

Validation of Albania
Draft Validation Report
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1. EXECUTIVE SUMMARY

The Government of Albania committed to implement the EITI on 27 December 2008 by enacting Order Nr.156 on establishing an Inter-Institutional Working Group to prepare Albania's EITI candidature application. The country was accepted as an EITI candidate on May 2009 at the EITI Board's meeting in Washington DC, United States. A permanent MSG was appointed on 21 July 2011 following Prime-Ministerial Decree Nr.71. In September 2013, the government established the Ministry of Energy and Industry (MEI) as the government institution with responsibility for overseeing the extractive industries in Albania. The MSG is chaired by the Deputy Minister of Ministry of Energy and Industry and consists of representatives from government, industry and civil society.

On 25 October 2016, the Board agreed that Albania's Validation under the 2016 EITI Standard would commence on 1 April 2017. This draft Validation Report follows on from a quality assurance review of the International Secretariat's initial assessment. The Validator initially agreed with the International Secretariat's preliminary assessment that fourteen requirements are assessed as unmet with meaningful, inadequate or no progress. However, after reviewing the feedback on the draft report from both AlBEITI and the Independent Administrator, the Validator recommends that requirement 3.3 on export data and requirement 5.2 on sub-national transfers are upgraded from meaningful to satisfactory progress.

2. BACKGROUND

With reserves of chromium, coal, copper, iron, nickel, oil and gas, Albania's extractive industries accounted for 5.6% of GDP in 2015, including 3% from mining, oil and gas and 2.6% from the electricity sector (Albania EITI, 2016). Albania was the world's third-largest producer of chromium during the Communist period to 1990 and still accounts for 2.5% of global production. Albania also holds Europe's largest reserves of the mineral at roughly 10m metric tons (Albanian Investment Development Agency, 2017).

The country's Patos-Marinza oilfield, discovered in 1928, remains Europe's largest onshore oilfield with around 200m barrels of proven and probable (2P) reserves of crude oil (a blend of light and heavy crude oil, API 8-11) (Bankers Petroleum, 2017). Albania holds the world's 63rd-largest reserves of crude oil (IMF, 2016). With the value of mineral exports declining in line with the recession in key Euro-area trading partners like Italy and Greece, the share of mining, oil and gas in total exports fell from 39% in 2013 to 24% in 2015 (Albania EITI , 2016) (US Geological Survey, 2016).

While all mineral exploration and production was firmly state-controlled during the Communist period, the 1994 Albanian Mining Law opened the doors to private investment in the extractive industries (Albania Energy Association, 2012). The state dominance of the mining sector left a legacy of large industrial complexes integrated across the value chain of chromite, copper, iron-nickel and bitumen, although the transition to a market economy in the mid-1990s caused a near-total collapse in mining activity (Albanian Investment Development Agency, 2012). By the mid-2000s, as mining sector reforms were implemented and international prices for key mineral commodities rose sharply, Albania's mining sector attracted significant investment, particularly in chromite (US Geological Survey, 2016) (Albanian Investment

Development Agency, 2012). The country's key chromite deposits are centred in the North-East, Centre and South-East (Albania Energy Association, 2012).

Albania's first oilfields were discovered at Drashovicë in 1918 and at Kuçovë and Patos-Marinza in 1928 (World Petroleum Council, 2003). Significant gas deposits were identified in the country's west as early as 1963-1966 (AKBN, 2012). State-owned Albpetrol controlled the entire upstream oil and gas value chain until the opening of the sector to private investment in 1990, when it started contracting private companies through "petroleum-sharing agreements" (PSAs – similar to production-sharing agreements) (Albania EITI, 2016). The government held licensing rounds for private oil companies in 1990 (offshore), 1992 (onshore) and 1995 (combined), awarding a total of nine PSAs (AKBN, 2012). The first major offshore oil discoveries were announced by Agip on the Adriatiku-4 block and OXY, Shell and Petromanas on the Shpiragu oilfield in 2001 and 2014 (AKBN, 2012). While Albania's transition in the mid-1990s saw a drastic slump in its oil production, from 1.4m metric tons a year in 1974 to 1.1m metric tons in 1990 and a record low of 0.315m metric tons by 2000 (World Petroleum Council, 2003) (AKBN, 2012), oil production more than doubled since 2003 as a result of private investment, to reach 1.279m metric tons in 2015 (Albania EITI, 2016). A private company, Bankers Petroleum, signed a PSA for the Patos Marinza oilfield in 2004 and increased production to 21,000 barrels per day (Bankers Petroleum, 2017). Yet Albania remains a high-cost oil producer, implying that changes in international oil prices have a greater impact on Albania's oil production than in other lower-cost producers (IMF, 2016).

