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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT *AND*
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF

US\$ 0.7 MILLION

TO THE

REPUBLIC OF ALBANIA

FOR A

SUPPORT TO ALBANIA EXTRACTIVE INDUSTRIES MAINSTREAMING PROCESS

November 2022

Energy & Extractives Global Practice
Europe And Central Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective {Mar 31, 2022})

Currency Unit =

= US\$1

FISCAL YEAR

January 1 - December 31

Regional Vice President: Anna M. Bjerde

Country Director: Xiaoqing Yu

Global Director: Demetrios Papathanasiou

Practice Manager: Naomi Anne Johnson

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BASIC INFORMATION

Is this a regionally tagged project? No	Country (ies)	
Financing Instrument Investment Project Financing	Classification Small Grants	
Approval Date 30-Nov-2022	Closing Date 28-Nov-2025	Environmental and Social Risk Classification Low
Approval Authority CDA	Bank/IFC Collaboration No	

Please Explain

Proposed Development Objective(s)

The project development objective (PDO) is to assist Albania’s EITI stakeholders to design effective policies to strengthen the transparent management of the extractive sector.

Components

Component Name	Cost (USD Million)
Support to streamlined EITI reporting	0.18
Extension of sector disclosures’ scope	0.25
Advocacy and Capacity Building	0.22
Project Management	0.05

Organizations

Borrower : Ministry of Finance and Economy



Implementing Agency : Minister of Infrastructure and Energy

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	0.70
Total Financing	0.70
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	0.70
Extractives Global Programmatic Support	0.70

Expected Disbursements (in USD Million)

Fiscal Year	2022	2023	2024	2025	2026
Annual	0.00	0.20	0.20	0.20	0.10
Cumulative	0.00	0.20	0.40	0.60	0.70

INSTITUTIONAL DATA

Financing & Implementation Modalities

Situations of Urgent Need of Assistance or Capacity Constraints

Fragile State(s)
 Fragile within a non-fragile Country
 Small State(s)
 Conflict
 Responding to Natural or Man-made Disaster

Other Situations

Financial Intermediaries (FI)
 Series of Projects (SOP)

Performance-Based Conditions (PBCs)
 Contingent Emergency Response Component (CERC)



Alternative Procurement Arrangements (APA)

Hands-on Expanded Implementation Support (HEIS)

Practice Area (Lead)

Energy & Extractives

Contributing Practice Areas

OVERALL RISK RATING

Risk Category

Overall

Rating

● Moderate

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
Community Health and Safety	Not Currently Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

Legal Covenants

Sections and Description

The EITI National Secretariat will recruit a Procurement Specialist and a Financial Management Specialist with qualifications, experience, and terms of reference satisfactory to the Bank no later than ninety (90) days after project effectiveness and thereafter maintain them during project implementation.

Conditions



PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Nina Inamahoro	Team Leader(ADM Responsible)	Operations Officer	IEEXI
Orjana Ibrahimimi	Procurement Specialist(ADM Responsible)	Senior Procurement Specialist	EECRU
Jonida Myftiu	Financial Management Specialist(ADM Responsible)	Senior Financial Management Specialist	EECG2
Shpresa Kastrati	Environmental Specialist(ADM Responsible)		SCAEN
Bekim Imeri	Social Specialist		SCASO
Boris Stipcarov	Team Member	Social Safeguards	SCASO
Maria Luisa Ana Esteban Meer	Team Member	Program Assistant	IEEXI
Mariya Myroshnychenko	Team Member		LEGLE
Mohammad Nadeem	Team Member		LEGAS
Ruxandra Costache	Counsel		LEGLE
Shirin Esmaeili Chinchilla	Environmental Specialist		SCAEN

Extended Team

Name	Title	Organization	Location
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ABBREVIATIONS AND ACRONYMS

AlbEITI	Albania Extractive Industries Transparency Initiative
AKBN	The National Agency of Natural Resources
ALL	Albanian Lira
CPF	Country Partnership Framework
CSO	Civil Society Organization
EGPS	Extractive Global Programmatic Support
EI	Extractive Industries
EITI	Extractive Industries Transparency Initiative
GDP	Gross Domestic Product
GOA	Government of Albania
GRS	Grievance Redress Service
HPP	Hydro-power plant
IA	Independent Administrator
IDA	International Development Association
IBRD	International Bank for Reconstruction and Development
LGU	Local Government Units
MDTF	Multi-Donor Trust Fund
MIE	Ministry of Infrastructure and Energy
MSG	Multi-Stakeholder Group
PDO	Project Development Objective
TANAP	Trans Anatolian Pipeline
SCD	Systematic Country Diagnostic
WB	World Bank
WBIF	Western Balkans Infrastructure Facility



ALBANIA
SUPPORT TO ALBANIA EXTRACTIVE INDUSTRIES MAINSTREAMING PROCESS

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I. STRATEGIC CONTEXT

A. Country Context

1. Albania is a small European country with a population of 2.9 million (2018) and a GDP per capita of US \$5246.3.

Albania enjoys a favorable geographic location in South-East Europe and valuable natural resources (oil, gas, coal, wood, bitumen, and hydropower) but relies heavily on its agricultural and textile exports and overseas remittances to support the economy. Its natural resources include significant hydropower potential, large swathes of fertile agriculture land, over 360 kilometers of Mediterranean coastline with excellent tourism and transport potential, and valuable mining deposits. The country is also close to much larger economies (Greece and Italy) which are important trading partners, hosts of Albanian migrants and sources of investment.

2. The transition from a centrally planned to a market-oriented economy, together with abundant international aid and other strategic assistance over the past decades, has helped Albania to make economic progress. Due to strong growth performance, Albania grew from the poorest nation in Europe in the early 1990s to middle-income status in 2008, with poverty declining by half during that period.

3. The country's economic transformation continues to build on its huge potential and opportunities. However, the 2008 global financial crisis exposed the weaknesses of its growth model which relied on remittances and low productivity sectors and highlighted the need to shift from consumption-fueled to investment- and export-led growth. The new investment and export-led model will need to help those with less access to economic opportunities to contribute to and benefit from economic growth.

4. In order to accelerate the pace of equitable growth, Albania needs to implement structural reforms that will raise productivity and competitiveness in the economy, create more jobs, and improve governance and public service delivery. Enhanced regional connectivity, access to regional and global markets, coupled with export and market diversification, will also help to promote faster growth.

5. Recognizing these challenges, the Government of Albania in recent years has embarked on a broad-based program focused on macroeconomic and fiscal sustainability, financial sector stabilization, energy concerns, pensions, and territorial administration. Significant progress, propelled by the ongoing public sector governance reforms, has created the conditions for rebounding business confidence and domestic demand, including early signs of increased investment and an export-led recovery. Maintaining the reform momentum and implementation is critical to Albania's continued economic growth and aspirations for European Union (EU) integration.



