciliation exercise. The representative from the largest chrome producer, ACR, was unaware of EITI. We met a second company representative who had provided information for the reconciliation, who also had no understanding of EITI or the reasons for which the data was being collected.

We met senior representatives from the two main oil producers. Bankers Petroleum attended an EITI meeting in METE in April 2010 but had heard nothing further about EITI until they were requested to complete templates. Stream Oil and Gas said they first heard about the initiative when contacted by the reconciler. Neither company was aware of the composition or functions of the ALBEITI Working Group, or of the purpose of the EITI reconciliation but saw no difficulty with providing the information requested because, they said, it was already available on the companies' websites.

We also met two representatives from AlbPetrol, who attended the Working Group meeting to which the draft reconciliation report was presented. They said they had come to confirm the figures included in the report in respect of AlbPetrol, although they had not been involved in the completion of the templates and had no knowledge of EITI. This was the first meeting of the Working Group that they themselves had attended, and they stated that they had voted on the report presented to the meeting.

Generally, companies consulted during the Validation did not express any dissatisfaction with the level of the government's commitment but could not cite any example of government efforts to engage with companies beyond the requirement to submit data for the reconciliation report. Companies expressed their support to the EITI in connection with a belief that there should be greater transparency in the country. Some companies believe that their participation could be more active but they lack ideas about how they can contribute to the EITI.

Validator's assessment

We met with both producing oil companies and the state oil company, as well as with several mining companies (see Appendix 1 for a full list of respondents).

The reconciliation report for 2009 states that 9 oil companies and 37 mining companies were included in the exercise and that returns were received from all the oil companies and from 32 of the mining companies. The

report states that the companies which did not respond had limited activity (not defined). Given the short timescale for collection of data, the response rate achieved is evidence of willingness of companies to comply with the EITI reporting requirements for a reporting year where it was not mandatory to do so (the law requiring mining companies to comply was introduced in 2010).

In other respects, engagement by or with companies for EITI has been limited. The EITI Rules and Validation Guide require the Validator to seek evidence of outreach by the multi-stakeholder group to oil, gas and mining companies, including communications (media, website, letters) informing them of the government's commitment to implement EITI, and the central role of companies as well as evidence of actions to address capacity constraints affecting companies, whether undertaken by government, civil society or companies. Little was done in either respect. The two brochures on hydrocarbon and mining resources of Albania addressed to foreign investors and published by the National Agency of Natural Resources in 2010 make no mention of the EITI. There is no evidence of communications and publications specifically designed to promote the participation of companies in the EITI.¹⁷ The Working Group does not have any specific plans to engage companies in the EITI. There is no evidence of the industry representative in the Working Group communicating with other companies.¹⁸ The level of awareness about the EITI among the companies contacted during the Validation is very low, even among senior management. Some senior managers even did not know about their companies' participation in this process.¹⁹ Likewise, the companies were completely unaware of their possible contribution to the EITI in addition to the requirement to report, such as capacity development for civil society, information and awareness campaigns, financial assistance and others.

Moreover, the participation of the companies in the Working Group has been low, in that there was no representation of companies in most of the meetings. Out of four meetings in 2009 they attended three (no representation on 10 December 2009), out of eight meetings in 2010, industry representatives attended only one (no representation on 8 April 2010, 17 June 2010, 14 September 2010, 23 November, 24 November 2010, 25 November 2010, and 30 November 2010), in 2011 companies were not represented at a meeting on 12 April.

So on the one hand, there was reasonable compliance with the EITI reporting. On the other hand, general awareness of the aims of EITI and engagement with civil society and government through the multi stakeholder group has been at a low level. When awareness is low, there can be no meaningful engagement.

The participation of companies in EITI reporting is a crucial element of the success of the programme and there was good compliance for the 2009 report in Albania. It is not, however, the whole story of engagement and it is clear that communication by and to companies of the implementation of the aims of EITI has been inadequate – by government, by the Working Group and all its stakeholders, and by interested companies themselves. Capacity building and communication activities and greater engagement between companies and civil society all need to be improved.

With these reservations, and taking account of recommendations made in section 5.2.6, we consider that this indicator has been met.

¹⁷ Only recently did the Secretariat step up its efforts to reach out to the industry and had an interview with the Head of the Secretariat about the EITI published in Metropol newspaper designed for the business community on 21 April 2011.

¹⁸ The website of the Foreign Investors Association of Albanian (www.fiaalbania.com) provides periodic updates on the activities of the Association but there is no mention of the EITI despite the fact that a FIAA representative is a member of the Working Group.

¹⁹ This is in addition to the confusion over companies' representation in the Working Group as described in Indicator 5.

3.8 Grid Indicator 8: Did the Government remove any obstacles to EITI implementation?

Purpose: Where legal, regulatory or other obstacles to EITI implementation exist, it will be necessary for the government to remove these. Common obstacles include confidentiality clauses in government and company contracts and conflicting government departmental remits.

Evidence: To give this indicator a tick, the Validator should see evidence that the government has removed any obstacles. This might involve following a proactive assessment of obstacles, or through reactive action to remove obstacles as they arise. There is no one way of dealing with this issue – countries will have various legal frameworks and other agreements that may affect implementation, and will have to respond to these in different ways. The sort of evidence the Validator will want to see could include:

- A review of the legal framework;
- A review of the regulatory framework;
- An assessment of obstacles in the legal and regulatory framework that may affect implementation of the EITI;
- Proposed or enacted legal or regulatory changes designed to enable transparency;
- Waiver of confidentiality clauses in contracts between the government and companies to permit the disclosure of revenues;
- Direct communications with, e.g., companies, allowing greater transparency;
- Memoranda of Understanding setting out agreed transparency standards and expectations between government and companies.

Progress to date

We have not seen any formal assessment by or on behalf of the Working Group of the legal and regulatory obstacles to EITI implementation in Albania. The METE drafted in 2009 amendments to the Mining Law of 1994, which were then enacted in 2010.²⁰ The new Mining Law (10304 of 15 July 2010) made EITI reporting mandatory for mining companies. Specifically, Article 36 of this Law states:-

In the framework of the Extractive Industry Transparency Initiative, persons subject to this Law shall

- report in accordance with the requirements specified in the bylaws developed under the obligations specified in the EITI;
- in any technical report, financial or tax payments should be in line with international best practices for extracting industry;
- mining activities of the mining entities in Albania and their financial operations with the mother or daughter companies abroad shall be conducted in accordance with the values of costs or a reasonable profit identified in the programs of their mining activities.

Pursuant to this Law, the Cabinet issued a decision on 23 March 2011 obliging mining companies to submit reports every six months in accordance with the approved EITI forms.

²⁰ There is no evidence of companies' or civil society's involvement in the legal or regulatory review or in the drafting of the legal amendments.

