



# THE UNDERGROUND Transparency on Shared Wealth

## Regional Conference

Corruption Risk Assessment, Public Procurement, and public contracting in SEE  
Instambul, Turkey 26-27 May 2015

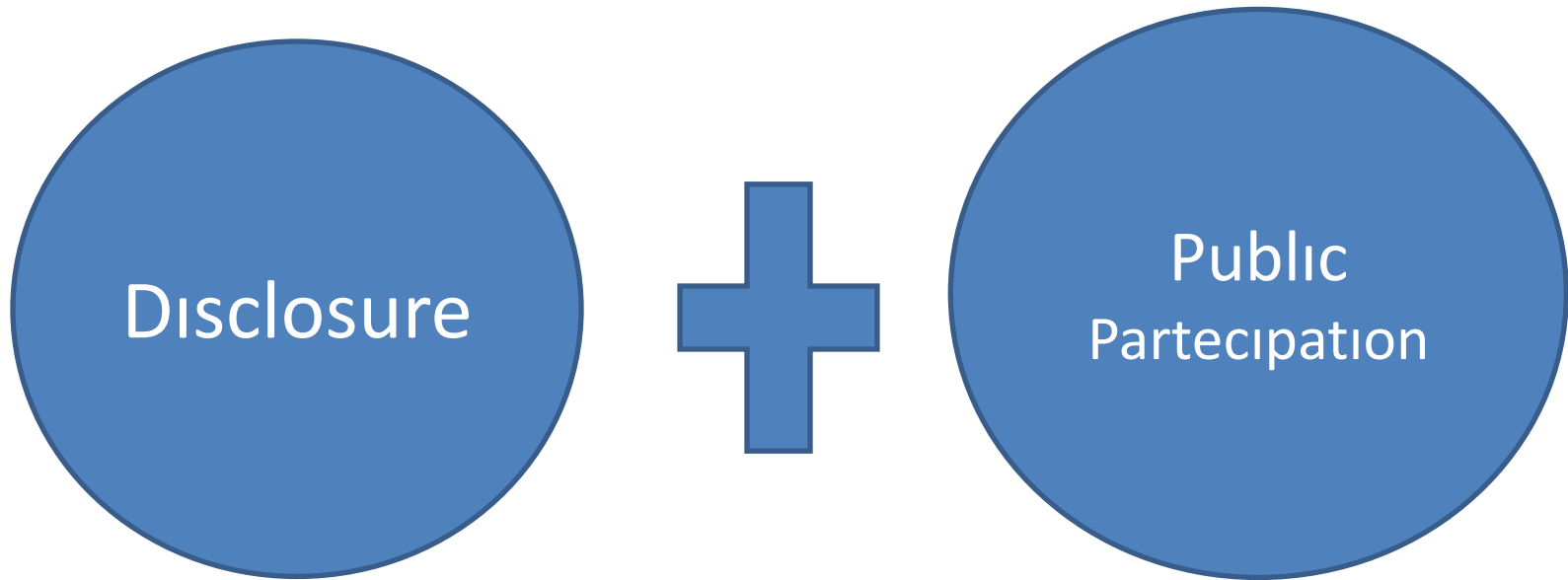
# What is the ?

The **Extractive Industries**

**Transparency** Initiative (EITI) is a global coalition in which **governments**, **companies** and **civil society** work together for transparency and accountable management of revenues from natural resources.

# How does **EITI** Extractive Industries Transparency Initiative work?

In the core of EITI stands:



**Data + People**

- The  sets a **global standard**

Through which the implementation processes require project level payment disclosure, contextual information, timely reporting, include **all material payments** and **full government disclosure**, and **promote the adoption of open contracting and the disclosure of beneficial ownership registries** by implementing countries.