While the government has long planned for the privatisation of the national oil company, Albpetrol, and its refining subsidiary, ARMO, progress has been uneven. In October 2012, the government tendered a majority stake in state-owned Albpetrol for privatisation. While Vetro's EUR 850m bid for Albpetrol was more than twice the closest bidder's, its failure to complete first payment by the February 2013 deadline led to the cancellation of the privatisation (Reuters, 2013). The transaction was never concluded and Prime Minister Edi Rama formally postponed Albpetrol's privatisation in December 2015 due to low oil prices (Tirana Times, 2015) (EBRD, 2016).

Albania became a European Union candidate state in June 2014, creating the impetus to harmonize its laws including in mineral concessions and oil and gas tenders (US Geological Survey, 2016). The country is also gaining importance as an energy transit country since February 2012, when then-Prime Minister Sali Berisha announced that Albania would be the first country to support the Trans Adriatic Pipeline (TAP). The TAP is a section of the broader 3500km-Southern Gas Corridor linking Azerbaijan's gas fields with the European gas network through Greece, Albania and the Adriatic Sea to southern Italy (Re:Common, 2016). Despite public opposition to the project from some host communities in Greece and Italy, analysts expect the pipeline to be completed in 2019 (IMF, 2016).

Albania is also a key producer of hydro-electric power, the primary source of the country's electricity. While its installed capacity is estimated to be 10,000 GWh, its effective production has declined from a peak of 7,674 GWh in 2010 and Albania has remained reliant on electricity imports to meet domestic demand (Albanian Investment Development Agency, 2017). The government estimates that only around 35% of Albania's hydro-electric power production potential has been developed thus far (Albanian Investment Development Agency, 2017).

In line with the Validation Guide, the International Secretariat carried out the first phase of validation—initial data collection, stakeholder consultations, and preparation of their initial evaluation of progress against the EITI requirements (the "Initial Assessment"). Adam Smith International (ASI) was appointed as the independent Validator to evaluate whether the Secretariat's work was carried out in accordance with the Validation Guide. ASI's principal responsibilities as Validator are to review and amend the Initial

Assessment, as needed, and to summarize its independent review in this Validation Report for submission to the Board through the Validation Committee.

1. Work Performed by the Independent Validator

The Secretariat's Initial Assessment was transmitted to ASI on 11th August, 2017. Our Validation Team undertook this phase of the Validation process through: (1) In-depth review and marking up of the EITI Assessment by each team member; (2) Detailed review and comments by the Multi-Stakeholder Specialist of Requirements 1 and the Civil Society Protocol; (3) Detailed review and comments by the Financial Specialist of Requirements 4, 5 and 6; (4) Consolidation of reviews and the production of this draft Validation Report, sent to the International Secretariat on the XXX.

2. Comments on the Limitations of the Validation

The Validator carefully reviewed the Secretariat's Initial Assessment and at this stage has no comments on the limitation of the validation process.

3. Comments on the International Secretariat's Initial Assessment

The initial data collection, stakeholder consultations, and drafting of the Initial Assessment were generally undertaken by the International Secretariat in accordance with the 2016 Validation Guide. The data collection took place across three phases. Firstly, a desk review of the available documentation relating to the country's compliance with the EITI Standard, including but not limited to:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group's Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Any other information of relevance to Validation.

A country visit took place on 5-10 June 2017. All meetings took place in Tirana, Albania. The Secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group. In addition to meeting with the MSG as a group, the Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders were able to freely express their views and that requests for confidentiality were respected.

Finally, the International Secretariat prepared a report making an initial assessment of progress against requirements in accordance with the Validation Guide. The initial assessment did not include an overall assessment of compliance. The report was submitted to the Validator, with the National Coordinator (NC) also receiving a copy.

