

CHAPTER 7 ACTION PROGRAM FOR COMMON ISSUES OF THE MINING SECTOR

Overview

The overall direction of the Mining Strategy (2005) in Albania is positive with respect to institutional, legal and organisational issues. At present, there are minimal financial resources available in the public sector in Albania for the development of the mining sector. Public funding is only available for some activities such as geological mapping, initial assessments of mineral resources, organisational processes (e.g. licensing), monitoring, etc. Private investment money is needed for the expensive activities like exploration, mine development, ongoing environmental protection, etc. Therefore, the core direction of the Mining Strategy to attract private sector investment is very applicable.

Activities taken by the Albanian Government since that time have been helping to encourage private sector investment, such as development of the new Mining Law and the set up of the National Licensing Centre.

The New Mining Law, adopted in July 2010, will be very important in attracting private sector investment because it will bring a stable legal framework, which is one of the main requirements for private companies when they are considering the risks of their potential investments.

The strategic direction of tendering and awarding concession contracts is appropriate because proper competition will lead to the appointment of the most credible and experienced companies and provide value-for-money. In particular, the development of a 4-year action plan, showing the future concession contracts that will be tendered, will encourage private sector interest as this will give companies time to plan investments. For those potential mining areas for which there is not enough geological information available to be confident of development, and therefore they are excluded from the 4-year action plan, the continuation of awarding exploration licences on a first come first served basis is appropriate.

The set up of the National Licensing Centre as a one-stop service for licensing is also an important development, as this should provide a quicker, more transparent, and more understandable licensing process.

Another important development is that the Government of Albania is working towards adoption of EITI, which will strengthen the auditing of financial aspects and accountability in the mining sector.

Introduction to the Action Program

This chapter provides a proposed action programme related to institutional, organisational and legal issues. For the sustainable development and strengthening of the mining sector in Albania, it will be important to strengthen aspects related to the main components (or building blocks) of the institutional, organisational and legal framework (Figure 7.1).

The key issues that need to be addressed by the Action Programme, for each of these components, and the proposed actions, are identified in the following sections below.

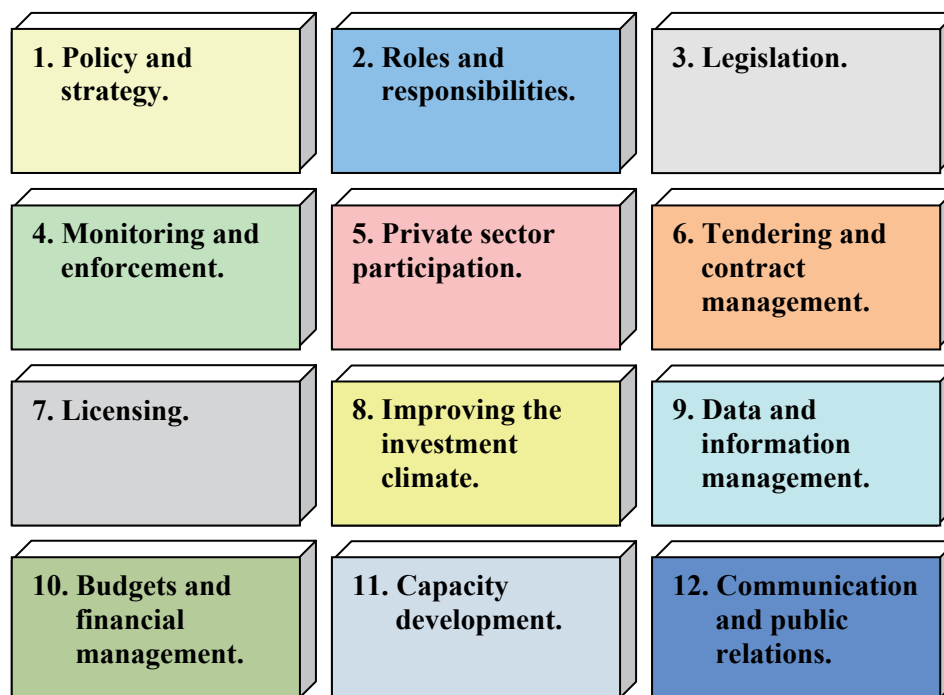


Figure 7.1 Main components (building blocks) of the institutional, organisational and legal framework in the mining sector

7.1 Action Programme - Mining Policy and Strategy

7.1.1 Key Issues - Mining Policy and Strategy

1) Background - Mining Policy and Strategy

In order to achieve the successful development of the mining sector in Albania, it is essential to have a clear Mining Policy / Strategy. This will ensure that all stakeholders focus on the core directions and actions to strengthen the mining sector.