According to the METE, these legislative and regulatory changes removed all obstacles to EITI implementation. There are no plans to amend the Petroleum Law (Exploration and Production) No.7746 dated 28 July 1993 or any other legislative or regulatory acts relating to the oil and gas industry. According to the METE, the issue of confidentiality has been dealt with through a waiver of confidentiality incorporated in the EITI forms. Indeed, all nine companies requested to submit their declarations for the 2009 EITI report, complied with this request.

Stakeholder views

All stakeholders contacted during the Validation, both within and without the Working Group agree that there are no legal or regulatory obstacles to EITI implementation.

Validator's assessment

The government explained that no amendment had been made to the petroleum law because there were existing contractual agreements with oil companies which could not be altered. We have nevertheless recommended that the legislation applying to oil companies should be reviewed.

Subsequent to the issue of the draft validation report, the Working Group approved a form for a Memorandum of Understanding between the ALBEITI secretariat and petroleum companies. The ALBEITI secretariat plans to have the MOU signed by 30th September 2011. The mining law was amended during 2010 to require compliance with EITI reporting, although this amendment was not effective in respect of 2009.

Reporting by companies for the 2009 reconciliation, where 41 out of 46 companies responded, was on a voluntary basis and the absence of legislation was not an obstacle.

This Indicator has been met.

3.9 Grid indicator 9: Have reporting templates been agreed?

Purpose: Reporting templates are central to the process of disclosure and reconciliation, and the production of the final EITI Report. The templates will define which revenue streams are included in company and government disclosures. The templates will need to be agreed by the multi-stakeholder group. The EITI Criteria require that “all material oil, gas and mining payments to government and all material revenues received by governments from oil, gas and mining companies” are published. EITI templates will therefore need to define by agreement of the multi-stakeholder group what these material payments and revenues comprise, and what constitutes “material”. It will also be necessary for the multi-stakeholder group to define the time periods covered by reporting. A revenue stream is material if its omission or misstatement could materially affect the final EITI Report. It is commonly recognised that the following revenue streams should be included:

- Host government’s production entitlement;
- National state owned company production entitlement;
- Profits taxes;
- Royalties;
- Dividends;
- Bonuses (such as signature, discovery, production);
- Licence fees, rental fees, entry fees and other considerations for licences and/or concessions;
- Profit oil;
- Other significant benefits to government as agreed by the multi-stakeholder group.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the multi-stakeholder group was consulted in the development of the templates, that wider constituencies had the opportunity to comment, and that the multi-stakeholder group agreed the final templates. This could include the following evidence:

- Draft templates provided to the multi-stakeholder group;
- Multi-stakeholder group minutes of template discussions;
- Communications to wider stakeholders (e.g. companies) regarding the design of the templates;
- Arrangement to enable stakeholders to understand the issues involved;
- A statement by the multi-stakeholder group that they agreed the templates, including all revenue streams to be included.

Progress to date

There was, as we understand from government representatives, discussion over the flows to be included in Albania’s first EITI Reconciliation in early 2010 and draft templates were drawn up after consultation with a number of companies. The format was considered at a meeting in July 2009 attended by one company representative and two civil society representatives. Templates were circulated by AKBN to companies for completion and were returned to AKBN. We understand that nothing further was done with the information and no reconciliation was undertaken.

Following the appointment of a Reconciler, the Working Group met on 11th March 2011 and considered the financial flows to be included in the Reconciliation Report for 2009 and agreed the flows and the form of templates to be used to collect them. The form of the templates used in the 2009 reconciliation was required by the Working Group to comply with Albanian legislation and the requirements of EITI. The templates were discussed in the Working Group but were not circulated to parties outside the Working Group.

All oil companies active in Albania in 2009 (both in production and in exploration) and those mining companies whose production in 2009 exceeded the limits shown below were included in the 2009 Reconciliation. The limits were:-

Chromite	2,000 tpa
Copper	114,000 tpa extracted ore
Nickel	5,000 tpa

In addition, international mining companies in exploration were included.

The TOR for the reconciler state that the report shall include mining companies which cover 60% of the mineral extraction in Albania (45-50 companies) and 90% of the crude oil production in Albania (2 companies). The limitation in the number of companies to be included seems to be due to a combination of the limited time available to produce the report (in view of the validation deadline) and the structure of the mining industry (with many small producers) but is not inappropriate for a first EITI report.

Selection of the mining companies was based on reported production. We discussed with the Working Group whether determination of companies to be included in future reports should be based on examination of the revenue streams to the government from the sector and suggested they should consider undertaking a full scoping study related to financial flows. There was agreement with the principle that future reports should extend the scope of companies included and that selection of companies for inclusion should be based on financial measures. We include recommendations on this area in section 5.2.7. The timescale for the conduct and completion of the reconciliation was 5 weeks from the date of commencement and reporting entities were given one week from the date of issue of templates to return completed templates to the Reconciler.

Stakeholder views

MSG members consulted expressed the view that there had been adequate discussion on the scope of the reconciliation, in terms of the revenue streams to be included, the companies making material payments and the form of templates to be used to collect the data.

Companies expressed the opinion that other payments should be included, mentioning payments for corporate social responsibility, income tax collected from employees on behalf of the government and VAT. It was recognised that the timeframe for the 2009 reconciliation was so short that there should be a limit on the scope of payments included, whilst ensuring that the minimum EITI requirements were covered, with the intention of considering extending the scope in future.

Validator's evaluation

There was adequate discussion and understanding amongst members of the MSG of the scope of, and methodology for, the reconciliation, and agreement on the templates and guidance notes.

The short timescale for the reconciliation necessitated by the impending Validation deadline appears to have limited the scope of payments from companies which were included, as referred to above. The reconciliation report comments that in providing recommendations in the scope of benefit streams and companies to be considered, account had to be taken of the very tight deadline against which the Albania EITI was working for the 2009 EITI report. We observed that only payments to central government were included. This decision followed the Working Group's consideration of the analysis of extractive sector payments prepared by the secretariat, which determined that the major payments from extractive companies were mineral royalties, corporate profit taxes and surface fees; and the addition of signature bonuses and payments from AlbPetroil

Nevertheless, the scope limitation on grounds of practicality does not appear to have led to the omission in the 2009 reconciliation of any material payments by extractive companies to government nor of any material revenues received by government from extractive companies. The template approved by the Working Group contained a section for companies to include "other significant payments to the state", which companies could complete on a voluntary basis. The reconciler reports that companies did not declare any significant benefit out of the defined scope.

This indicator has been met.

3.10 Grid Indicator 10: Is the Multi-Stakeholder Group content with the organisation appointed to reconcile figures?

Purpose: An organisation will need to be appointed to receive the disclosed company and government figures, to reconcile these figures, and to produce the final EITI Report. This organisation is variously known as an administrator, reconciler, or auditor. It is vital that this role is performed by an organisation that is perceived by stakeholders to be credible, trustworthy, and technically capable.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the multi-stakeholder group were content with the organisation appointed to reconcile figures. This could include the following evidence:

- TORs agreed by the multi-stakeholder group;
- Transparent liaison with the EITI secretariat and Board to identify potential validators;
- Agreement by the multi-stakeholder group on the final choice of organisation.