2. GENERAL COMMENTS

- **Progress in EITI Implementation**

Albania is the only country in the Balkans to implement the EITI, in keeping with its efforts to accede to the European Union (EU). With a legacy of opacity in the management of its natural resources, the country has sought to use the EITI to ensure accountability to communities that host oil, gas and mining projects. A number of projects on the horizon, including the Trans-Adriatic Pipeline (TAP) for natural gas and positive prospects for Shell's oil exploration, have added commercial impetus to further improving transparency.

Albania began implementing the EITI in 2009 to strengthen the government's efforts to establish transparent and responsible management of natural resources. EITI implementation complemented broader economic, financial and institutional reforms, in particular a new Mining Law and Hydrocarbons Law. Another strength of Albania's EITI implementation has been its efforts to use the process to address local concerns, both through active dissemination and outreach efforts and by expanding the scope of EITI reporting to the hydro-power sector. The government is considering expanding EITI reporting to the forestry and fishery sectors – strategically-important industries that contribute significantly to the country's economy.

- **Impact of EITI Implementation**

The Government of Albania has been supportive of EITI implementation, enshrining reporting requirements in sector legislation and following up to ensure full revenue transparency, even though some government entities have been less than fully cooperative. Representatives from agencies such as the Ministry of Energy and Industry (MEI), the Ministry of Finance (MoF), the Ministry of Justice (MoJ), the General Directorate of Taxes (GDT), the Albanian Geological Service, the National Agency of Natural Resources (AKBN) and the Department of Customs (DC) have contributed to the work of the MSG, provided data for EITI Reports and supported embedding EITI reporting in government systems. Representatives from the oil, gas and mining industries are supportive of the EITI and have found it useful for their public relations, helping to improve public understanding. The civil society constituency was active at the beginning of the EITI process but has become increasingly inactive over time; they continue to support EITI reporting and to ask for greater transparency, however they do not make use EITI data in practice. Civil society's internal challenges effectively hamper the participation of the broader constituency in the EITI process and limit the effectiveness of the EITI.

The implementation process has been well supported by the World Bank, which has provided substantial funding since 2013. The government contributes by hosting the AlbEITI Secretariat at the MEI, employing nine staff, and covering some of the activities outlined in the MSG's work plan. Implementation of the EITI Standard has been driven primarily by the AlbEITI Secretariat in close cooperation with MEI, and with only lacklustre engagement from civil society and industry. While there have been instances of individual company representatives and civil society activists playing proactive roles in reporting, dissemination and outreach, there is little evidence that the constituencies are working effectively. In the absence of effective multi-stakeholder oversight of implementation, the AlbEITI Secretariat has grown to become a quasi-

independent government entity. Whereas this approach has proven effective in empowering AlbEITI to expand the scope of implementation to hydro-power and, in future, environmental payments, fishery and forestry, it would appear to have come at the cost of meaningful stakeholder oversight of the EITI process. It would now seem timely to revisit the institutional structure of EITI implementation in Albania to improve MSG oversight.

Aspects of the EITI Standard are particularly pertinent to some of Albania's key challenges and sources of past public controversy. Requirements of the EITI Standard related to clarifying the management of off-budget revenues, the financial relations between state-owned enterprises and the government, production data, social expenditures, subnational transfers and audit practices all touch upon issues that stakeholders consider sensitive. The EITI Standard provides a unique opportunity to address these issues.








Despite the challenges in multi-stakeholder oversight and certain reporting gaps, EITI implementation has led to tangible impacts through government reforms and greater awareness by host communities of their rights. For example, following recommendations of the 2011 EITI Report, Albania has established a publicly accessible license register for all mining, oil and gas licenses. Following recommendations related to inactive subnational transfers of mining revenues in the 2013 and 2014 EITI Reports, the government also reformed the Law on National Taxes, with effect from January 2015, reducing transfers from 25% to 5% of royalties to LGUs, albeit without conditions allowing transfers to be executed.