The Policy / Strategy should cover all the components that are relevant to the mining sector, including the institutional framework, legislation, enforcement, technical aspects including plans for development for specific minerals, capacity development, private sector participation, promotion of foreign investments, data and information (e.g. GIS), etc. It is important that the Mining Policy / Strategy is realistic with respect to implementation timescales and costs.

Just as important, is that the Policy/Strategy is agreed by the key stakeholder organisations and that they are fully committed to its implementation. This can be achieved through consultation with the key stakeholder organisations on the draft Mining Policy/Strategy and their participation in its development.

In addition, it is important to have an institutional mechanism for the proper implementation of the Mining Policy/Strategy that includes all key stakeholders in its implementation, and provides a process for monitoring its implementation to ensure progress.

Often a policy and strategy are separate documents, with a policy being a short document (e.g. a few pages) that provides a long-term broad direction, and a strategy is a more detailed document (e.g.

covering 5 years); but sometimes a policy and strategy are combined. Whatever framework is used for a policy/strategy for mining, it is essential that it is backed up by a more specific action plan, with clear responsibilities, timescales, etc.

2) Current situation in Albania - Mining Policy and Strategy

There are a number of existing policies and strategies relevant to the mining sector (Chapter 3.3). It is important for the Master Plan for Promoting the Mining Industry of Albania to take into account, and to build on, these policies and strategies. The main policies and strategies that are relevant are:

- Programme of the Government of Albania (2005 to 2009).
- National Strategy for Development and Integration (2007 to 2013) (Government of Albania).
- Business and Investment Development Strategy 2007 to 2013 (METE) (2007).
- Strategy for the Development of the Mining Industry (METE) (2005).
- Regional Development Cross-Cutting Strategy (METE) (2007).
- Updated National Environmental Action Plan (UNEAP) (2001).

These policies and strategies are briefly summarised below.

a. Programme of the Government of Albania (2005 to 2009) - This overall Programme of the Government of Albania provides the principles and plans of the government for the 5-year term of office. The plan is likely to be updated during the initial stages of the new term of Government. The core components of the Programme include a number of aspects relevant to the development of the mining sector, including sustainable economic development, opening trade, fair competition, attracting foreign investments, strengthening institutional capacity, etc.

b. National Strategy for Development and Integration (2007 to 2013) - This strategy combines the principle agendas of the Government of Albania. As well as the overall goal of economic and social development, the National Strategy for Development and Integration includes integration into EU structures (including alignment with EU legislation), as well as the objective of achieving the Millennium Development Goals. Within the National Strategy for Development and Integration, the objectives for the mining industry are confirmed as:

- Assessing the mineral potential of the country.
- Ensuring that traditional and new minerals are effectively produced and promoted.
- Increasing the range of minerals produced.
- Ensuring that the minerals are fully and efficiently exploited.

c. Business and Investment Development Strategy (2007 to 2013) – This is the core strategy relevant to the Ministry of Economy, Trade and Energy, covering a range of sectors but particularly the mining sector. The strategy covers 2007 to 2013 and its mission is: *“To guide the Government policy toward the steady growth and dynamic development of Albanian business entrepreneurship, productivity and competitiveness, investment promotion and orientation, and better use of financial and natural resources”*. The core principles and directions are applicable to the mining sector, and include:

- Improvement of the business climate by establishing regulatory and institutional mechanisms to streamline the business registration and licensing process.
- Implementing measures to reduce the informal economy and ensure fair market competition.
- Longer-term focus on education and training of human resources in order to facilitate business productivity and competitiveness.
- To improve co-ordination of policies for the promotion of SME, exports and foreign direct investments (FDI), and encourage partnerships between FDI and SMEs.