B. Sectoral and Institutional Context

6. Albania is rich in energy resources such as oil, gas, coal, wood, bitumen, and enjoys a sizable hydropower potential. The combined energy sources contribute in different ways to meet energy demands in the country. Based on preliminary results published by INSTAT, the industrial sector, excluding processing / refining, accounted for approximately 5.1 percent of GDP in 2017, and 6.1 percent in 2018. Based on the data reported by INSTAT, production growth in the energy and extractive sectors during 2017 and 2018 and published in the EITI Albania 2017-2018 Report was as follows:

- Electric Energy -32 percent (2017 was a poor hydrologic year) to 57.6 percent
- Extractive Industry 4.5 to 7.6 percent

7. Exports from the extractive sector represented 15 percent and 18 percent of total exports for the years 2017 and 2018 respectively. Five percent of royalty tax collected is allocated to each local government unit (“LGU”) in proportion to their contribution to the domestic output of oil, gas, and mining (2017 and 2018 amount to ALL 147 million in 2017 and ALL 186 million in 2018).

8. After years of state-control and lack of new investments, Albania’s extractive sector was suffering from poor sector governance, poor regulatory effectiveness, low levels of technical capacity, a legacy of environmental and social issues, and community benefit sharing conflicts. In May 2009, Albania decided to use the EITI standard¹ to promote an accountable management of its natural resources. The technical/operational implementation of the EITI is ensured by the Technical Secretariat, which was created by a Ministerial council’s decision on July 07, 2010² and operates under the leadership of a Multi-Stakeholder Group (MSG), created by a Decree issued by the Prime Minister on July 21, 2011³ (list of MSG members in Annex 3). The MSG includes representatives of civil society organizations, extractive companies, and government agencies involved in the sector. The MSG is chaired by the Deputy Minister of Infrastructure and Energy (MIE). Other Government representatives include the Director of Directorate of Development Programs in the Field of Mining and Industry (MIE), Director of the Directorate of Economic Development (Ministry of Finance and Economy), Director of Integration and Projects (Ministry of Justice), Director of Accounting Analysis Directorate (General Directorate of Taxes), Director of the Directorate of Mineral Resources (Albanian Geological Service), and Specialist in the Mining Directorate of National Agency of Natural Resources (AKBN).

9. The need to boost the contribution of the extractive sector to economic growth and employment requires enhancing sector governance to foster private sector investments in large infrastructure projects. While the challenge is significant, substantial progress has been recorded. After rich debates and stakeholder consultations, new sector laws were promulgated to establish principles of transparency and accountability in

¹ <https://eiti.org/collections/eiti-standard>

² chrome-extension://efaidnbmnnnibpcajpcgiclfefindmkaj/http://www.albeiti.org/wp-content/uploads/2014/03/VKM_Nr_540_date_07_07_2010-Ngritja-dhe-funksionimi-i-sekretariatit.pdf

³ <chrome-extension://efaidnbmnnnibpcajpcgiclfefindmkaj/http://www.albeiti.org/wp-content/uploads/2014/06/Vendim-71-dt-21-07-11-Ngritja-dhe-Funksionimi-MSG.pdf>



the mining sector (Law No. 10304 “On the Mining sector in the Republic of Albania, dated 15 July 2010, amended at different times) and the hydrocarbon sector (Hydrocarbon Law number 7746, dated July 28, 1993 and amended on February 02, 2017). In 2020, the Government of Albania (GoA) approved the Law 112/2020 on Beneficial Owners. Albania became an EITI compliant in May 2013, after successfully publishing four EITI report covering the years 2009-2012.

10. In terms of transparency gains, Albania current publishes all extractive sector contracts: (i) established procedures include the announcement of oil and mining areas available to be licensed and the accompanying technical details and application instructions; (ii) Additionally, mining licenses competitive bid announcements list technical and financial criteria under evaluation and respective weighs. Winning bids are announced publicly. The process is administered by the Public Procurement Agency, which is an independent public agency reporting to the Albanian Parliament. The current process meets the EITI requirements set in point 2.2, except for the disclosure of non-winning applicants; (iii) The oil exploration blocks and oilfields available are continuously marketed by the MIE, AKBN and Albpetrol, on their respective websites; (iv) AKBN has reported on all concessions granted in hydropower, mining licenses awarded, and new petroleum agreements made in 2017 and 2018. All mining licenses and related changes are published on the National Business Centre (QKB) website and Hydrocarbon agreements in the Official Gazette, their register is public on the ALBEITI website and is updated every 6 months.

11. Albania has published eight EITI reports covering 10 years (2009-2018). In April 2020, the World Bank approved and disbursed a grant in the amount of US \$ 600,000 to support the Government of Albania's effort to remain compliant with the global standard of accountability and transparency (P158380). The grant, which closed on December 31, 2020 enabled Albania to: (i) publish the EITI Report 2017- 2018 under the proactive supervision of the Albania EITI MSG; (ii) support the operating costs of EITI National Secretariat; (iii) enhance stakeholder’s capacity through EITI trainings; (iv) to design and apply a communication and outreach strategy; (v) to create the Albanian Mining Cadaster; (vi) to create an EITI Open Data Portal (vii) to assess the social and environmental impacts of extractive industries in Albania.

12. While reaching compliance with the EITI Global Standard necessitated substantial effort and commitment from the Albania EITI MSG and National Secretariat, the challenges ahead remain significant. To make sure that Albania can meet its ambitious objectives of transparency and improved governance, it must: (i) annually publish EITI reports including the most updated contextual and financial data, covering all the extractive industries and the hydropower sector; (ii) communicate extensively and effectively on the EITI requirements and process; (iii) reach out to all relevant stakeholders in the EITI process and provide them with tailored capacity to engage effectively in the process; and (iv) build the analytical and legal reviews needed to underpin the reform agenda associated with the EITI compliance process.

13. The key lessons learned from the support to EITI Albania are with regards to the encouragement of sustainability of EITI implementation by the Government without donor support. As a result, the delay in the operationalization of the April 2017 grant, there was a delay in the production of the 2017 AlbEITI report. However, AlbEITI sought a reporting extension for the 2017 report to the EITI Board that was approved so the country was not penalized, and the 2018 report was produced within the deadline. Albania has been current



in its reporting and the Bank has encouraged AlbEITI to dedicate public resources for their reporting instead of relying on donors grants for such a crucial activity.