The Independent Validator's Assessment of Compliance

Figure 1 – Validator's assessment

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)				■	
	Industry engagement (#1.2)				■	
	Civil society engagement (#1.3)			■		
	MSG governance (#1.4)			■		
	Work plan (#1.5)				■	
Licenses and contracts	Legal framework (#2.1)				■	
	License allocations (#2.2)			■		
	License register (#2.3)			■		
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)	■	■	■	■	■
	State participation (#2.6)			■		
Monitoring production	Exploration data (#3.1)				■	
	Production data (#3.2)				■	
	Export data (#3.3)			■	→	
Revenue collection	Comprehensiveness (#4.1)				■	
	In-kind revenues (#4.2)				■	
	Barter agreements (#4.3)	■	■	■	■	■
	Transportation revenues (#4.4)	■	■	■	■	■
	SOE transactions (#4.5)				■	
	Direct subnational payments (#4.6)			■		
	Disaggregation (#4.7)				■	
	Data timeliness (#4.8)				■	
	Data quality (#4.9)			■		
Revenue allocation	Distribution of revenues (#5.1)			■		
	Subnational transfers (#5.2)			■	→	
	Revenue management and expenditures (#5.3)	■	■	■	■	■
Socio-economic contribution	Mandatory social expenditures (#6.1.)		■			
	SOE quasi-fiscal expenditures (#6.2)	■				
	Economic contribution (#6.3)				■	
Outcomes and impact	Public debate (#7.1)				■	
	Data accessibility (#7.2)	■	■	■	■	■
	Follow up on recommendations (#7.3)			■		
	Outcomes and impact of implementation (#7.4)				■	

Legend to the assessment card

	The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	The country is compliant with the EITI requirement.
	The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

3. DETAILED FINDINGS

The Validator agrees with the findings of the Initial Assessment. Therefore there are no detailed findings on disagreements to report.

4. RECOMMENDATIONS

The following is a list of strategic recommendations that could help Albania make even greater use of the EITI as an instrument to support reforms.

- The MSG should ensure more consistent participation of government representatives in dissemination activities.
- To strengthen implementation, the industry constituency is encouraged to ensure that its MSG membership is representative of the structure of the mining, hydropower, oil and gas sectors and that the regularity and seniority of industry participation at MSG meetings is commensurate with the MSG's need to take informed decisions and follow-up on past action points. The MSG should ensure comprehensive reporting from all material companies.
- In accordance with requirement 1.3.a, the civil society constituency should demonstrate that they are fully, actively and effectively engaged in the EITI process. Specifically, civil society should ensure that they are able to fully contribute and provide input to the EITI process and that they have adequate capacity to participate in the EITI. In accordance with requirement 8.3.c.i, the civil society constituency should develop and disclose an action plan for addressing the deficiencies in company engagement documented in the initial assessment and validator's report within three months of the Board's decision, i.e. by <Board Decision + 3 months>. The constituency may wish to undertake an independent review of civil society engagement in the EITI in Albania, broadening the engagement with CSOs with potential interests in EITI implementation. Undertaking a capacity needs assessment and formulating actions to address civil society capacity constraints are crucial, not least to unlock funding from development partners and other relevant parties. The civil society constituency is encouraged to develop and agree on guidelines that effectively set out the process by which representatives on the MSG will be selected and held accountable.
- In accordance with requirement 1.4.a.ii, the MSG should ensure that its procedures for nominating and changing multi-stakeholder group representatives are public and confirm the right of each stakeholder group to appoint its own representatives. To strengthen implementation, the government is encouraged to ensure that relevant state entities, such as the national oil company Albpetrol, given gaps in reporting on state participation (*see Requirement 2.6*), are represented on the MSG and that their level of seniority is commensurate with the need for the MSG to take informed decisions and follow up on agreed actions. In accordance with requirement 1.4.b.ii and 1.4.b.iii, the MSG should undertake effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. Members of the MSG should liaise with their constituency groups. In accordance with requirement 1.4.b.vi, the MSG should ensure an inclusive decision-making process throughout implementation, particularly as

concerns industry and civil society. Government and company constituencies are encouraged to ensure that their representatives' attendance at MSG meetings is consistent and of sufficiently high level to allow the MSG to take decisions and follow up on them. It is also recommended that the MSG reviews evaluation procedures for its members that all constituencies would agree to follow.