# EITI facts sheet

## 48 Countries

**32**  
Compliant

**16**  
Candidate

 **35**  
Countries have produced reports

**\$1,5**

Trillion USD disclosed

EITI Reports

**235**



# **EITI** Extractive Industries Transparency Initiative **Supporters**

- **Over 90 major companies involved in oil, gas and mining are committed to supporting the EITI**, through operations in implementing countries, international-level commitments and industry associations. The EITI has won the support of over 90 global investment institutions that collectively manage over US \$19 trillion.
- **A broad coalition of governments, civil society and international organisations supports the EITI**, including 400 NGOs, World Bank, International Monetary Fund, International Council on Mining and Metals and the regional development banks. These organisations provide technical and financial support to implementing countries, and support EITI outreach.

The EITI Standard has two core elements:



Companies publish what they pay and governments publish what they receive in an EITI Report.



**COMPANIES**  
disclose payments



**EITI REPORT**  
where the tax and royalty  
payments are independently  
verified and reconciled



**GOVERNMENTS**  
disclose receipt of payments

Governments, together with companies and civil society, work to improve the management of natural resources by implementing the EITI Standard.

This process is overseen by a multi-stakeholder group of governments, companies and civil society.





**EITI**

**What's the**

**benefit of**

**EITI?**



## Governments

**A transparent and open government enhances citizens' trust.**

- By adopting an **internationally recognized transparency standard**, governments perform in an improved investment climate by providing a clear signal to investors and international financial institutions that the government is committed to **greater transparency, commitment to reform** and **anti-corruption** in a volatile sector.
- Implementing the EITI Standard improves **government systems** and can lead to improved tax collection and budgetary plannings.
- EITI also assists in strengthening **accountability** and **good governance**, as well as promoting greater **economic and political stability**. This, in turn, can contribute to the prevention of conflict based around the oil, mining and gas sectors.

# Companies

## What does an investor seek?

- Stability,
  - Certainty
  - Clarity of country tax rules and procedures.
- 
- Benefit from a **level playing field** in which all companies are required to disclose the same information.
  
  - Benefit from mitigating political and reputational risks. Political instability caused by opaque governance is a clear threat to investments. In extractive industries, where investments are **capital intensive** and **dependent on long-term stability** to generate returns, reducing such instability is beneficial for business.
  
  - Transparency of payments made to a government can also help to demonstrate the contribution that their investment makes to a country enables a **better engage with citizens and civil society**.

# Citizens and Civil Society

- A country's EITI Report informs the public of what happens with its natural resources.
- Benefit from **Reliable and accessible information** about their country's natural resources.
- Benefit increasing the amount of information in the public domain about those revenues that governments manage on behalf of citizens, thereby making their governments more accountable.
- **Civil society is an essential partner in implementing the EITI.**



