



## *EI Transparency in Albania*

# EITI IN ALBANIA

The **extractive industry** of minerals and oil in Albania is widely developing and is attractive to local and foreign investors.

From 2011 Albania is an active member of the international Coalition of **51 Countries**, focused on the Transparency and Good Governance of Natural Resources



# EITI IN ALBANIA

Albania is **the only country in the Region** being **member of EITI process**. This shows the Government will to implement and promote Transparency and good governance of Natural Resources.

Albania is **the first country** that proposes and implementing the inclusion of **Electro Energy sector data in the EITI Reports**.



# EITI IN ALBANIA

*During 2017 Albania underwent to an **International Validation Process**.*

*On February 2018, EITI International Board officially announced that Albania has made **Significant Progress** in implementing the EITI standard.*

*During February 2019 2017 Albania underwent to a second **International Validation Process**.*

*On May 2019 EITI International Secretariat Final Assessment considered that Albania has made “satisfactory progress” on seven corrective actions, and “meaningful progress” with considerable improvements on the remaining corrective actions.*



# ALBANIA EITI Reports

*Till now Albania has published EITI Reports for 8 fiscal years (2019 – 2016).*

*On February 15, 2018, the EITI National Secretariat published the 2016 EITI Report*



- ❖ The reconciliation and reporting according to the EITI Standard covered all companies operating an exploration license and production license in oil and gas, 120 mining companies and 12 hydro-energy companies.
- ❖ Based on data reported by Government agencies, production value generated during 2016 by these sectors is estimated at USD 612 million.
- ❖ The extractive sector and hydropower accounted collectively to no more than 6% of the gross domestic product in 2016 , amounting to ALL 87,483 million.
- ❖ The sector collectively employ less than 1.5% of total employee workforce registered in the country in 2016.
- ❖ Petroleum output comprised about 46% of the total output value from the extractive sectors of petroleum and mining. About 89% of crude oil was extracted from Bankers Petroleum operating the Patos-Marinza oilfields, the largest oilfield.
- ❖ Exports from the extractive sector have increased in 2013 when they reached ALL 96.7 billion or 39% of total exports. This share dropped to 19% of total exports in 2016 or ALL 47 billion, simultaneously affected by the decrease in international prices for oil and the increase of domestic oil refining activity.





# Oil and Gas sector overview

- Crude oil comprised the primary source of energy produced in Albania 52%. In 2016, oil and gas sector counted 7 companies extracting crude oil in the southern part of Albania and 4 companies engaged in exploration activities.
- Production of Albpetrol, domestic crude oil at 1,034 thousand ton with an estimated worth of USD 179.3 million based on average export prices in 2016. Bankers Petroleum, operating in the Patos-Marinza oilfield, extracted about 89% of total crude oil output in 2016. Whereas, Albpetrol production accounted for about 6% of domestic output.
- Fiscal and non-fiscal revenue collected from the oil and gas sector were above 2.6% of total revenue recorded in the National Budget in 2016. Albpetrol was the largest employer in 2016 in the sector, comprising about 65% of total employment in the sector.
- Oil produced in the country is mostly exported to be refined abroad. Domestic consumption of refined oil is fulfilled through imported oil. As shown in chart 5, exports of crude oil were at ALL 19 billion, comprising about 41% of total crude oil from extractive sector in 2016, while contributing to 7.9% of total exports.



## Mining sector overview

- Albania contains an increasing number of medium, small-scale mining and quarry companies, and only a couple of large-scale industrial mining companies. In December 2016, were reported 600 mining licenses, whereas 121 licensees were extracting chromium ore in Bulqiza mines.
- Domestic mining output including the value added through mineral processing was estimated at USD 214.1 million in 2016.
- Albania is classified the 7<sup>th</sup> country in the world as Chromium producer.
- Chromium contributed the largest share with about 74% of domestic mining output value estimated in 2016. Limestone and other construction minerals represented the second largest group of minerals after chromium, with 22% of the domestic mining output value estimated in 2016.
- Mining sector employment accounted for 1% of total registered workforce at the end of 2016, whereas chromium sub-sector employed about 68% of mining workforce in 2016.
- Fiscal and non-fiscal revenue from the mining sector accounted at minimum for 1.4% of total revenue in the national budget.