Progress to date

The minutes of the meeting of the Working Group on 23rd December 2010 record that the newly appointed EITI Coordinator presented Terms of Reference (TOR) for the Administration Consultant and following discussion, these were approved. It is noted that the World Bank had been consulted.

Correspondence from the World Bank and EITI approving the funding and TOR was considered by the Working group at its meeting on 4th January 2011 and on 14th February 2011, the minutes show that Fair Links was appointed as Reconciler at the latter meeting.

These minutes record that 9 members participated in the meeting, listing three by name (Messrs Alibali, Mati and Aliaj). As noted elsewhere, we have not been provided with attendance lists for Working Group meetings.

Stakeholder views

Working Group members consulted, including companies and civil society representatives, all expressed satisfaction with the appointment of the Reconciler and other stakeholders expressed no negative views.

Validator's evaluation

We note that there was discussion by the Working Group about the appointment of the Reconciler, according to its minutes and our discussions with its members, and there was consultation with the EITI Secretariat and World Bank and no objections from stakeholders in and out of the Working Group.

This Indicator has been met

3.11 Grid indicator 11: Has the Government ensured all companies will report?

Purpose: The EITI Criteria require that all companies – public (state owned), private, foreign and domestic – report payments to the government, according to agreed templates, to the organisation appointed to reconcile disclosed figures. The government will need to take all reasonable steps to ensure that all companies do report. This might include the use of voluntary agreements, regulation or legislation. It is recognised that there might be good (albeit exceptional) reasons why some companies cannot be made to report in the short term. In this situation, government must demonstrate that they have taken appropriate steps to bring these companies in to the reporting process in the medium term, and that these steps are acceptable to other companies.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government has done one of the following:

- Introduced/amended legislation making it mandatory that companies report as per the EITI Criteria and the agreed reporting templates;
- Introduced/amended relevant regulations making it mandatory that companies report as per the EITI Criteria and the agreed reporting templates;
- Negotiated agreements (such as Memoranda of Understanding and waiver of confidentiality clauses under production sharing agreements) with all companies to ensure reporting as per the EITI Criteria and the agreed reporting templates;
- Where companies are not participating, the government is taking generally recognised (by other stakeholders) steps to ensure that these companies report by an agreed (with stakeholders) date.

Progress to date

The mining law was amended in 2010 to require mining companies to provide information for EITI. There has been no similar change to the law relating to oil companies, understood to be more difficult in view of pre-existing contractual arrangements.

There was a reasonable response rate from companies included in the reconciliation, with 41 out of 46 companies sending declarations to the reconciler, according to the reconciliation report. All the oil companies sent declarations, while the reconciler comments, in relation to the five non responding mining companies, that “the activity of these companies is very limited and it is quite unlikely that their contribution to State revenues is very significant”, although the basis for this statement is not given.

The templates from these 5 mining companies have now been delivered to the Reconciler, who has subsequently stated that their payments account for less than 5% of total revenues declared by the state. The companies returned their templates after the deadline for inclusion in the report, which could not be delayed to accommodate late reporting companies (as is often done) because of the over-riding requirement to publish the reconciliation report in time for the validation deadline.

Stakeholder views

Stakeholders consulted said that the approach by the Working Group for the 2009 report was appropriate and included all the major extractive companies operating in Albania. They explained that the Working Group decided to include all oil companies and a number of major mining companies according to the production level criteria set by the Working Group and that altogether, 36 mining companies were selected for the reconciliation exercise, which amounts to about 5% of the total number of licensed mining companies (738). However, stakeholders consulted felt that this number was appropriate as most of the mining in Albania is carried out by small operators.

Validator's evaluation

Participation by companies included in the reconciliation was high, especially considering the short timescale in which it was carried out.

We have been provided with handwritten minutes of the meeting of the Working Group which approved the report (see Appendix 6). It is not known what action, if any, is proposed in respect of the companies which did not report.

This indicator has been met.

3.12 Grid Indicator 12: Has the Government ensured that company reports are based on audited accounts to international standards?

Purpose: The EITI Criteria require that all data disclosed by companies is based on data drawn from accounts which have been audited to international standards. This is a vital component of EITI implementation.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government has taken steps to ensure that data submitted by companies is audited to international standards. This could include the following:

- Government passes legislation requiring figures to be submitted to international standards;
- Government amends existing audit standards to ensure that they are to international standards, and requires companies to operate to these;
- Government agrees an MoU with all companies whereby companies agree to ensure that submitted figures are to international standards;
- Companies voluntarily commit to submit figures audited to international standards;
- Where companies are not submitting figures audited to international standards, the government has agreed a plan with the company (including sOE) to achieve international standards against a fixed time-line;
- Where figures submitted for reconciliation are not to audited standards, the group is content with the agreed way of addressing this.

Progress to date

There is legislation in place requiring company financial statements to be audited. It should be noted that the requirement for an annual audit applies only to limited companies and joint stock companies.

International Auditing standards are applicable to audits carried out under Albanian law. Note however that some producing entities might not be incorporated in Albania but might be operating through a branch or similar structure for which Albanian legislation does not require an audit.

The MSG has not entered into an MOU with producers to regulate these issues.

The MSG decided not to ask companies to obtain reports from their external auditor to the effect that their reported figures were in agreement with financial statements audited to international standards; we understand that this decision was taken because of the shortage of time for the first reconciliation. The reconciler requested the largest oil producing company, Bankers Petroleum, to produce declarations verified by its international external auditor; the company did so. The Working Group decided to require the General Manager of all companies to sign a declaration (quoting) "acknowledging the accounting and financial definitions of the concerned benefit streams and having strictly considered them in the compilation of the attached reporting templates." This declaration does not refer to the audit status of the figures. Each reporting template was required to be signed and stamped by the General Manager. All companies whose reported payments were included in the report submitted these declarations, appropriately signed.

The Working Group informed us during our visit that they had no plans to require companies to ensure that future submissions are based on accounts audited to international standards.

Stakeholder views

The primary concern of stakeholders on the MSG was to ensure that the reconciliation was completed before the deadline for validation of the EITI implementation expired. Within this timescale, it is understood to have been impractical to obtain declarations from companies confirming that the EITI template information was consistent with accounts audited to international standards, with the exception of one. The oil company whose auditors produced the verification declaration commented that there had been no issue to produce it, except that it had been required within a one week timescale.

Validator's evaluation

The MSG did not establish a process for verifying that figures declared by companies were in fact consistent with their accounts.