14. The second major lesson learned is with regards to continued efforts and investments in data access to improve the governance of the extractive sector. The Grant supported activities to improve the mining Cadastre and EITI Open Data Portal, however, further needs exist to ensure that data is made accessible in a timely manner instead of publishing data that is two years old. Furthermore, during an April 2019 mission, the Bank encouraged Albania EITI stakeholders to analyze how best to implement systematized data disclosures in Albania, in a manner so as to benefit (i) the Government of Albania, by providing enhanced data for informed sector governance; (ii) industry, through provision of data that promotes investor confidence; and (iii) civil society, by providing flexible, timely, and relevant data that supports improved understanding and analysis of extractive industries operations. Albania EITI was encouraged to work closely with the Ministry of Infrastructure and Energy, and the then-Department for Development and Good Governance, in order to link the systematization agenda closely with the governance needs and ongoing reforms of the country.

15. The proposed grant is meant to contribute to the GoA transparency agenda by encouraging the sustainability of those achievements and mainstream the publication of extractive sector data. The proposed grant aims to strengthen the transparency framework for extractive sector governance in Albania. The proposed grant will provide support to mainstream transparency in public sector systems and build capacity for municipal offices in mining regions to report sector data.

Mining sector

16. Governance issues also plague the mining sector despite Albania's mining tradition. Albania has an increasing number of medium, small-scale mining and quarry companies, and only a few large-scale industrial mining companies. In December 2018, AKBN reported approximately 600 mining licenses, out of which 165 licenses were reported as passive and not operating.

17. As per AKBN reporting, domestic mining output, not including the value added through mineral processing, was estimated at ALL 51.61 billion (US \$ 433 million) in 2017 and ALL 83.14 billion (US \$ 770 million) in 2018. The increase in production value in 2018 is mostly due to the resuming of copper extraction activities in 2018. Chromium represented approximately ALL 25 million of the total production value. 2017 and 2018 noted an increase in the domestic processing of chromium, leading to larger exports of ferrochromium.

18. The GoA has been seeking opportunities to create linkages for the mining sector to generate greater employment and economic development. Mining sector employment, not including processing, accounted for 0.46 percent of total registered workforce at the end of 2018, whereas the chromium sub-sector employed about 64 percent of mining workforce in both 2017 and 2018. Nickel and copper are also some minerals currently under exploitation and offer opportunities for increased economic growth, employment, and sustainable development, through linkages to the low-carbon economy. Coal mines have been closing in Albania, but it's not clear to what extent the environmental and social closings are being implemented.



Hydro-energy sector

19. Albania's EITI reporting also covers the hydropower sector which helps to inform debate and planning around the energy transition. The hydropower production in Albania is dominated by the public sector. The GoA owns and operates the Albanian Electrical Power Corporation (KESH) which is the largest producer in the country with an installed capacity of 1,350 MW (64 percent of power output in 2017 and 68 percent in 2018) built over a cascade over the Drini River in the north. The GoA also controls the Transmission System Operator (OST) and Electricity Power Distribution Operator (OSHEE). The sector is regulated by an independent public institution, the Energy Regulatory Authority (ERE).

20. Currently, Albania is undergoing a power sector reform towards liberalization of the energy market. In July 2016, the Council of Ministers approved a new model of the energy market that will gradually replace the regulated energy market.

21. Improvements to the governance of natural resources in Albania will require a better understanding of the sectors socio-economic impacts by providing accurate data to support better policies to improve their economic contribution.

22. The management of the hydropower sector is important to support domestic needs and supply fluctuations create great risks for energy security and GoA's coffers. Domestic hydropower output in 2017 was about 81 percent of the total energy consumption; in 2018 output was 146 percent of total consumption. A substantial portion of the power transmitted is lost in the distribution system because of its poor technical conditions and informal connections to the system. The Government of Albania and OSHEE are actively working on reducing both technical and financial losses estimated at 25 percent of consumption in 2017 and 23 percent in 2018. The power sector creates value through multiple activities, including power generation, public supply, transmission, and distribution. Additionally, hydropower companies contribute to the public infrastructure through their operations, including the construction of roads, dams, and the maintenance of riverbeds.

23. The Government of Albania has constantly sought to benefit from the country's hydrologic potential through concessions and private investments. At the end of 2016, AKBN reported 451 hydropower plants (HPP) granted though 244 concessions, where only 33 percent have started production. AKBN informs that a large number of HPPs that were granted concessions have not yet started construction or are still under construction, showing delays of two or more years.

Oil and Gas

24. The Government of Albania has sought investments in its energy sector to increase government revenues. Crude oil comprises the primary source of energy produced in Albania but is mostly exported (US \$ 189 mil) in 2019). Domestic consumption is fulfilled through imported refined oil (US \$ 453 mil.). Crude oil comprised 33 percent of total exports from the extractive sector in 2017, and 41 percent in 2018. Throughout 2017 and 2018, the oil and gas sector counted six companies engaged in crude oil extraction and four companies engaged in exploration activities. The hydropower sector represents about 23.4 percent of energy produced from primary sources in 2017, and 36.8 percent in 2018. Albania has very limited natural gas production.



25. Sector governance is a major impediment to further investments that could generate not only revenues but also energy security to the region. Government of Albania (GoA) participated in the upstream oil sector through direct ownership of Albpetrol, a state-owned enterprise engaged in the exploration, development and production of oil and gas. Albpetrol holds shares as a primary licensee in all oil fields discovered up until 1993. In order to pursue efficient operations, Albpetrol sub-granted its rights to private oil companies. Two oil majors (Shell and Eni) are also on the ground in Albania conducting exploration activities. Production of crude oil has more than doubled since 2003, when private oil companies started operating in the sector.

26. Two infrastructure projects could generate revenues to the Government of Albania: (1) the construction of a new liquified natural gas (LNG) terminal together with the expansion of the Vlore thermal power plant (TPP) to receive U.S. liquefied gas after an agreement was signed in March 2021 between the GoA with ExxonMobil and Excelebrate Energy and during the same month an MOU was signed between the Albanian gas operator Albgaz and the Italian SNAM for the development of the underground natural gas storage project in the Dumre area. This project aims to store up to 800 million cubic meters of natural gas based on an expected investment of \$ 170 million (US Department of Trade). The completion of the Trans-Adriatic Pipeline (TAP) also offers additional infrastructure investment opportunities in Albania.

C. Higher Level Objectives to which the Project Contributes

27. The implementation of the Extractives Industries Transparency Initiative (EITI) supports GoA's efforts to improve governance and enhance transparency in the energy, mining, and oil and gas sectors. The proposed technical assistance for EITI implementation in Albania is in line with the 2023-2027 Country Partnership Framework (CPF), and the Systematic Country Diagnostic Update (SCD Update) "Next Generation Albania". Greater transparency in natural resources production figures, licenses allocation, payments, and revenues can enhance revenue mobilization, boost prospective investor's confidence, and enhance private sector development. This could support Albania in consolidating its credibility with international public and private partners.