- The promotion of technology transfer and innovation, research and development, and partnership with universities and academic resources.

d. Strategy for the Development of the Mining Industry (2005) – The Strategy outlines goals and priorities for the sector, and covers wider aspects of the development of the mining sector, including legislation, licensing, concessions, and privatisation; as well as technical aspects and strategy for specific minerals. The Strategy identifies particular priorities for the mining sector, including:

- Completion of the amendments and adoption of mining legislation, including amending the overall Mining Law and development of sub-legislation and regulations within the framework of the Mining Law.
- Implementation of policies to promote investment in existing mining activities and to promote and invest in widening the types of minerals to be exploited.
- Planning and completing the closure of inefficient mines, including identification of the environmental and other risks, and implementation of monitoring programmes to measure parameters related to these risks.
- Promoting the use of high standards of technologies in the mining sector to ensure continuous development of the industry.
- Setting the framework for private sector participation in the mining sector.

e. Regional Development Cross-Cutting Strategy (METE) (2007) – aims to address the need for an integrated, coherent regional policy in Albania, and is important to the mining sector given the spread in locations of mining potential across several of the regions in Albania.

f. National Environment Action Plan (2001) - The main objective of the Updated National Environmental Action Plan (UNEAP) (2001) is to provide the basis for ensuring an integrated form of environmental management that optimises the utilisation of natural resources taking into account environmental and economic sustainability.

3) Key issues in Albania - Mining Policy and Strategy

The key issues in Albania for strengthening the framework for the implementation of an agreed mining strategy are:

- The need for clarification of the priority adopted strategy for the mining sector.
- The need for an Action Plan to back up the principles in the strategies.
- The need for clarification of the link between the New Mining Law and the Mining Strategy.
- The need for a formal mechanism for implementation of the Mining Strategy.
- The need for clear targets associated with the Mining Strategy.

These key issues are discussed in more detail below. The Action Programme related to these key issues is provided in Section 7.1.2.

a. The need for clarification of the priority adopted strategy for the mining sector

The core principles in the programmes and strategies outlined above are relevant and applicable to the sustainable development of the mining sector, for example the principles on capacity development, strengthening legislation and alignment with EU directives, taking measures to attract foreign investment, encouraging private sector participation, improving environmental protection, etc. However, the fact that there are currently several overlapping strategies that are relevant to the mining sector, could potentially cause confusion and constrain implementation of these principles for development of the mining sector.

The two most relevant strategies are the Mining Strategy for a 15 year period (2005) and the Business and Investment Strategy 2007 to 2013 (2007). The mining strategy for a 15 year period was developed by METE in 2005, but then combined with other strategies relevant to METE (e.g. strategies on hydrocarbons, electricity) into the overall Business and Investment Development Strategy 2007 to 2013, which was developed by METE in 2007. Both the strategies have been approved and adopted by government.

The Business and Investment Strategy 2007 to 2013 (2007) is the over-arching document that is mainly used, but the more detailed Mining Strategy for a 15 year period (2005) still applies. However, this is not necessarily clear to all key stakeholder organisations that have some role in the implementation of the components of these strategies. It is therefore important to clarify to all stakeholders which strategies have been adopted and are applicable to the development of the sector.

b. The need for an Action Plan to back up the principles in the strategies

As mentioned above, the core principles in the Mining Strategy (2005) and the Business and Investment Strategy (2007) are relevant and applicable to the sustainable development of the mining sector. However, in order for these strategies to be properly implemented, it is important that these strategies have detailed and clear action plans that back up the principles and directions in the strategy. These action plans should include responsibilities and realistic timescales for implementation.

For example, the Strategy for the Development of the Mining Industry (2005) has considerable detail on some aspects of the framework for development of the mining sector. However, the implementation of the Strategy would be facilitated by a precise action plan containing realistic actions with clear roles and responsibilities, and with specific timescales.