# EITI Albania Objectives

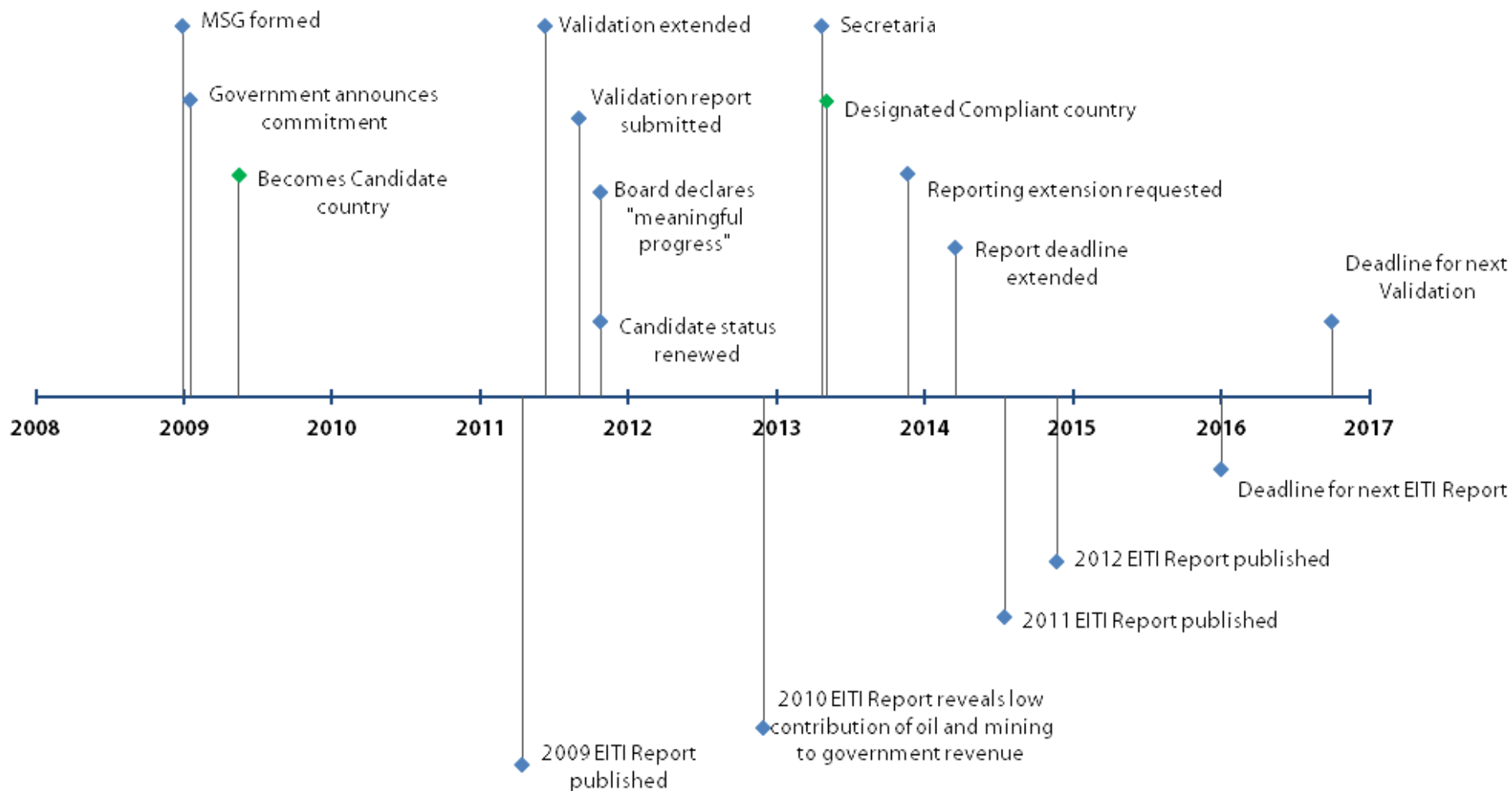


1. Show direct and indirect contribution of extractives to the economy
2. Increase public understanding of the management of natural resources and public accessibility of data
3. Strengthen national resource management / strengthen government systems
4. Track how revenues are allocated and spent, in particular at local levels
5. Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders
6. Strengthen business environment and increase investments