# Hydropower sector overview

- Hydropower production in Albania is dominated by the public sector.
- KESH is the largest producer in the country. With an installed capacity of 1,350 MW built in a cascade over Drini River in the north part of Albania, KESH contributed with 71.4% of electrical power output in 2016 reported at 7,134 GWh.
- Domestic hydropower output in 2016 was about 101% of the total energy flow transmission and distribution in 2016, which included domestic consumption as well as energy flows lost in the transmission and distribution networks.
- The value added by the hydropower sector, including electrical power generation, public supply, transmission and distribution is assessed at ALL 54.75 billion (equivalent to USD 441 million), however revenue generated only through the sale of electrical power amounts to ALL 27.3 billion (equivalent to USD 219 million).
- The sector's known fiscal contribution accounted for 1.1% of the total revenue in the National Budget in 2016.
- At the end of 2016, were reported about 545 HPPs granted on concessions, where only 74 have generated electrical power in 2016.



## Activities foreseen under World Bank Grant

- ❖ *EITI Annual Reports 2017 and 2018;*
- ❖ *Communication and Outreach for 2019 (media outreach campaigns, Internet and social media activities, awareness raising events);*
- ❖ *Consultancy service to improve access to timely, reliable and comprehensive EITI data and design of the open data portal for EITI data;*
- ❖ *Consultancy service on Environment Impact of the Extractive Industries;*
- ❖ *Consultancy service on the identification of the impact of extractive industries, the contribution to economic growth, the employment and the social aspect in Albania*
- ❖ *Beneficial Ownership Implementation. Consultancy Service for Information, sensibilization and consultation activities with all stakeholders MSG, Extractives companies, CSO on BO implementation and Legal / Regulatory changes on EI Transparency and Creating a public beneficial ownership Register*

# PRIORITIES

*The following, are the EITI Albania priorities and objectives set in the Secretariat Working plan, in the effort to maximise the EITI process in the country and influence the Albanian journey towards “Sustainable and inclusive Growth”*





# EITI Law on Transparency

- Reforming national legal framework for better management of natural resources.
- During 2019 EITI Albania will work to approve and implement legal and regulative changes suggested by the "legal review" and agreed with stakeholders. Implement legal changes through drafting and aiming to approve within 2019 the Law on "Transparency in Natural Resources " that will enable and regulate release, publication and open data per each government agency dealing with natural resource governance.



## Open Data

Albania is going through very significant and massive transformations in regard to its Digital Agenda for 2015-2020 on E-governance and Information Society strategy and as part of its commitments on “Open Data”.

### **EITI Objective:**

Inclusion of open data for EITI and Natural Resource governance, work towards mainstreaming the creation of open data for EITI into government systems to ensure timeliness, data quality, reuse and cost effectiveness.



# Disclosure of Beneficial Ownership

## **EITI Objective with regard to Beneficial Ownership:**

- Creating a law basis with regard to Beneficial Ownership through the approval of the EITI Law or other possible legal adjustments. Meanwhile, voluntary reporting has begun in EITI's annual reporting.
- Providing information on Beneficial Ownership will require dedicated activities and resources to prepare public acceptance, extensive stakeholder consultations, changes and legal applications.
- Creating Beneficial Ownership Register.



## **Working on Corrective Actions of the Validation Process**

Following the Second Validation Process that started on March 2019 the EITI Board will take a decision for the EITI implementation progress in Albania.

**Addressing and working on Corrective Actions deadlines arising from the Validation Process and the EITI Board Decision on Albania is in the National Agenda Priorities.**

- Immediate addressing, distribution and follow-up of the respective subject of corrective actions and their fulfilment within the deadline set.





**THANK YOU**

ALBANIA EITI SECRETARIAT