The actions will need to be implemented by a range of stakeholder organisations. Just as stakeholder consultation is essential in relation to adoption of an agreed strategy, consultation is also an essential aspect in the development of the action plans, so that the stakeholder organisations agree to the actions and are fully committed to their implementation.

c. The need for clarification of the link between the New Mining Law and the Mining Strategy

The New Mining Law was adopted in July 2010. The new Law includes the new provisions on mining strategy planning, and, according to the Law, the following framework will be applied to mining planning:

- An overall mining strategy for 15 year time period.
- An Action Plan for Implementation of the Mining Strategy over a 3 year time period.
- An Annual Plan of Mining Activities.

The current Strategy for the Development of the Mining Industry (2005) has a 15-year time period and is therefore compatible with the proposed framework for strategic planning in the draft new mining law. However, it is unclear at this stage whether this Mining Strategy (2005) will represent the overall mining strategy as required in the law. In addition, there has been minimal work so far on the 3-year action plans, mainly because METE has been waiting for the mining law to be adopted.

One of the core directions of the Mining Strategy is to shift from the “first come first served” approach to licensing to a partly competitive system with tendering and contracting. Under the New Mining Law, based on the large amounts of geological and other data available, a 3-year plan will be developed on regions / areas that will be developed for mining through the competitive tendering system for concession contracts. The 3-year plan will provide the basis for private sector to plan potential investments. Other areas outside the 3-year plan still might operate on a first come first served basis.

d. The need for a formal mechanism for implementation of the Mining Strategy

As discussed above, it is important to have an institutional mechanism for the proper implementation of the Mining Policy / Strategy, and associated action plans, which includes all key stakeholders in its implementation. This would enhance the effectiveness of implementation and help to focus the stakeholders on their actions within the action plans. It would also provide a process for monitoring its implementation to ensure progress.

In many countries, a common approach to the implementation of strategies that are relevant to many stakeholders is to set up a specific team, task force or working group responsible for the overall implementation.

e. The need for clear targets associated with the mining strategy

As well as a clear and agreed action plan with timescales for implementation of the mining strategy, it is important to set targets related to the strategy. These will help stakeholders to focus on priorities and to monitor the success of the implementation process. If targets are not being achieved, for example, then the action plans can be amended by the working group.

7.1.2 Actions - Mining Policy and Strategy

1) Clarification of the priority adopted strategy for the mining sector

There are several relevant strategies related to the mining sector. METE should formally clarify the priority strategies, for example that the Business and Investment Development Strategy 2007 to 2013 (METE) (2007) is the overall official strategy for all activities of METE, but that the more specific Strategy for the Development of the Mining Industry (METE) (2005) is the official adopted strategy related to mining. This clarification could be communicated at a formal event to launch the Implementation Team proposed in the action on implementation below.

2) Action Plan on strategy implementation for the mining sector

The proper implementation of the mining strategy, and therefore the sustainable development of the mining sector, will only be successful if a detailed Action Plan is developed, adopted and implemented. In addition, there will be many different stakeholder organisations with responsibilities for the implementation of actions in the Action Plan. Therefore, these actions will only be implemented if there is agreement to the Action Plan and commitment to its implementation from all the relevant stakeholder organisations.

Therefore, it is essential that detailed consultation is carried out on the Action Plan to ensure that it is understood by all stakeholders and to ensure their participation in its development and commitment to its implementation.

The Implementation Team for implementation of the Mining Strategy should be responsible for the development of a draft Action Plan and for the organisation of consultation activities on the draft Action Plan.

This Action Programme on the Institutional, Organisational and Legal Framework, developed as part of the Master Plan for Promoting the Mining Industry of Albania, under the funding from the Japan International Cooperation Agency (JICA), will provide the basis for the draft Action Plan for implementation of the strategy.

3) Clarification of the link between the New Mining Law and the Mining Strategy

As well as clarifying the status and priority of the various national strategies that are relevant to the mining sector, METE should formally clarify the link between the New Mining Law and the Mining Strategy (2005), and whether the Mining Strategy will represent the “overall mining strategy for 15 year time period” that is specified in the New Mining Law.