28. The proposed technical assistance strongly contributes to both pillars of the first higher level objective 'More and better private sector jobs' of the World Bank Group's 2023-2027 Country Partnership Framework (CPF): 'Objective 1.1: Improved Foundations for Private Sector Development' and 'Objective 1.2: Improved competitiveness of key sectors' by providing tools to the Government for effective policy-making in the extractive sector to attract further investments that could stimulate the creation of good quality jobs with support to analytical studies to improve the investment climate, support to sector regulatory enforcement and principally the greater access to sector data. The capacity building planned under component C will contribute to the second higher level objective 'Improved human capital' of the CPF. Considering that EITI implementation is primarily about revenue transparency, the proposed project support 'Objective 3.1. Enhance macro-fiscal stability' by helping extractive sector revenue collection and sustainability both at central and local level. Some proposed activities such as dialogue for energy transition with new disclosures on renewable energies, the mitigation of social and environmental impacts of the extractive sector will help the country to further 'withstand shocks' such as climate change. Moreover, the planned project activities will enhance both cross-cutting objectives of the CPF: 'Objective 1: Leveraging digital tools for public sector



efficiency' and 'Objective 2: Enhanced Inclusion'. The project includes activity to enhance the access to data through open and easily accessible electronic platforms, broad-based citizen consultations and support to sector gender assessment in order to increase women participation in the extractive sector. The proposed project will contribute to strengthening macro-financial management and public service delivery by advancing accountability in the public sector and revenue mobilization.

29. Second the proposed project will support the assessment of reforms needed for the improvement of conditions for private sector development with the improvement of compliance with established rules of transparency, national legal framework, and the adoption of best practices for sector management. The improvement in public administration performance and equal treatment of all investors will attract new commers to develop new revenue-generating projects.

30. Third, the activities proposed under the proposed project will contribute to the improvement of the management of land, water, and the environment. The project seeks to assess the status of coal mine closure, the social and environmental impacts of the extractive sector and energy transition from hydrocarbons. Efforts will be made to assess the impacts at the local level and the perceptions of local communities where natural resources are exploited.

31. The SCD Update for Albania also identifies enhancing governance, transparency, and accountability of government as a fundamental priority in achieving the Bank's twin goals. The continued implementation of EITI in Albania strongly contributes to this policy priority of enhancing governance, transparency, and accountability in the extractive sector. Further, one of the key constraints identified in the SCD were the large regulatory barriers to economic agents that impede growth and job creation. The policy actions recommended for this barrier include cutting the regulatory burden across the board and strengthening the policy, legal and institutional framework. The proposed project will use the EITI platform to increase knowledge of the legal and institutional framework for investments in the mining, oil, and gas sectors with the objective of enhancing the overall growth of transparency in the extractives sector.

32. The proposed project responds to three challenges raised in the SCD:

- "Fostering competitive markets": support transparency in procurement, awarding of licenses, local procurement and the transparent management of state-own enterprises and industry regulators will encourage companies to deliver performance improvements beyond fiscal measures by adopting best practice models in overall management;
- "Upgrading infrastructure, improving disaster resilience and energy diversification": performance improvements by companies and new investors will create opportunities to upgrade infrastructure, and the creation of new infrastructure that responds to current standards regarding safety, climate-change, energy efficiency. This project will also provide space to assess the needs and costs of energy transition based on dialogue and technical studies;
- "Strengthening the capacity of local government to raise revenues and deliver services": the project will build capacity for overall extractive sector management at the national level and also at subnational



transfer will local government units receiving training to assess and report receipts and use of extractive sector revenues. Support will also be provided to carry dialogue at the local level and set-up mechanisms for local citizens to report their views on the exploitation of natural resources.

33. In doing so, the project will support two strategic objectives of the SCD: “Strategic Objective 1: Integrating into the global economy – Economic diversification, attractive of foreign FDIs, improvement in country credit worthiness, jobs”, and “Strategic Objective 2: Making local governments more effective – managing revenues from EI, measuring impact, citizen engagement at the local level to local social investments”.

34. The proposed activities also support thematic components for Albania’s 2020-2022 Open Government Partnership strategy with support to anti-corruption efforts through the beneficial ownership implementation, support to digital governance through the open data portal and the mining cadastre, and fiscal transparency with the disclosure of extractive sector data.

35. The project is funded by the Extractive Global Programmatic Support (EGPS). It is aligned with EGPS 2 Component One 'Improving extractives sector revenue transparency and efficiency of public management systems' to increase the impact and efficiency of the transparency agenda.



II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

36. The project development objective (PDO) is to assist Albania's EITI stakeholders to design effective policies to strengthen the transparent management of the extractive sector.

B. Project Beneficiaries

37. Direct project beneficiaries include members of Albania EITI Multi-Stakeholder Group (MSG) and their respective constituencies, including staff of the Albania EITI National Secretariat who will benefit from capacity building activities supported by this project. Other direct beneficiaries include local authorities and communities who will also receive some capacity support and given a voice and a platform to share their views on the management of natural resources. Trainings to be supported by this project will enable MSG members to identify solutions for the key issues and challenges pertaining to extractive sector development. With enhanced capacity, the MSG will be enabled to implement critical areas of its workplan and support the Government of Albania to take the necessary decisions for the sustainable management of the extractive sector in Albania. At a secondary level (indirect), Albanians will benefit from the effective and complete disclosure of payments and revenues flows between the industry and the government through EITI Reports and analytical work related to the regulatory and legal framework to reduce opportunities for corruption.

C. PDO-Level Results Indicators

38. EITI Albania recently developed online tools to enhance the availability of open data to restructure its reporting process to build on routine disclosures by government and corporate entities. The open data and mining cadastre portals provide a holistic and accessible overview of extractive activities, including data on production, exports, licenses, and the economic contribution of the sectors. Despite those efforts invested to increase the transparency in the management of natural resources in Albania, there is still a lot of work left to increase access to reliable, timely and complete data to enable the Government and the people of Albania to effectively benefit from their resources by controlling sector revenue mobilization and by attracting new investments.



Table 1. Theory of Change table

Issues	Project Activities and Outputs	Intermediate Outcomes	Development Objective
<p>Poor governance is not allowing Albanians to benefit effectively from their natural resources:</p> <ul style="list-style-type: none"> ✓ Poor access to reliable, complete and timely sector data ✓ Poor regulatory effectiveness ✓ Lack of technical capacity ✓ Little consideration of environmental and social impacts ✓ Community benefit sharing conflicts 	<ul style="list-style-type: none"> ✓ Scoping studies and production of EITI reports ✓ Maintenance of Mining Cadastre Portal ✓ Maintenance of the Open Data Portal ✓ Beneficial ownership law impact ✓ Design of reporting template for renewable energy and gas sector ✓ Scoping study for gender reporting and women participation in extractives ✓ Advantages and disadvantages of foreign investments in the extractive industries ✓ Assessment of socio-economic impacts of the oil industry in extractive regions ✓ Assessment of occupational health and safety in the extractive industries 	<ul style="list-style-type: none"> ✓ Removal of regulatory barriers to data access ✓ Increased EITI reporting by public and private organizations ✓ Improved the quality and timeliness of available EI data ✓ Maintenance of Albania’s validation status with ‘meaningful performance’ or better ✓ Improved citizen engagement and awareness of natural resource management at local and national levels ✓ Increased capacity to report gender gaps and environmental and social impacts ✓ Increased private sector confidence to invest in large infrastructure projects 	<p>The project development objective (PDO) is to assist Albania EITI stakeholders to design effective policies for the transparent management of the extractive sector.</p>

39. The project’s activities will enable EITI Albania stakeholders to improve sector governance by providing access to best practices in sector governance to key institutions in the central and local government) involved in extractive sector management through studies, training and consultations. Thus, the beneficiaries will enhance their capacities for monitoring compliance with the legal and regulatory framework and for engaging in transparent and participatory consultations over risks and benefits of the extractive sector.