There is no record of any discussion in the minutes of the Working Group to record the issues which were considered in arriving at their decision. We have been told that the issue has "not [been] specifically discussed in the meetings of the MSG, taking for granted the implementation of the law in force for fiscal declaration and audit, which is based on legal acts and regulations of international standards." ALBEITI draws attention to the conformity of Albanian legislation on accounts and auditing of companies with international standards but we have seen no discussion of the requirement that EITI declarations should be based on those audited accounts. The inadequacy is limited to the issue of whether there is a clear linkage between the audited accounts and the data reported by companies.

The MSG did not consider the detailed requirements of the indicator at the time of planning the first reconciliation. The first reconciliation did not ensure comprehensive compliance with the indicator.

The process was therefore not adequate to comply with the requirements of the Indicator.

The reconciler recommended that the verification of EITI based declarations becomes the rule for the main oil and mining companies (i.e. the reconciler appears to have been aware that such verification was required by the indicator). The Chairman of the Working Group has accepted the recommendations of the reconciler, although we have not seen any formal proposals or timescale for implementation. The Secretariat has recently stated that "declarations of the main companies, such as Bankers Petroleum, etc, shall be in the framework of EITI requirements for all reported years", indicating the intention to examine this area in the future, although the details appear yet to be determined.

It appears that the MSG was satisfied with the approach adopted for the first reconciliation. On the basis that the MSG informs us that it has now established a clear requirement for future reconciliations (albeit that the timescale remains to be confirmed), this indicator can be considered to have been met.

3.13 Grid indicator 13: Has the Government ensured that government reports are based on audited accounts to international standards?

Purpose: EITI criteria require that all data disclosed by the government is audited to international standards.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government has taken steps to ensure that data submitted is audited to international standards. This could include the following:

- Government passes legislation requiring figures to be submitted to international standards;
- Government amends existing audit standards to ensure they are to international standards, and ensures compliance with these;
- Where figures submitted for reconciliation are not to audited standards, the multi-stakeholder group is content with the agreed way of addressing this.

Progress to date

Under Albanian law, the audit of government processes and reporting must be carried out under the INTOSAI²¹ standards. There is no legislation in place requiring EITI data disclosed by the government to be audited to international standards.

There was no procedure put in place by the Working Group for ascertaining whether or how the information declared for EITI purposes was audited, or was consistent with audited information, to international standards, nor was there any consideration of the nature of the INTOSAI standards or how they are applied to Albanian institutions.

The templates approved by the Working Group for collection of data from government were not required to be certified as being based on audited accounts to international standards.

The reconciler has said that all State declarations received by the reconciler were represented and signed by the General Director of each State collecting agency (Tax General Director; Custom General Director; General Director of AKBN; General Director of METE). In addition, a representation letter has been provided by the Government (signed by the Deputy Minister of METE) representing various issues, in particular the quality and reliability of data declared by the State.

Stakeholder views

During a lengthy discussion on this point with the Working Group when we presented our initial findings, the government representatives explained clearly the audit processes which are applied within government. There was, however, no appreciation of the requirement that the Working Group should ensure that data submitted to the Reconciler by government bodies for inclusion in the EITI Report should be based on audited accounts to international standards. The Working Group members were satisfied that there are audit procedures in place and with the process whereby EITI templates are accompanied by declarations from the respective General Directors similar to those submitted by companies.

²¹ International Organisation of Supreme Audit Institutions

Validator's evaluation

There is no discussion in the Working Group minutes concerning procedures for obtaining confirmation of the government's EITI declarations and their relationship to any audit of government figures and in our discussion with the Working Group, there was no appreciation of the need to address this issue. The TOR for the Reconciler contain no reference to this point.

The Deputy Minister has provided a written representation to the reconciler that the data provided by government is "accurate and fairly represents the revenues collected by the state". This representation is in addition to the confirmation from each General Director as reported by the reconciler and provides additional assurance on the preparation of government figures.

The new EITI rules suggest that where the government figures submitted for EITI are not audited, as is the case in Albania, that the Working Group should be satisfied with the way in which this has been addressed, for example by requiring a time bound plan to introduce the requirement.

Following discussions during the validation, the Working Group is now considering the further and is requesting that government departments obtain audit confirmation in future for their EITI declarations.

This indicator has been met.

3.14 Grid Indicator 14: Were all material oil, gas and mining payments by companies to government (“payments”) disclosed to the organisation contracted to reconcile figures and produce the EITI Report?

Progress to date

The payments to be included within the scope of the reconciliation were considered by the Working Group and a final decision was taken by the Working Group following discussions with the reconciler and a materiality analysis undertaken by the Albania EITI Secretariat. The reconciliation report notes that all companies included in scope returned declarations, except for five mining companies, whose activity is stated to be very limited and whose contribution to state revenues is quite unlikely to be significant.

The templates from these five mining companies, now delivered to the Reconciler, contain payments which the Reconciler has said account for less than 5% of total revenues declared by the state. The companies returned their templates after the deadline for inclusion in the report, which could not be delayed to accommodate late reporting companies (as is often done) because of the over-riding requirement to publish the reconciliation report in time for the validation deadline.

Stakeholder views

Based on the reconciliation report, stakeholders believe all material payments have been declared and approved the report on 4th May.

Validator’s assessment

Material benefit streams were defined by the Working Group but there was no definition of what size of payment was material, nor of which differences between company and government figures should be considered material.

Company figures, with the exception of those from Bankers Petroleum, have not been independently confirmed and there are differences between payments reported by companies and receipts reported by government. In the absence of a definition of materiality, all payments and differences must be deemed to be material. Given that there are differences between reported payments and receipts, it is not possible to conclude that all material payments have been reported to the reconciler.

This indicator has not been met.

3.15 Grid Indicator 15: Were all material oil, gas and mining revenues received by the government (“revenues”) disclosed to the organisation contracted to reconcile figures and produce the EITI Report?

Progress to date

Progress made in this area is set out under indicator 14.

There are unresolved discrepancies shown in the reconciliation report for many of the flows individually. The most significant of these arises in relation to royalties declared by oil companies (\$8.828m) and royalties receipts from the oil sector declared by government (\$8.175m) amounting to \$0.65m. This represents 7.8% of total receipts declared by government from the oil sector, excluding movements to AlbPetrol. These discrepancies are said to be largely accounted for by the manual nature of the records maintained by the Directorate General of Customs for the first quarter of 2009, which made it difficult for the Directorate to furnish detailed information for the first quarter. The computerised systems introduced in April 2009 are said to have improved the quality of information which the Directorate could provide.

Bankers Petroleum, one of the two oil companies in production, submitted figures verified by its auditors, giving increased comfort that the figures reported by the company were complete. The difficulties noted by the Reconciler on the part of the Directorate General of Customs in producing royalty receipts for part of the period, on the other hand, suggest that the discrepancies may arise through incomplete or inaccurate disclosure by government of receipts for this item.