- To strengthen implementation, the MSG is encouraged to agree a work plan that is linked to national priorities and that is the product of wide consultation with stakeholders. Clearer links to national discussions and priorities will encourage more active participation by all stakeholder groups and help mobilise additional resources. The MSG should address the financial sustainability of EITI implementation over the medium term.
- To strengthen implementation, the MSG may wish to explore the potential of using EITI reporting to highlight inconsistencies in Albania's legal environment, fiscal framework and regulatory responsibilities in the mining, oil and gas sectors. The MSG may wish to link EITI reporting to planned technical assistance in the mining, oil and gas sectors to ensure that EITI implementation serves as a diagnostic to support ongoing and planned reforms.
- In accordance with requirement 2.2.a, the MSG should ensure annual disclosure of which mining, oil and gas licenses were awarded and transferred in the year(s) under review, highlighting the technical and financial requirements and any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers.
- In accordance with requirement 2.3.b, Albania should ensure that dates of application, award and expiry, commodity(ies) covered and coordinates for all oil, gas and mining licenses held by material companies are publicly available. The government is encouraged to make this information available for licenses held by all companies, regardless of their materiality.
- In accordance with requirement 2.4.b, Albania is required to document in future EITI Reports the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, any reforms that are planned or underway as well as an overview of contracts already published.
- To strengthen implementation, the MSG may wish to consider piloting beneficial ownership reporting in the forthcoming EITI Report in order to increase awareness of beneficial ownership transparency and pilot beneficial ownership definitions and thresholds. AlbEITI may also wish to conduct broader outreach to the companies on the objectives of beneficial ownership transparency, as well as hold conversations with government agencies on how to make such disclosures mandatory.
- In accordance with requirement 2.6.a, the MSG should provide an explanation of the prevailing rules and practices related to SOEs' retained earnings, reinvestment and third-party funding. The government should also ensure annual disclosure of any changes in government ownership in SOEs or their subsidiaries, and provide a comprehensive account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies in line with requirement 2.6.b.
- To continue strengthening implementation, the MSG may wish to follow up on repeated recommendations from past EITI Reports related to ensuring the accuracy of official reserves estimates.

- To strengthen implementation, the MSG is encouraged to ensure that future EITI Reports provide disaggregated production volumes and values for all key minerals produced in the year(s) under review. The MSG may also wish to work with relevant government entities to ensure that information on domestic prices of all minerals is published as part of routine government disclosures.
- In accordance with requirement 3.3, the MSG should ensure future EITI Reports provide disaggregated export volumes and values for all key minerals exported in the year(s) under review. The MSG is encouraged to clearly segregate any future transit natural gas from the development of the Trans-Adriatic Pipeline are clearly segregated from Albania's other exports.
- To strengthen implementation, the MSG is encouraged to consider revisiting its materiality threshold for selecting mining companies to strike a balance between the comprehensiveness of disclosures and the quality of reporting. The MSG may wish to consider a sampling approach, which would allow these payments to be investigated without creating an unreasonable reporting burden. The MSG is also encouraged to ensure that the Independent Administrator provides its opinion on the comprehensiveness of the EITI Report.
- To strengthen implementation, the MSG is encouraged to ensure that future EITI Reports clearly disaggregate the state's in-kind revenues from Albpetrol's equity oil, as it has done in previous EITI Reports. The MSG could consider joining the EITI's [targeted effort](#) on commodity trading to provide a framework for ensuring that disclosures of the state's sales of its in-kind revenues are in line with international best practice.
- To strengthen implementation, the MSG should ensure that future EITI Reports clearly address Requirement 4.3 and confirm the MSG's assessment of its non-applicability. The MSG may wish to consider the extent to which a review of the actual terms of mining, oil and gas contracts would be necessary to ensure a comprehensive assessment of the applicability of Requirement 4.3.
- To strengthen implementation, the MSG should consider ensuring that future EITI Reports explicitly state that the government and SOEs do not receive any revenues from the transportation of minerals, crude oil or natural gas in the year(s) under review.
- To strengthen implementation, the MSG is strongly encouraged to ensure that future EITI Reports include Albpetrol's dividends to government in the scope of reconciliation, in line with requirement 4.5.
- In accordance with requirement 4.6, the MSG should undertake appropriate scoping of direct subnational payments by extractive companies to LGUs, establishing a comprehensive basis for the MSG's materiality discussions regarding direct payments to LGUs. The MSG may wish to consider a sampling approach, which would allow these payments to be investigated without creating an unreasonable reporting burden.
- To strengthen implementation, the MSG may wish to consider the extent to which it can make progress in implementing project-level EITI reporting of sector-specific levies and taxes ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018, agreed by the EITI Board at its 36th meeting in Bogotá.
- To strengthen implementation, the MSG may wish to liaise with key revenue collecting agencies and