40. The project seeks to achieve the following key outcomes:

- Removal of regulatory barriers to data access;
- Increase EITI reporting by public and private organizations;
- Improved the quality and timeliness of published extractive sector data;
- Maintenance of Albania’s validation status with ‘meaningful performance’ or better;
- Improved citizen engagement and awareness of citizens of natural resource management at local and national levels; and
- Increased capacity to report gender gaps and environmental and social impacts.



41. Progress in achieving the PDO will be measured through the following key results indicators:

- Percentage of EITI validation corrective actions completed (baseline: 0, target: 70 percent)
- A template for Local Government Units (LGUs) reconciliation of subnational extractive sector royalty revenue is validated (Y/N)
- EITI Albania MSG approve a roadmap to integrate EITI reporting in the annual statutory reporting cycle the required audit and assurance procedures (N/Y)

42. The following interim indicators were selected:

- ✓ Reduction of reporting lag time to one fiscal year or less (baseline: 3/target: 1)
- ✓ Number of civil society members and representatives of LGUs who receive training on EITI reporting and natural resource governance (baseline: 0/target: 150)
- ✓ Number of new disclosures added to EITI reporting scope (baseline: 0/target: 5)
- ✓ Completion and validation of gender disaggregated reporting template for EITI reporting (N/Y)
- ✓ Albania maintains a rating of meaningful progress at its next validation or achieves a satisfactory progress against the 2019 EITI Standard (baseline: meaningful progress rating, target: maintains current rating or achieves satisfactory progress rating)
- ✓ The Albania EITI MSG receives advise to update the draft 2016 EITI law to mandate sector data disclosure by both public and private entities (N/Y)

The proposed indicators are aligned with the EGPS program indicators for component 1 “Improving extractives sector revenue transparency and efficiency of public management”.



III. PROJECT DESCRIPTION

A. Project Components

43. The proposed grant seeks to build on support from two previous EGPS grants in Albania under 'Support to Extractive Industries Transparency Initiative Compliance Process Project' (P158380) which financed activities to improve implementation and maintain Albania's EITI compliant status. Albania was able to improve its performance for each single requirement and received a validation outcome of 'meaningful progress'. The proposed grant is meant to address validation corrective actions and streamline EITI implementation and address issues that are still hindering the country from deriving greater benefits from its natural resources. The following activities will help to achieve the project's development objective.

Component A. Support to streamlined EITI reporting (US \$ 180,000)

44. This component will support the activities essential for the publication of complete and reliable EITI data. Four scoping studies (project-based reporting, template for local revenue reporting, gender inclusion in reporting, renewable energies, and gas sector reporting) will support the production of future EITI reports and could be wrapped in one single procurement to maximize resources:

(i) Consultancy services for the review of current legislation to provide recommendations for reporting by activity and project basis in the mining sector instead of a total figure by company. First there is a need to define the term 'project' in the Albanian legislation. Mining sector payments in Albania are reported under each company's tax identification number instead of the activity that is the source of the revenue. That makes the reporting not complete as construction, processing and trading activities are not differentiated.

(ii) Consultancy services for the design of an EITI local reporting template. Local government units in Albania receive subnational reporting however the quality of local level reporting is not reliable. There is a need to establish a process to enable a reliable reconciliation of subnational revenue transfers and any other local payments made by extractive companies to be effectively accounted.

(iii) Assessment of gaps for EITI mainstreaming in Albania. A consultant will be recruited to identify reforms, procedures and resources needed to facilitate automated disclosure of extractive sector data. The study will issue a roadmap to implement automated data disclosure. The data would be published on the existing Open Data platform.

(iv) Production of annual EITI reports for Albania. The project will fund the recruitment of an independent administrator to oversee the preparation of annual EITI reports covering all extractive industries for the calendar years 2019, 2020, 2021 and 2022. To create efficiencies, the independent administrator will be tasked with carrying out the project-based reporting, the local reporting template, and an assessment of the mainstreaming gaps as part of the scoping work to prepare the yearly EITI reports.



(v) Maintenance of the Open Data portal for EITI Data. An Open Data portal⁴ was launched in October 2020. The solution has served as a platform for improved presentation and visibility of the data contained inside EITI Reports related to exploitation and exploration of the minerals, Oil and Gas, as well as the hydropower sector. Support is needed from a specialized firm to update the published data, add functionalities, and other maintenance work for the platform.

(vi) Maintenance of the Mining Cadaster Portal. The Mining Cadaster Portal was launched on November 13, 2020 and counted 576 licenses in December 2020. A firm will be recruited to upgrade the functionality of the web GIS programming tool and assist the EITI personnel to manage system module, manage users, upload, and publish datasets.

Component B. Extension of sector disclosures' scope (US \$ 250,000)

45. This component will include provision of support to identify, analyze and consult all relevant stakeholders to extend sector disclosures to enhance sector management.

This component will include provision of support for the improvement of access to EITI data through:

(i) Consultancy services for an assessment of the impact of the Albania Beneficial Ownership Law. The law became effective in August 2020 and was amended in February 2022 to increase the number of entities that must be registered with the beneficial owners' registry by extending the registration deadline, introducing the simultaneous registration of the ultimate beneficial owner along with the establishment of the reporting entity, and increasing certain penalties in case of failure to comply with the legal requirements. The Register of Beneficial Owners is active and accessible online. It's managed by the National Business Center. The project will support an assessment of the compliance with the Beneficial Ownership Law and the completion level of the beneficial ownership roadmap.

(ii) Consultancy services for the inclusion of renewable energy and gas in EITI reporting. A consultant will be recruited to carry out a scoping study for the inclusion of renewable energy (wind and solar) and the gas sector in EITI reporting. This activity will support knowledge and dialogue around energy transition. This is not a requirement of the EITI standard but something that can help citizens and their elected officials to be understand issues around the governance of the energy sector and the issues around energy transition.