The difference between mining royalty payments declared by companies (93.1m LEK) and receipts declared by government (92.5m LEK) was 0.6m LEK, representing 0.3% of total receipts declared by government from the mining sector.

Government reported receipts from five companies in the mining sector, whose returns were received by the Reconciler only after the report had been published. The Reconciler and Working Group agreed that for the sake of presenting consistent figures, the receipts reported by government relating to these companies should not be included in the EITI Report. The Reconciler has said that these receipts represented less than 5% of overall revenues declared by the State.

Stakeholder views

Based on the draft reconciliation report, stakeholders were satisfied that all material payments have been declared and approved the report on 4th May 2011.

Validator’s assessment

Material benefit streams were defined by the Working Group but there was no definition of what size of payment was material, nor of which differences between company and government figures should be considered material.

The exclusion of figures reported by government where returns had not been received from companies, whilst producing a presentation which is consistent as regards only reporting receipts and payments where both parties have provided a return, is not in accordance with the general EITI requirement that all material receipts and payments should be reported and It would have been preferable to disclose the receipts reported by

government. The report states that the government figures were excluded on grounds of consistency, not materiality and gives no indication of the scale of receipts excluded on these grounds. The Secretariat has stated that the figures relating to these companies were immaterial but we have seen no quantification. Government figures have not been independently confirmed and there are differences between payments reported by companies and receipts reported by government. In the absence of a definition of materiality, all payments and differences must be deemed to be material. Given that there are differences between reported payments and receipts, it is not possible to conclude that all material payments have been reported to the reconciler.

This indicator has not been met.

3.16 Grid Indicator 16: Was the multi-stakeholder group content that the organisation which was contracted to reconcile the company and government figures did so satisfactorily?

Progress to date

The reconciler was selected under World Bank procedures and the appointment was approved by the Working Group. The timescale for production of the first report was relatively short (the TOR for the reconciler required the draft report to be issued within five weeks from commencement) and 41 out of 46 companies produced declarations, including all producing companies included in scope. The final report was approved by the Working Group on 4th May 2011. A copy of the minutes and attendance list is attached at Appendix 6

Stakeholder views

All stakeholders were satisfied with the performance of the reconciler.

Validator's assessment

This indicator has been met.

3.17 Grid Indicator 17: Did the EITI Report identify discrepancies and make recommendations for actions to be taken?

Progress to date

The reconciliation report was produced on an aggregated basis – this means that it shows total flows by type without analysis by company and that discrepancies are calculated but not attributed to individual reporting entities. The report discloses the remaining differences between figures declared by companies and figures declared by the government. The unresolved discrepancies in respect of the oil companies amount to \$603,000 (net) and representing 7.2% of receipts declared by the state; unresolved discrepancies for the mining companies are shown as 4.8m LEK, or 2.5% of receipts declared by the state.

The reconciliation report does not disclose revenues reported by government where companies did not report payments to the reconciler. The report states, in respect of those companies, “the activity of these companies is very limited and it is quite unlikely that their contribution to state revenues is significant”. The intention of excluding the government data in these cases is to be able to identify the discrepancies between figures reported by both government and companies. However, the EITI criteria require the publication of all material payments and revenues and it would be preferable for the revenues reported by government, where companies have not reported, to be separately disclosed in the report, for the sake of transparency and to permit the financial amount of the unmatched data to be visible to a reader of the report. This is particularly the case in Albania, where there is no definition of financial materiality.

The Working Group has approved the report but has not taken any decision concerning actions to be taken in response to the recommendations of the reconciler, or how the differences between company and government declarations are to be resolved or what action (if any) is to be taken in respect of companies which did not report. The Working Group is considering including the 2009 non reporting companies in a separate chapter in the 2010 report. Discrepancies are being discussed with government departments so that the reasons for discrepancies in the 2009 report can be identified and averted for the future. There is no intention to conduct an independent examination of the discrepancies.

The report makes recommendations concerning company and government declarations and on future EITI reporting.

Stakeholder views

We have not consulted stakeholders on the final report, which was published after we undertook the validation.

Validator’s assessment

This indicator has been met.

3.18 Grid indicator 18: Was the EITI Report publicly available in a way that was accessible, comprehensive, and comprehensible?

Purpose: The EITI is ultimately fully implemented when the EITI Report is made public and is widely disseminated and openly discussed by a broad range of stakeholders. The EITI Criteria require that the Report is publicly available in a way that is publicly accessible, comprehensive and comprehensible.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government has ensured that the Report was made publicly available in ways that are consistent with the EITI Criteria, including by:

- producing paper copies of the Report, which are distributed to a wide range of key stakeholders, including civil society, companies, the media and others;
- making the Report available on-line, and publicising its web location to key stakeholders;
- ensuring that the Report is comprehensive and includes all information gathered as part of the Validation process and all recommendations for improvement;
- ensuring that the Report is comprehensible, including by ensuring that it is written in a clear, accessible style and in appropriate languages;
- ensuring that outreach events – whether organised by government, civil society or companies – are undertaken to spread awareness of the Report.

Progress to date

The Reconciliation Report for 2009 was issued in final form, subject to receipt of a representation letter from the Deputy Minister of the METE, on 30th April 2011 and we received a copy following approval by the Working Group on 4th May 2011, and a final copy on 5th May 2011.

The Secretariat has informed us of various activities, undertaken following the validation in April 2011, to publicise the report. These include

- publishing the report in May 2011 on the new ALBEITI website (www.albeiti.gov.al)
- organising meetings to present it, with publicity in other relevant publications.
- 5 printed articles published during July 2011 in main newspapers of the country.
- presentation of the report at a workshop on 21st July 2011, organised with the main media of the country and covered by several TV channels of the country - 7 TV news reports were broadcast on the event.
- During the event, the Secretariat launched the Club of Journalists ALBEITI. Members of the Club are among the most active print and electronic media journalists of the country.
- On August 04, 2011, ALBEITI Secretariat Director gave an exclusive interview in one of most watched TV stations of the country, called A BC News Albania. This interview was broadcast next day on August 05, 2011 every hour in the main news of the respective TV Channel.
- On Saturday August 06, 2011, ABC News Albania broadcast live at peak time at 20.00 a 30 minute long interview with Secretariat Director, Mr. Hysaj on EITI process in Albania and on the main messages and relevance of the first EITI Report 2009.

More generally, a consultant has prepared a communications strategy which sets out an action plan for the remainder of 2011 and 2012, for funding and approval by the Working Group. Such a plan, when implemented, would also provide an opportunity to further promote the EITI Report, as well as to raise awareness more generally of EITI in Albania.

Stakeholder views

Not applicable, as these reported activities took place subsequent to the validation field work.

Validator's assessment

Whilst we have not consulted with stakeholders nor verified the information relating to publicity subsequent to the validation visit, the publicity and activities described by the Secretariat suggest that serious efforts are being made to make the EITI Report publicly available and on this basis, we conclude that this indicator has been met.