# Implementation timeline

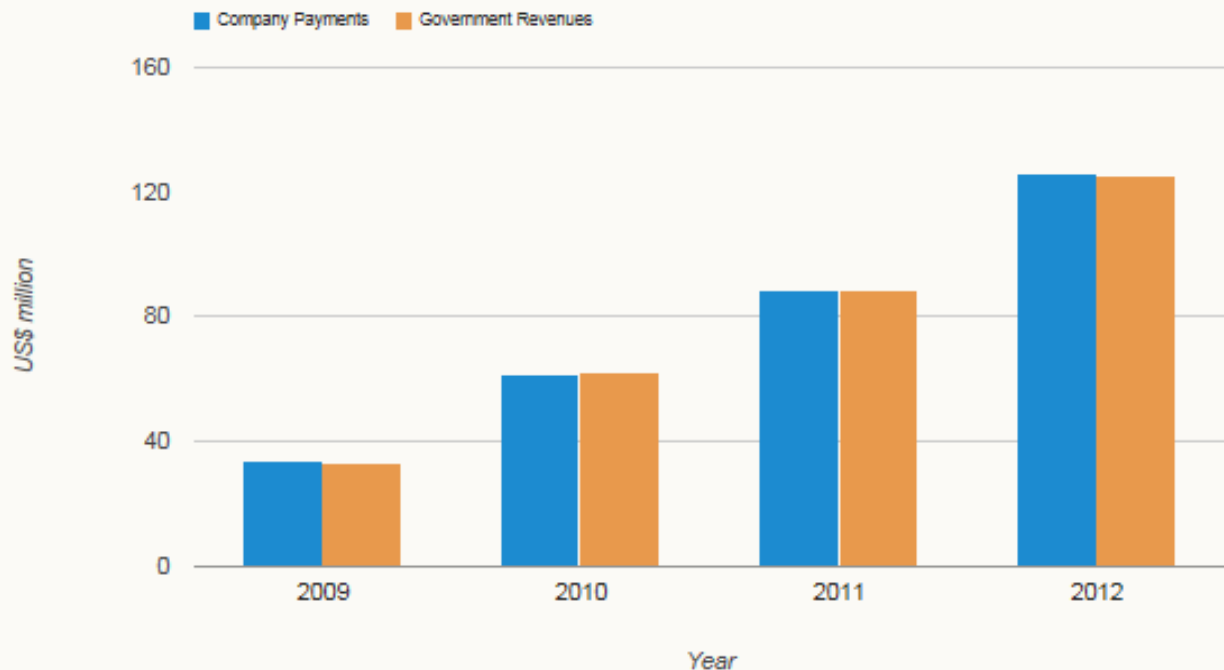


## Albania

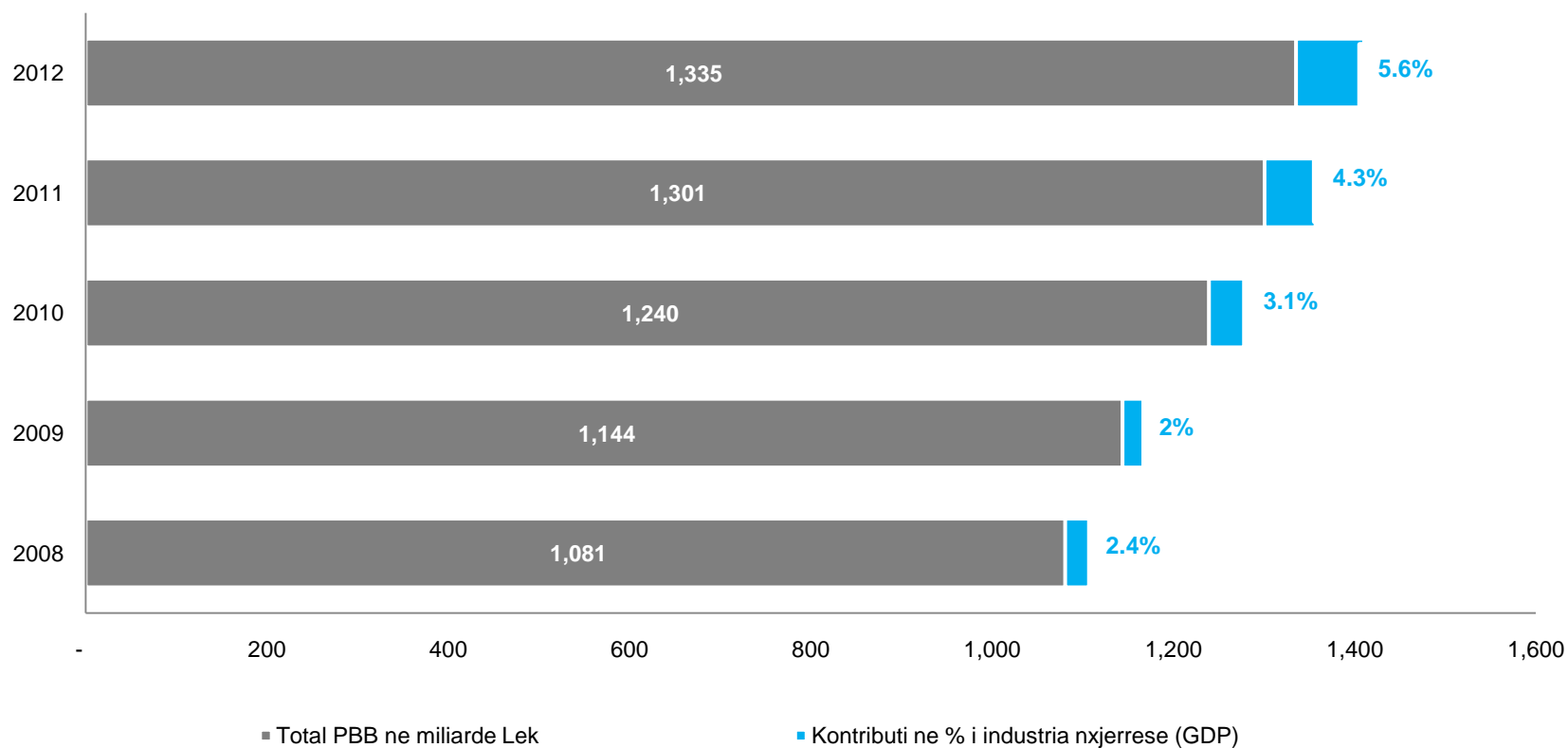


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Period Covered	Publication Date	Sectors Covered	Government Revenues (US\$ millions)	Company Payments (US\$ millions)	Number of Companies Reporting	Reconciler
2009	March 2011	Oil, Mining	33 290 000.00	33 960 000.00	34	Fair Links
2010	December 2012	Oil, Gas, Mining	62 522 034.00	61 322 687.00	62	Fair Links
2011	June 2014	Oil, Mining	88 439 858.00	88 478 000.00	67	Deloitte
2012	November 2014	Oil, Mining	125 387 538.00	125 828 413.00	74	Deloitte



# Contribution of Extractive Industries towards GDP 2008-2012 *in billion ALL*





# EITI Legislative Agenda



EITI disclosure mandatory in Mining Code (October 2014)

***In the framework of the global initiative for transparency in extractive industries, EITI Albania, has the right to ask and receive information from the mining operators, as well as from the Tax, Customs and Local Administration. EITI Albania has the obligation to publish to its annual EITI reports the data on the payments of fiscal obligations by the mining operators.***

EITI disclosure mandatory in Hydro-carbons law nr. 7746, date 28.7.1993 (Exploration and Exploration), (March 2015)

***In the framework of the global initiative for transparency in extractive industries, the licensed operators, as well as Tax, Customs Directorates and Central and Local Administration have the obligation to report according to the EITI standard and in accordance with the regulations issued based on EITI standard. EITI Albania has the duty to publish these data to its annual EITI reports according to the EITI standard.***

# EITI Albania Studies Agenda



## Revenue Potential

The main objective of this study will be to examine the potential contribution of the Albanian oil and mining sector to income and growth of the wider economy, with a focus on identifying binding constraints that are open to government action.

## Hydro-energy scoping study

The main objective of this study has been to assess the contribution of the hydro-energy sector to the country GDP and state budget with the intention to include this sector under the “cadre” of Albania EITI reports

## EITI Data Integrated Management Systems feasibility study

The study has sought to produce a technical report which will inform the current status of the IT systems of state agencies with regard to EITI data reporting, and propose a solution for integration of EITI data