(iii) Scoping study for gender reporting and women participation in the extractive sector: this component will include provide support to analyze, and report participation of women in the extractive sector and develop a strategy and stakeholder's capacity building of women in the extractives and creating a reporting template for gender disaggregated data in the extractive sector according with EITI Requirements 1.4, 6.3, 7.1 and 7.4.

(iv) Assessment of the impact of extractive sector foreign investments in Albania to position the country to benefit more and improve its investment attractiveness.

(v) Assessment of the socio-economic impacts of the oil industry in the regions of production and the risks and benefits of the energy transition for Albania.

⁴ <https://www.opendata-albeiti.org/>



(vi) Consulting services for the assessment of current legislation on occupational health and safety in the extractive industries.

Component C. Advocacy and Capacity Building (US \$ 220,000)

47. This component will include provision of technical assistance and core training on EITI and natural resources management through:

(i) Training and workshops focused on natural resource governance for civil society representatives, MSG members, and civil servants from local government units, public entities, and other public reporting subjects to build their capacity to effectively engage in the EITI process. A reputable training institution will be recruited to roll out a training plan in line with key issues regarding natural resource governance in Albania. A training plan that does not exceed the allotted budget will be proposed for clearance by the World Bank on a yearly basis.

(ii) Participation of EITI National Secretariat and MSG members in events organized by International EITI, international forums, and study tours or visits to/by implementing countries to share the Albanian experience, in order to share knowledge and effective ways of implementation. The project will support travel costs to an international EITI Board meeting, regional training, or hosting visitors from other EITI implementing countries. Such events will be proposed under the yearly training plan.

(iii) Implementation of the 2021-2022 EITI Communication and Outreach strategy: Communication and Outreach for 2021-2022 regarding media outreach campaigns, Internet and social media activities, awareness raising events. This activity will also include the design of an engagement strategy with communities to share information about the management of natural resources and address their feedback on the impact of natural resource exploitation in their regions.

Component D. Project Management (US \$ 50,000)

48. This component will support strengthening the EITI National Secretariat's capacity to carry out Project management through:

(i) Recruitment of the services of a procurement and Financial Management consultants on a contractual part-time basis to support the implementation of this project.

(ii) Financing of ad hoc Operating Costs to be cleared by the Bank. The EITI National Secretariat will propose activities approved by its MSG for World Bank clearance through an annual project workplan.

(iii) The Ministry of Finance and Economy will carry out the project's yearly audit and at the project closing audit (including the grace period).



B. Project Cost and Financing

Project Components	Project cost (USD)	Trust Funds (USD)	Counterpart Funding
Component 1. Support to streamlined EITI reporting	180,000	180,000	
Component 2. Extension of sector disclosures' scope	250,000	250,000	
Component 3. Advocacy and Capacity Building	220,000	220,000	
Component 4. Project Management	50,000	50,000	
Total Costs	700,000	700,000	
Total Project Costs	700,000		
Total Financing Required	700,000		

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

49. The responsibility for the day-to-day project implementation including fiduciary responsibilities will be with EITI National Secretariat which will play the role of a project coordination unit and report to the MSG which will act as a steering committee to validate project activities outputs and activities. The head of the EITI National Secretariat will hold the role of Project Coordinator. Two part-time consultants will be recruited to support the oversight of fiduciary responsibilities such as procurement and financial management. The MSG will oversee project implementation and validate all workplans and project outputs. The Recipient of the Grant will be the Republic of Albania, represented by the Ministry of Finance and Economy. The executing agency will be the EITI National Secretariat under the Ministry of Infrastructure and Energy. The National Coordinator will, under the supervision of the MSG, coordinate the use of the Grant according to the grant agreement, Bank approved procurement plan and approved Work Plan. An implementation responsibilities matrix was design to guide project stakeholders with regards to their roles and responsibilities.

50. Due to risks of project approval delays, the project will allow retro-active financing starting November 30, 2021, in order not to penalize Albania with regards to activities related to maintaining its compliance status and to avoid any penalty of suspensions by the EITI Board. It could be the case with regards to EITI reporting deadline.



B. Results Monitoring and Evaluation

51. Monitoring and evaluation will be managed by the EITI National Secretariat. The Results Framework is included in Annex 1 of this Project Paper. The EITI National Secretariat will prepare an annual report on EITI implementation that reports on the execution of its workplan during the past year. The World Bank team will assist the EITI National Secretariat in tracking performance indicators.

C. Sustainability

52. Concerns exist with regards to sustainability and ongoing donor-funded technical capacity for natural resource data disclosure. Donor support to EITI Albania has encouraged implementation and the creativity of new disclosures for a relatively new global initiative. In fact, further support is needed in the sector as acknowledged in Bank analytical documents to attract investment, replace old infrastructure, and achieve the energy transition. The constant progress by EITI Albania stakeholders leads to assume that the success achieved so far in sustainable and the level of ownership of transparency measures is very strong.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

53. The overall project's risk is considered moderate.

i. Implementation and sustainability risks: The risk is rated moderate due to operationalization delays of the most recent EITI grants closed in December 2020. However, the beneficiary is experienced with implementing a similar project which lowers the implementation risk in terms of compliance and project management. The ownership of the project by the Government is very strong at high-level with participation in project preparation meetings. In order to mitigate the risk related to sustainability, the project team will engage with AlBEITI stakeholders to start identifying sources for future resources to support EITI implementation in Albania.

ii. Political and governance risks: This risk is rated moderate due to the country's tight fiscal situation and political economy issues in the extractive sector to enforce greater transparency measures. It will be important for the Government to maintain commitment to transparency mechanisms to also address sector liabilities from the past in order to reduce sector governance risk. The project will seek to encourage commitment which also goes hand in hand with sustainability.

iii. Capacity risks: this risk is low thanks to experience with similar projects and strong support by the project team to guide the beneficiaries.

iv. Stakeholder risks: This risk is rate low as all key stakeholders have expressed strong support for this project.



VI. APPRAISAL SUMMARY

54. The budget amount of the project is US\$700,000; it will be financed from the Extractives Global Programmatic Support (EGPS) 2 Multi-Donor Trust Fund administered by the World Bank. The proposed project budget is presented in annex. The proposed project is a technical assistance to support the GoA's efforts to enhance transparency and establish the principles of a sustainable natural resource management system. Improvements in transparency, accountability and governance in the extractive industries will increase economic benefits to Albania through higher capacity to mobilize revenues and account for sector impacts. By enhancing stakeholders' capacity to improve sector management and institute a reliable regulatory framework, the proposed grant is also expected to increase Albania's investment climate. Benefits are not easily quantifiable which makes it difficult to accurately carry out a traditional cost benefit analysis.

A. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

B. Environmental and Social

55. The proposed project activities are designed for institutional capacity building, which are not likely to cause significant environmental impacts on the biological and physical environment. The main stakeholders relating to the project are extractive companies, government (national and local), and Albanian citizens at large concerned with sector transparency. The relevant Environmental and Social Framework (ESF) instruments for the project have been flagged in the system. The environmental risk is Low because EITI implementation does not involve any physical impact, nor any infrastructure creation, any affectation to natural habitats or biodiversity, any direct generation of GHG or pollution. The Social risk is Moderate, considering the consultations, training and capacity development with communities living next to extraction sites and reforms under consideration based on studies funded by the project.

C. Fiduciary

i. Financial Management

56. **The overall financial management arrangements meet the minimum requirements of the World Bank's**



Policy and Directive on Investment Project Financing (IPF).⁵ Responsibility for the project's financial management will remain with EITI National Secretariat, which will maintain an adequate project financial management system capable of tracking all project operations, resources, and expenditures and generating regular financial reports. Similar to previous operations, the executing agency will be supported by part time procurement and financial management consultants in carrying out the fiduciary functions. The project will rely on selected aspects of the country budget formulation and execution processes; however, the treasury system will not be used. The risk pertaining to insufficient or untimely budgetary allocations is moderate considering grant financing. Other elements of financial management risk are mitigated through the proposed measures and **the overall FM risk remains low.**

57. The measures agreed to strengthen the FM systems as follows: (a) prepare standard operating processes for authorization and payment of expenditure internal controls policies and procedures, intended to guide staff and minimize the risk of errors and omissions, as well as delays in recording and reporting; (b) hire and maintain and external financial management expert, part of the PMT, with experience and qualifications satisfactory to the Bank; and (c) conduct on-the-job financial management and disbursement training of the financial staff.

58. Disbursements under the proposed project will be carried out in line with the World Bank Disbursement Guidelines for IPF (February 2017). All eligible expenditures will be entirely financed by the grant proceeds. The funds will be disbursed following standard Investment Project Financing (IPF) disbursement methods, including advances, reimbursements, and direct payments. A segregated designated accounts (DA) denominated in grant currency will be opened at the National Bank of Albania. The advance ceiling will be fixed. The advanced funds, earmarked for the proposed activities, will be transferred to project bank accounts for project use. Eligible expenditures will be documented through Statements of Expenditures and Records. The project disbursement arrangements will be managed by the EITI National Secretariat. Detailed disbursement arrangements are set out in the Disbursement and Financial information Letter (DFIL).

59. Financial reporting and audits. With regard to the FM requirements to be included in the DFIL: (a) semi-annual interim unaudited financial reports (IFRs), in the agreed form and substance, will be submitted to the Bank no later than 45 days after the end of each semester; and (b) annual project financial statements will be audited by independent auditors under terms of reference acceptable to the Bank, and the audited financial statements will be presented to the Bank no later than six months after the end of the fiscal year and made publicly available in a manner acceptable to the Bank.

ii. Procurement

60. Procurement will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017, August 2018 and November 2020). The World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credit and Grants dated October 15, 2006,

⁵ An FM assessment was conducted in accordance with the Financial Management Manual for World Bank Investment Project Financing Operations (2010, revised 2017).



revised in January 2011 and as of July 1, 2016, will also apply. The use of Systematic Tracking of Exchanges in Procurement (STEP) is mandatory for all procurement transactions for post and prior contract review under the project to be respectively recorded in or processed through the Bank's planning and tracking system.

61. Before Project effectiveness the EITI National Secretariat will prepare the Project Procurement Strategy for Development (PPSD) is used to analyze and determine the optimum procurement approach to deliver the right procurement result. The PPSD provides a strategic assessment of the operating context and beneficiaries' capabilities, as well as the market, the different stakeholders, and the risks affecting the procurement processes and informed the Procurement Plan. The Procurement Plan and the PPSD might be updated annually or as necessary to reflect the actual needs of the project. The Procurement Plan and all its updates shall be subject to the Bank's "Prior Review" and No Objection before implementation. The Procurement Plan and all subsequent updates will be published in the Bank's external website. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

62. Based on a preliminary assessment of EITI procurement capabilities, there is sufficient in-house knowledge to implement projects under World Bank procurement requirements. The EITI National Secretariat has successfully implemented a previous World Bank project "Support to Extractives Industries Transparency Initiative Compliance Process" completed in December 2020. Three of the existing staff of the EITI National Secretariat have been involved in the previous grant from which the EITI National Secretariat has benefited. In addition, a part-time procurement consultant will be hired under the Grant activities to support the EITI National Secretariat in conducting procurement documents as per the requirement of the World Bank.

63. Taking into consideration the above assessment and the low value of the activities under each project Component the procurement risk is assessed as Low.

VII. World Bank Grievance Redress

64. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Albania

Support to Albania Extractive Industries Transparency Initiative Mainstreaming Process

Project Development Objectives

The project development objective (PDO) is to assist Albania’s EITI stakeholders to design effective policies to strengthen the transparent management of the extractive sector.

Project Development Objective Indicators

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Name: Percentage of EITI validation corrective actions completed		Percentage	0.00	70.00			
Description:							
Name: Reconciliation of subnational extractive sector royalty revenues by Local Government Units (LGUs)		Yes/No	N	Y			



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Description:							
Name: Reduction in unexplained payment declaration discrepancies by companies on tax on profit (ALL thousands)		Number	59,608.00	0.00			
Description:							
Name: EITI reporting is integrated in the annual statutory reporting cycle and receives the required audit and assurance procedures		Yes/No	N	Y			
Description:							

Intermediate Results Indicators

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Name: Reduction of EITI reporting lag time to one fiscal year or less		Number	3.00	1.00			



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Description:							
Name: Number of civil society members and representatives of LGUs who receive training on EITI reporting and natural resource governance		Number	0.00	150.00			
Description:							
Name: Number of new disclosures added to EITI reporting scope		Number	0.00	5.00			
Description:							
Name: Completion and validation of gender disaggregated reporting template for EITI reporting		Yes/No	N	Y			
Description:							
Name: Albania maintains a rating of meaningful progress at its next validation or achieves a satisfactory progress		Text	Performance rated meaningful progress	Maintains current rating or achieves a satisfactory			



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
against the 2019 EITI Standard.				progress rating			
Description:							
Name: Adoption of EITI law to mandate sector data disclosure by both public and private entities		Yes/No	N	Y			
Description:							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	End Target
Percentage of EITI validation corrective actions completed	0.00	70.00
Reconciliation of subnational extractive sector royalty revenues by Local Government Units (LGUs)	N	Yes
Reduction in unexplained payment declaration discrepancies by companies on tax on profit (ALL thousands)	59608.00	0.00
EITI reporting is integrated in the annual statutory reporting cycle and receives the required audit and assurance procedures	N	Yes