3.19 Have oil, gas and mining companies supported EITI implementation?

Purpose: In accordance with the EITI Principles and Criteria, all companies operating in the relevant sectors in countries implementing the EITI have to disclose material payments to the government in accordance with agreed reporting templates and to support EITI implementation. This includes: expressing public support for the Initiative; taking part in, or supporting, the multi-stakeholder process; disclosing agreed data, which is audited to international standards; and cooperating with the Validator where they have queries over Company Forms.

Evidence: This indicator does not require the Validator to provide an overall assessment. The Validator should provide a written assessment in the EITI Validation Report based on the self-assessed Company Forms (below) which each company is required to complete. Where companies do not fill in forms, the Validator should note this in the final Report. In addition, the Validator should include in the final report any relevant information on the company concerned that is already in the public domain. The company should be given the opportunity to check this information. As well as using the forms to summarise company performance in the EITI Report, the forms should be publicly available and a table collating company responses should be included in the EITI Report. The Validator should contact all the companies required to fill in forms at the start of the Validation, inform them of the requirement to complete the form and request that the forms be returned to the Validator. In addition, the Validator should ask companies to comment on lessons learnt and best practice. Companies will have two ways of providing such comments:

- companies can use the space provided on the self assessment forms; or
- companies can provide verbal evidence to the Validator where issues the company wishes to note are of a sensitive nature. The Validator will summarise anonymised lessons and experiences in the Validation Report.

The self-assessment form should be filled in, in the first instance by the company, as follows:

Country-level:

- Each oil, gas or mining company active in the country being validated should complete a country-level Company Form as a self-assessment and should submit it to the Validator.
- The national Validator will collate responses and may contact companies if they have additional questions or require further supporting information. Companies should respond positively to such requests.
- Companies should make forms for each country of operation publicly available on their external websites

International level:

- Companies that have made international commitments to support the EITI should fill in an international-level self assessment form.
- The international Company Form should be completed by each company and this should be sent to the EITI secretariat who will put it on the EITI website.
- Companies should also provide clear endorsement of the EITI on their website.

There is evidence of compliance with EITI requirements by companies. 41 out of 46 companies responded to the request for information in connection with the 2009 reconciliation and 21 companies returned self assessment forms.

A summary of the forms which were returned shows:

Company	Form Returned	Question (country-level form)					Comments
		1	2	3	4	5	
Albania Chrome (ACR)	✓	x	✓	✓	✓	✓	None
Alba-Co	✓	✓	✓	✓	✓	✓	None
Albanisa Krypi	✓	✓	✓	✓	✓	✓	None
Alba Canaj	✓	✓	✓	✓	✓	✓	None
Alfa Nikel	✓	✓	✓	✓	✓	✓	None
Ateani	✓	✓	✓	✓	✓	✓	None
Bankers Petroleum	✓	x	✓	✓	✓	n/a	None
Ber-Alb	✓	x	✓	✓	✓	n/a	The data submitted are audited from independent audits but not according to the international standard.
Bledi	✓	✓	✓	✓	✓	✓	
Geri-Trevi	✓	✓	✓	✓	✓	✓	None
Herbi	✓	✓	✓	✓	✓	✓	None
11 Heronjte Bater Ltd	✓	✓	✓	✓	✓	✓	None
IEC Visoka	✓	x	x	x	x	x	We have not had any claim or contact from EITI company until today.
Klosi	✓	✓	✓	✓	✓	✓	None
Koka	✓	✓	✓	✓	✓	✓	None
Mineral Tadri	✓	✓	✓	✓	✓	✓	None
Petromanas Albania	✓	✓	✓	✓	✓	✓	None
RAL	✓	✓	✓	✓	✓	✓	None
Shkemi	✓	✓	✓	✓	✓	✓	None
Tirex Explorations	✓	✓	✓	✓	✓	✓	None
Xhireton	✓	✓	✓	✓	✓	✓	None

Further details concerning respondent and non respondent companies are given in Volume 2.

In conversation with company representatives, however, there is low awareness of the objectives of EITI and of the implementation in Albania. Companies were on the whole unaware of the governance of EITI in Albania, nor of the membership or activities of the Working Group.

Details of our discussions with companies are set out elsewhere in the report, particularly under Indicator 6. The lack of understanding or confusion over EITI perhaps reveals itself in the response from IEC Visoka to the

self assessment questionnaire. The (oil) company is listed in the reconciliation report as a respondent company but returns a negative response to all the questions and states that there has been no contact in respect of EITI until the questionnaire was received.

The reasons for contradictory responses such as this written comment - and comments from people we met - are unclear. It is possible that communication has been poor within the company concerned, but equally that communication to companies has not been sufficient to raise awareness.

While awareness is low, engagement with the initiative and support for it are difficult to achieve at any meaningful level.

3.20 What steps have been taken to act on lessons learnt, address discrepancies and ensure EITI implementation is sustainable?

Purpose: The production and dissemination of an EITI Report is not the end of implementation of the EITI. The value comes from the process as much as the product and it is vital that lessons learnt in implementation are acted upon, that discrepancies identified in the EITI Report are addressed and that EITI implementation is on a stable, sustainable footing.

Evidence: The Validator should see evidence that a review mechanism has been established that takes account of the purpose outlined above. The Validator should comment on this in the Validation Report

The Deputy Minister of METE has accepted the recommendations of the reconciler, made in the first ALBEITI reconciliation report approved in May 2011, and a timetabled plan for implementation is awaited.

Several of the observations made during the course of the validation visit and subsequent to our visit have been taken up by the ALBEITI Secretariat and Working Group and have been – or are in process of being – implemented.

There has been considerable activity and progress since the appointment of the full time ALBEITI secretariat at the end of 2010, and the membership of the Working Group has been enlarged and renewed.

While it is too early to comment under this heading on the sustainability of EITI implementation, the progress being made and the planned activities for the remainder of 2011 and for 2012 form a sound basis for full implementation.

We have noted areas affecting the sustainability of the EITI implementation under our assessment of the Grid indicators, and have summarised our comments in the conclusion, along with our recommendations. These latter are in effect the lessons learned from the implementation and form a basis for the ALBEITI Working Group to proceed.

A new work plan [is required (the current plan extends only until 2011), incorporating the actions determined upon by the Working Group in response to the various recommendations made and their own decisions about the implementation of EITI in Albania] has now been prepared.²²

²² As noted under Indicator 4, a new Work Plan has now been prepared

4 THE VALIDATION GRID

Our assessment of whether the indicators have been met is set out below. It should be noted that Albania is deemed to have met the first four indicators at the time it was accepted by the EITI Board as a Candidate Country.