The Implementation Team could discuss this issue and the clarification could be communicated at the formal event to launch the Implementation Team.

The proposal in the Mining Law for a 3-year plan to be adopted on areas that will be developed for mining through the competitive tendering system for concession contracts is a sensible approach. This 3-year plan will provide the basis for private sector to plan potential investments.

4) Mechanism for implementation of the Mining Strategy

It is important to have an institutional mechanism for the proper implementation of the Mining Policy / Strategy, and for the associated action plans, and particularly to include in the mechanism all the key stakeholders that are involved in the implementation of the strategy. The proposed framework for implementation of the Master Plan would involve an implementation Team in METE (Figure 7.1.1).

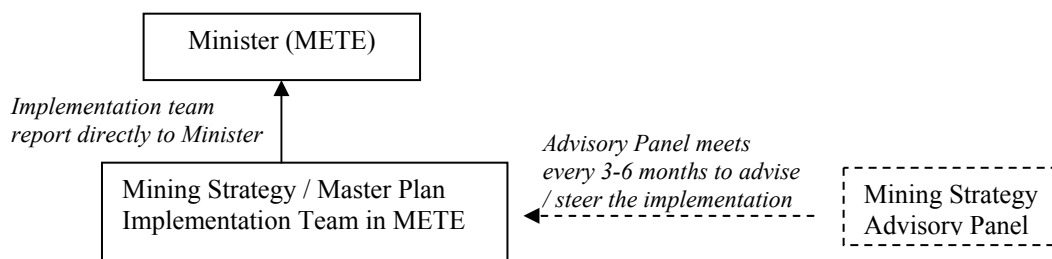


Figure 7.1.1 Proposed framework for implementation of the Master Plan

The Implementation Team would be set up in METE, with a senior person with overall responsibility and accountability. The Team would report directly to the Minister on a monthly basis to ensure accountability for implementation. There will be a specific detailed action plan that the team will be responsible for implementing, and in this way implementation can be properly measured. An example action plan was distributed at the Working Group.

An Advisory Panel, which would meet every 3-6 months, would be formed to advise and steer the implementation process. The Advisory Panel would have senior representatives from key organisations that are relevant to the Mining Strategy, including METE, AKBN, AGS and MEFWA; and also technical experts from universities, and representatives of the private sector. The Advisory Panel would advise on changes in directions and actions as necessary. METE should consider additional monetary payment to the members of the Advisory Panel to ensure their commitment.

The implementation mechanism, including the Implementation Team, Advisory Panel and reporting structures, should be specified and formally adopted in a Decision of the Council of Ministers.

The advantages of this structure include clear responsibility and accountability, and it gives strong importance to implementation. It also is a structure that should be easily maintained during the wider restructuring that often takes places in ministries.

The implementation could be started at a launch event, at which the profile of the core principles in the Mining Strategy could be raised. The launch event could involve wider stakeholder groups beyond those represented on the Advisory Panel, and would be part of a programme of improved communication and consultation with stakeholders, including community groups (see Section 7.12).

The core activities of the Implementation Team can be described in the following Terms of Reference:

- Overall responsibility for implementation of the Mining Strategy.
- Development of a detailed Action Plan on implementation of the Mining Strategy, and co-ordination of its implementation.
- Development of key performance indicators and targets associated with implementation of the Mining Strategy, and monitoring of progress towards the targets.
- Push forward the process of development of secondary legislation in line with the New Mining Law.
- Raise the profile of the Mining Strategy with international donor organisations and co-ordinate the application for funding for specific projects, such as capacity development.
- Provide a mechanism for sharing information and data on the mining sector between stakeholders.
- Work to promote transparency in the mining sector, and push forward overall actions related to EITI.
- Co-ordinate the preparation of procedures and guidelines on tendering, based on lessons learned from existing tenders.
- Promote improved health, safety and environmental practices in the mining sector.
- Facilitate the communication between stakeholders and with the community on the mining sector.
- Manage and co-ordinate other specific initiatives, such as implementation of capacity development and training plans.