sector regulators to explore means of embedding disclosures of EITI-required information in routine government systems to ensure timelier EITI reporting.

- In accordance with Requirement 4.9.a, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should:
 - Examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, and based on this examination, agree what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9. The Independent Administrator should exercise judgement and apply appropriate international professional standards in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his/her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The Independent Administrator's inception report should document the options considered and the rationale for the assurances to be provided.
 - Ensure that the Independent Administrator provides an assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - Ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.
- In accordance with requirement 5.1.a, the MSG should ensure that the allocation of extractives revenues not recorded in the national budget are explained, with links provided to relevant financial reports as applicable. The MSG may wish to explore the extent to which it could use extractives-specific GFS classifications from its EITI summary data tables as a means of disaggregating the extractives components of common taxes in existing MoF systems.
- In accordance with requirement 5.2.a, the MSG should assess the materiality of subnational transfers prior to data collection and ensure that the specific formula for calculating transfers to individual local governments be disclosed, to support an assessment of discrepancies between budgeted and executed subnational transfers. Given the high level of public interest in this issue, the MSG may wish to consider including LGUs in the reporting process for subnational transfers in order to reconcile these transactions.
- To strengthen implementation, the MSG may wish to consider including additional information on the budget-making and auditing processes for government accounts in future EITI Reports.

- In accordance with requirement 6.1.a, the MSG should agree a clear distinction between mandatory and voluntary social expenditures prior to data collection and ensure that material mandatory social expenditures are comprehensively disclosed in future EITI Reports. Where beneficiaries of mandatory social expenditures are a third party, i.e. not a government agency, the MSG should ensure that the name and function of the beneficiary be disclosed. The MSG may wish to consider the extent to which disclosure of actual mining, oil and gas contracts (or review of key terms) would be necessary to provide a comprehensive assessment of the existence of mandatory social expenditures. The MSG may also wish to consider the feasibility of reconciling mandatory social expenditures.
- In accordance with requirement 6.2, the MSG should consider the existence and materiality of any quasi-fiscal expenditures undertaken by extractive SOEs and their subsidiaries, ensuring that all material quasi-fiscal expenditures are disclosed in future EITI Reports.
- To strengthen implementation, the MSG is encouraged to ensure that future EITI Reports include the value of extractive industries' contribution to GDP in absolute terms and provide specific figures for the macro-economic information covered under Requirement 6.3. The MSG is encouraged to study the extent to which it could provide updated macro-economic information on the contribution of the extractive industries in a timelier manner through the AlbEITI (or other relevant government) website.
- To strengthen implementation, the MSG should consider strengthening multi-stakeholder engagement in its communications, dissemination and outreach efforts, to ensure broader dissemination and public debate on EITI-related issues. Natural resource governance and anti-corruption are heated topics in Albania, and the MSG may wish to consider tailoring EITI discussions to tangible demands from stakeholders.
- In accordance with requirement 7.3, the MSG should take steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies, and to consider the recommendations resulting from EITI reporting. The MSG, in consultation with government stakeholders in particular, may wish to consider institutionalising its mechanisms for following up on recommendations from EITI Reports and Validation as a means of ensuring stricter attention to implementation.
- To strengthen implementation, the MSG could consider discussing the role the EITI could play in achieving national priorities in reform of the extractive industries as part of its annual review of the work plan. The MSG may also wish to undertake an impact assessment with a view to identify opportunities for increasing the impact of implementation.