Grid Indicator		Whether Met
SIGN-UP		
i.	Has the Government issued an unequivocal public statement of intention to implement EITI?	✓
ii.	Has the government committed to work with civil society and companies on EITI implementation?	✓
iii.	Has the government appointed a senior individual to lead on EITI implementation?	✓
iv.	Has a fully costed workplan been published and made widely available containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)?	✓
PREPARATION		
v.	Has the government established a multi-stakeholder group to oversee EITI implementation?	X
vi.	Is civil society engaged in the process?	X
vii.	Are companies engaged in the process?	✓
viii.	Did the government remove any obstacles to EITI implementation?	✓
ix.	Have reporting templates been agreed?	✓
x.	Is the multi-stakeholder committee content with the organisation appointed to reconcile figures?	✓
xi.	Has the government ensured that all companies will report?	✓
xii.	Has the government ensured that company reports are based on audited accounts to international standards?	✓
xiii.	Has the government ensured that government reports are based on audited accounts to international standards?	✓
DISCLOSURE		
xiv.	Were all material oil, gas and mining payments by companies to government ("payments") disclosed to the organisation contracted to reconcile figures and produce the EITI report?	X
xv.	Were all material oil, gas and mining revenues received the by government ("revenues") disclosed to the organisation contracted to reconcile figures and produce the EITI report?	X
xvi.	Was the multi-stakeholder group content that the organisation which was contracted to reconcile the company and government figures did so satisfactorily?	✓
xvii.	Did the EITI report identify discrepancies and make recommendations for actions to be taken?	✓
DISSEMINATION		
xviii.	Was the EITI report made publicly available in a way that was: <ul style="list-style-type: none"> • Publicly accessible; • Comprehensive; and • Comprehensible? 	✓

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion of the Validator on EITI implementation in Albania

There was energetic activity following the declaration of adherence in 2009, with a public statement, training workshops, establishment of a multi stakeholder group and so on.

And there has been considerable effort since the beginning of 2011 on matters related to EITI, supported by strong commitment from the government, expressed by the Prime Minister and the Chairman of the Working Group, to concluding the reconciliation and undergoing the process of validation. The production of the reconciliation report in the timescale in which it was achieved was the result of commendable hard work by the government agencies and companies included in the scope of the exercise.

For most of 2010, however, little progress was made. Activity was not sustained in the past, throughout the period from adherence to date, and this means that the sustainability of the implementation into the future needs to be carefully examined.

Funding

The Deputy Minister of the METE expressed the government's commitment to the Initiative and the intention to ensure that adequate funds were provided by government. He suggested that the private sector may make contributions. We spoke to Andre Ufer from the World Bank, who confirmed that there is funding in place from the Bank for the remainder of 2011, with the possibility that the facility can be extended after this date.

Multi stakeholder group

We have commented in our report on the composition and operation of the Working Group.

We were not able during our visit to establish the membership of the Working Group and were not satisfied that there was adequate communication within the stakeholder groups (i.e. from Working Group representatives to their constituencies and vice versa) and generally from the Working Group to the wider Albania. The composition of the Working Group has recently been substantially changed and the new membership forms a sound basis for continuing EITI implementation into the future.

Notwithstanding these deficiencies in engagement between the stakeholders, Albania has commissioned, produced and approved an EITI report for 2009.

Promotion and publication of EITI

There was a low level of awareness of EITI and its aims amongst people we met, from all stakeholder groups. During 2011, there has been some TV exposure and there is a process under way for communication of the reconciliation report, and a separate Albania EITI website has been set up. Publicity about EITI has been limited to date, and the general low awareness we found is consistent with the low level of publicity and dissemination of information since adherence. A communication strategy has now been drawn up for approval by the Working Group, which is an important step to overcoming weaknesses in this area.

Conclusion

We have completed the Validation Grid giving our assessment of progress made against each indicator, supported by our narrative assessment. We have made a number of recommendations in section 5.2. Many of the recommendations can be effected within a short period, but their effective operation will require time before a judgement can be made.

Accordingly, we believe Albania has made meaningful progress but cannot be judged as compliant until there is further evidence of continued and sustained implementation.

5.2 RECOMMENDATIONS FOR THE FURTHER IMPLEMENTATION OF EITI IN ALBANIA

In the light of our observations about the implementation of EITI in Albania, we make a number of recommendations which would improve the future and continuing implementation. These fall under five headings:-

1. Multi stakeholder group
2. Work plan
3. Capacity building and communication
4. 2010 EITI reconciliation
5. Other

1. Multi Stakeholder Group (MSG)

- i. The composition of the MSG should fairly represent the various stakeholder groups.

In a group where mandatory majority voting is the rule (as for the ALBEITI Working Group), representation by the government by 12 appointees plus a Chairman from the government might require 6 representatives from companies and 6 representatives from civil society to be considered, so that the interests of these stakeholder groups may be fairly represented.

- ii. The procedures for appointment to the MSG should be publicly set out, and observed in practice.
- iii. Membership of the MSG should be publicly available.
- iv. Terms of reference for the MSG should be agreed and published.
- v. Procedures governing the operation of the MSG should be drawn up and given to all MSG members. These should cover
 - quorum required for meetings
 - notice provisions for meetings
 - approval requirements for decisions by the MSG

Procedures for circulation and approval of minutes of meetings (e.g. publication of a summary of business from each meeting) might be considered.

2. Work Plan

The MSG should prepare and periodically adopt a Work Plan for the next three years on a rolling basis, commencing with the period 2011 – 2013, The Work Plan should meet Requirement 5 from the 2011 EITI Rules and progress should be monitored by the MSG on a regular basis, with remedial action taken as required.

Clear and detailed targets, with cost estimates and funding sources, should be set out in the plan to enable achievement of goals to be measured and monitored.

The Plan should be made widely available, for example published on the national EITI website and the websites of relevant ministries, in print media or in places that are widely accessible to the public.

3. Capacity building and communication

Potential capacity constraints should be formally identified. The draft work plan provided does not contain any provision for this activity. Following discussion between ourselves and the ALBEITI secretariat, the draft work plan is to be updated to include a formal assessment of capacity constraints

Communication about EITI requires improvement, and the capacity of stakeholders to undertake and benefit from this communication needs to be improved. The MSG should seek assistance in drawing up a programme to take place during the second half of 2011 and afterwards, to increase capacity among stakeholders and to communicate about EITI.

Publication of the 2009 EITI report would form part of this programme.

4. 2010 EITI reconciliation

In the light of our assessment that Albania has made meaningful progress but is not yet compliant, we recommend that the MSG should produce a 2010 reconciliation report by the end of 2011. In preparing for this report, the MSG should take into account the recommendations made by the reconciler and should take action to comply with all the EITI requirements applying to the production of reconciliations. The 2010 report should also build on the 2009 process, with particular attention to

- i. extension of the scope of companies included
- ii. the relationship of company and government submissions to accounts audited under international standards
- iii. consultation with stakeholders about the scope of payments to be included
- iv. definition of materiality of payments and of differences
- v. adequate time should be allowed for preparation, data collection and reconciliation and publication of the report

5. MSG terms of reference and rules of procedure

The ALBEITI Secretariat circulated to us draft revised terms of reference and rules of procedure for the MSG. We encourage the secretariat to consider changes in the following areas:

1. The procedure for appointment of non government representatives should be specified.
2. Notification procedures (to the MSG) for changes of representatives should be set out.