Intermediate Results Indicators

Indicator Name	Baseline	End Target
Reduction of EITI reporting lag time to one fiscal year or less	3.00	1.00
Number of civil society members and representatives of LGUs who receive training on EITI reporting and natural resource governance	0.00	150.00
Number of new disclosures added to EITI reporting scope	0.00	5.00
Completion and validation of gender disaggregated reporting template for EITI reporting	N	Yes
Albania maintains a rating of meaningful progress at its next validation or achieves a satisfactory progress against the 2019 EITI Standard.	Performance rated meaningful progress	Maintains current rating or achieves a satisfactory progress rating
Adoption of EITI law to mandate sector data disclosure by both public and private entities	N	Yes



Annex 1: Project’s indicative budget

	Activity description	Estimated US\$
	Component A. Support to streamlined EITI reporting	
1.1	Scoping studies and production of EITI reports	160,000
1.2	Maintenance of the Mining Cadaster Portal	10,000
1.3	Maintenance of the Open Data Portal	10,000
	Total	180,000
	Component B. Extension of sector disclosures’ scope	
2.1	Assessment of the impact of the implementation of the beneficial ownership law	45,000
2.2	Design of reporting template for the inclusion of renewable energy and the gas sector in EITI reporting and the risks and benefits of the energy transition	50,000
2.3	Assessment of gender in the extractive sector and gender inclusion in EITI reporting	50,000
2.4	Analysis of the advantages and disadvantages of foreign investments in the extractive sector	35,000
2.5	Assessment of socio-economic impacts of the oil industry in extraction regions	40,000
2.6	Assessment of current legislation on occupational health and safety in the extractive industries	30,000
	Total	250,000
	Component C. Advocacy and Capacity Building	
3.1	Extractive Industry management training	100,000
3.2	Implementation of the 2020-2023 communication and stakeholder engagement plan	80,000
	Total	180,000
4	Component D. Project management	
4.1	Part-time procurement consultant	10,000
4.2	Part-time FM consultant	10,000
4.3	Incremental operational costs (including support costs of civil society and other stakeholders to participate in the EITI process)	50,000
4.4	Project audit (Ministry of Finance and Economy)	-
	Total	70,000
	Project Total	\$ 700,000



Annex 2: Regulatory reforms in the extractive section since 2017

- Law No. 9975 “On National Taxes” as amended by the Law No 104/2017 dated 30.11.2017 and amended by the Law No 93/2018 dated 03.12.2018.
- *DCM no. 664, dated 10.10.2019*, “ For the approval of the 3-year Action Program, for the years 2019-2021, in implementation of the Mining Sector “”
- DCM No. 214, dated 20.4.2018, “On the organization and functioning of the National Authority for Safety and Mining Emergencies”;
- DCM No. 52, dated 31.1.2018, “On some additions and changes to the decision No. 218, dated 11.3.2015, of the Council of Ministers, “On determining the criteria, procedures and rules for the usage, on the surface and underground, of adjacent areas, with existing permits and changing the coordinates for mining permits defined in space with three coordinates”;

Legislative reforms related to the Hydrocarbons sector (adopted since 2017):

- Law 102/2015 “On the natural gas sector”, as amended.
- Law No. 153/2020 dated 17.12.2020 for the Fiscal regime in the Hydrocarbons Sector.
- DCM No. 429, dated 26. 6.2019 “On the quality of some combustible, liquid materials, for thermal, civil and industrial use, as well as use in water transport vehicles (sea, river and lake)”.
- DCM No. 685, dated 14.11.2018, “On the approval of practices for the promotion of joint, regional investments in the infrastructure of the energy sector”.
- DCM No. 590, dated 9.10.2018, “On the approval of the natural gas market model”.
- DCM No. 573, dated 3.10.2018, “On the approval of rules and procedures in the exercise of supervisory functions in the natural gas sector of the Ministry responsible for energy”.
- DCM No. 87, dated 14.2.2018, “On the approval of the development plan of the natural gas sector in Albania and the identification of priority projects”.
- DCM No. 69, dated 7.2.2018, “On the approval of the conditions and the procedure of defining the supplier of the last possibility with natural gas”.



- DCM No. 417, dated 10.5.2017 “On the approval of the emergency plan for natural gas, in accordance with the minimum standards of security of supply, as well as the rules to guarantee safe and efficient supply of natural gas”.
- DCM No. 425, dated 10.05.2017 “On the organizational rules, the commission functioning for certification of the employee status of the oil and gas industry, criteria and procedures for issuing a special official certificate”.
- DCM No. 344, dated 19.04.2017 “On some amends and additions to the decision No.970, dated 2.12.2015, of the Council of Ministers, “On defining the procedures and conditions for issuing licenses for trading crude oil and its by-products”.
- Law No.8/2017 “On the status of the employees in the industry of oil and gas”, as amended.
- Law No.29/2019 “For the supplementary financial treatment, of the employees who have worked in the underground mines, the employees of the oil and gas industry and the employees who worked in metallurgy.



Annex 3: Albania EITI MSG Members

Chairman of the Inter-institutional Working Group

Chairman of MSG Mr. ILIR BEJTJA
Deputy Minister of the Ministry of Infrastructure and *Energy*

Member of MSG - Representatives of the Albanian Government

Ministry of Infrastructure and Energy Mr. MEHMET HASALAMI
Ministry of Economy and Finance MR RUDOLF PAPA
Ministry of Justice Mr. TETIS LUBONJA
General Directorate of Taxes Ms. RASPID MIMOSA
Albanian Geological Service Mr. BILAL KOCI
National Agency of Natural *Resources* Mr. ROBERT BESHELLO

Members of MSG – Representatives of Civil Society

Center for Transparency and Free Information Mr. Sami Neza
Albanian Center for Development and Integration Ms. ANILA HAJNAJ
Women for the Protection of Natural Resources Ms. OLA MITER
Albanian Center of International Law Mr. LORENC GORDAN
Center for Media Policy Studies Mr. KUSHTRIM SIMONI

Members of MSG – Representatives of Extractive Industry Operators

ALBPETROL Mr. FLORJAN MUCAJ
Statkraft Albania Ms. MARIOLA QUITO
FIAA Mr. PERPARIM ALIKAJ
ANTEA CEMENT Mr. DRITAN DERVISHAJ
Shell Upstream Albania BV Mr. ERGI NURI

Permanent Contributors to EITI Processes

General Directorate of Customs Mrs. FLUTURA MADHII
NANR Mr. MYNYR SINANAJ
Ministry of Tourism and Environment Mr. ATHANAS KARAJA
Ministry of Tourism and Environment Ms. ELKIDAS SINAN
The energy regulator Mrs. ERJOLA SADUSHI
The energy regulator Mr. AGIM NASHI
Ministry of Justice Mrs. ENTELA MUHA
The energy regulator Mr. GLEDIS KALEMI