3. The meaning of “take part” in article 5, paragraph 4, should be amplified. Are these parties permitted to speak, they presumably have no voting rights, etc. This should be set out.
4. Under the proposed quorum rules (article 6, paragraph 2), there is no requirement for representatives from each constituency (government, companies, civil society) to be in attendance. This means that decisions can be taken without participation of all constituencies. We believe a presence from each constituency should be required at all meetings of the MSG for such meetings to be quorate.
5. Article 6 paragraph duplicates Article 5, paragraph 4.
6. Article 4 – competencies of the MSG – should specify that the MSG is responsible for and competent in all the items required as a minimum under EITI, including
 - a. endorsement and revision of the EITI Work Plan
 - b. choosing an auditor to undertake audits where data submitted for reconciliation by companies or the government are not already based on data audited to international standards
 - c. choosing an organisation to undertake the EITI reconciliation annually
 - d. choosing an organisation to undertake EITI validation
 - e. oversight of other activities necessary to achieve and maintain compliance

The ALBEITI secretariat may wish to obtain observations from the EITI international secretariat on matters to be included.

It can be of assistance to the MSG, particularly a group with a membership of 17, to carry out certain activities by way of ad hoc sub groups, usually with membership from each constituency. The procedural rules should contain provisions for such arrangements.

6. Engagement of companies

The confusion we saw over company representation on the Working Group and the low awareness of EITI and its aims among companies need to be addressed. The Working Group collectively, and company representatives on the Working Group in particular, should ensure that there is regular communication with extractive companies on matters of interest under EITI and companies should be encouraged to participate actively in workshops or other activities arranged by the Working Group; and generally to promote awareness of EITI.

7. Companies in scope

The 2009 reconciliation included all oil companies and aimed to include the largest mining companies, covering 60% of production.

EITI is based upon receipts by government and payments by companies in the extractive sector.

We recommend that future reports use financial measures to determine the coverage to be obtained and that the ALBEITI secretariat arrange for appropriate scoping work to be carried out.

8. Government EITI declarations

Government declarations for EITI Reconciliations in 2010 and thereafter should be certified by the Government Auditor as being based upon account audited to international standards.

9. Other matters

- i. It is inconsistent to require some extractive companies to report under EITI under legislation, while permitting others to report voluntarily. Legislation should be put in place to require oil companies to meet EITI requirements on the same basis as mining companies.

APPENDICES

1. List of respondents
2. Company self assessment questionnaires
3. Draft ALBEITI Work Plan (revised June 2011)
4. Index and appointment letters for persons nominated as members of the Working Group
5. Draft terms of Reference and rules of procedure for ALBEITI Working Group
6. Minutes and attendance list for the meeting of the Working Group on 4th May 2011, approving the 2009 Reconciliation report

With the exception of Appendix 1 and the index to Appendix 2, appendices are bound separately.

APPENDIX 1 – LIST OF RESPONDENTS

Person Interviewed	Organisation
Neritan Alibali*	Deputy Minister, METE
Prof. Sokol Mati*	METE
Bujar Rami*	General Directorate of taxes
Prof. Edmond Gaskolli*	AKBN
Veronka Korkaj*	Ministry of Finance
Denada Kocaj*	Ministry of Justice
Oltion Kuke*	General Directorate of Customs
Ylber Bezo	Director of Accounting & Audit, Ministry of Finance
Shkelqim Hysaj	Chairman of ALBEITI Secretariat
Agim Shehu	Coordinator, ALBEITI Secretariat
Albert Brokaj	Coordinator, ALBEITI Secretariat
Alexander Seneli	AlbPetrol
Vjolca Selimag	AlbPetrol
Perparim Alikaj*	Foreign Investors Association of Albania
Jonathan Richards	Tirex Resources Ltd
Dr Zeki Kaya	Kurum Holding
Nazmi Kumanova	Beralb SH.A.
Medat Zogu	ACR
Suleiman Alia	ACR
Arian Tartari	Stream Oil and Gas Ltd
Ardit Kero	Bankers Petroleum Ltd
Patrick Pascal	Selenice Bitumi SH.A.
Ilr Aliaj*	Centre for Development and Democritisation of Institutions
Anila Hajnaj	Albanian Center for Development and Integration
Sami Nezaj	Center for Transparency and Information
Altim Goxhaj	Consumer Protection Office
Kliton Zguri	Access Albania
Emin Saraçi	Albanian Life Quality Union
Engell Çakçiri	Albanian Centre for International Law

* Member of the ALBEITI Working Group

APPENDIX 2 – COMPANY SELF ASSESSMENT QUESTIONNAIRES - INDEX

Company self assessment questionnaires were returned by the companies listed below and are included in Appendix 2 (Separate volume):

- Albania Chrome (ACR)
- Alba-Co
- Albanisa Krypi
- Alba Canaj
- Alfa Nikel
- Ateani
- Bankers Petroleum
- Ber-Alb
- Bledi
- Geri-Trevi
- Herbi
- Heronjte Bater
- IEC Visoka
- Klosi
- Koka
- Mineral Tadri
- Petromanas Albania
- RAL
- Shkempi
- Tirex Explorations
- Xhireton

Company self assessment questionnaires were sent to the following companies:-

ALBANIAN -CHROME shpk
ALB -CANAJ shpk
ALBA - CO shpk
Albanisa Krypi shpk
ALFA NIKEL shpk
ATEANI shpk
Balkan Resources
BankersPetroleum Albania
BERALBA shpk
BESJANA shpk
BLEDI shpk
Capricorn Albania Ltd

Dollar Oil shpk
Egi-K shpk
Empire Mining (Albania) shpk
Fab. Pas. Kromit Bulqize shpk
Gentari shpk
Geri's 2002 shpk
GERI-TREVI shpk
Global Interprise Group shpk
HERBI shpk
IEC Visoka
Isaku shpk
Island International Eksploratoin
IVNO 1100 Shpk
Jab Resources shpk
K-12 shpk
Klervibris shpk
KLOSI shpk
KOKA shpk
L.B.M - LLC shpk
ManasAdriatic
NELI shpk
Prodhime Karbonike sha
RAL shpk
Sherwood International
SHKALLA shpk
SHKEMBI shpk
SKY Petroleum
Streampetroleum LTD
TADRI shpk
Tirex Resources
XHIRETON shpk
YLBARI shpk
YZO shpk
ZGURI shpk