5) Targets associated with the Mining Strategy

The Implementation Team for the Mining Strategy should propose targets associated with the Mining Strategy and key performance indicators relevant to those targets. As part of its role to monitor the implementation of the Mining Strategy and Action Plan, the Implementation Team should monitor progress in achieving the targets.

The targets could cover, for example, production and financial results from the sector, levels of foreign investment, number of private companies entering the market, number of contracts tendered.

Table 7.1.1 Action Plan for METE Implementation Team of Mining Strategy

Action	Description / Rationale	Responsibility	2010						2011											
			7	8	9	10	11	12	1	2	3	4	5	6						
1. Establish implementation framework	Review roles and responsibilities	More detailed roles and responsibilities and clarify if necessary to avoid gaps etc, particularly monitoring and enforcement roles.																		
	Appointment of responsibility	Appointment of responsibility for implementation of Master Plan to "Implementation Team" in METE. The team should be accountable for proper implementation and should report to the Advisory Panel.																		
	Review of licensing process	Review of licensing process and identification of shortfalls, such as cases where there are overlapping licence areas, and identification of solutions to improve the process in order to increase private sector confidence. Consultation with NLC, AKBN, AGS and other stakeholders. Discuss and decide whether the silent consent principle for licensing should be amended in terms of the number of days to deal with major permit applications in the mining sector.	METE Implementation Team																	
	Adoption of Master Plan	Decision of Ministers to formally adopt Master Plan developed under the JICA project.	Minister METE to present to Cabinet																	
	Launch of Master Plan	Formal event for launch of the Master Plan	METE to organise event																	
	First meeting of Advisory Panel	Assumes METE will take responsibility for implementation and an Advisory Panel made up of representatives from METE, AKBN, AGS, DSRMI, MEFWA, will be formed to meet every 3-6 months to monitor implementation progress.	METE to organise meeting																	
	Identify secondary legislation	Following the New Mining Law (adopted 15 July, 2010). Identify and agree updated or new secondary legislation needed.	METE Implementation Team to develop list of secondary legislation.																	
	Develop secondary legislation	Start development of updated / new secondary mining legislation.	METE Implementation Team																	
	Package of legislation	Put together package of legislation, brochures, etc, for interested private sector investors in the mining sector; including copies of mining laws and also lists or references of other relevant laws (e.g. environmental, cultural heritage, etc).	METE Implementation Team																	
	Guidelines	Identify requirements for improved guidelines related to any aspects of mining sector development, prioritise and develop new/updated guidelines for priorities (in consultation with experts from AKBN, MEFWA, etc). Main example is guidelines for inspection for AKBN, DSRMI, etc. Use recommendations in the Master Plan as a starting point.	METE Implementation Team																	
2. Legal matter																				

7.2 Action Programme - Roles and Responsibilities

7.2.1 Key Issues - Roles and Responsibilities

1) Background - Roles and Responsibilities

There are numerous important activities associated with the development of the mining sector, such as proper licensing, tendering, contract management, monitoring, promotion of foreign investments, etc; as well as the overall implementation of the mining strategy. It is very important that there are clear and agreed roles and responsibilities between the different stakeholder organisations in Albania for these activities so that they are implemented efficiently and effectively. The activities to develop the mining sector will be implemented slowly if the roles and responsibilities are not clear.

It is important to clearly specify and agree roles so that gaps in roles are avoided and therefore all tasks are carried out. Also, it is important to avoid overlaps in roles so that activities are most efficient and are not repeated. The process of clarifying roles needs agreement from all relevant stakeholders if the new roles to be effectively implemented.

2) Current situation in Albania - Roles and Responsibilities

There are many different activities in the mining sector for which roles and responsibilities are potentially covered by different organisations. Examples of current roles and responsibilities related to activities that are relevant to the specific development of the mining sector include:

a. Licensing of mining activities – The licensing process for mining activities is a good example where there are many different organisations involved, although the set up of a one-stop service (the National Licensing Centre: NLC) helps to mitigate any uncertainties in roles and responsibilities in licensing, and this has made the process much more efficient. The main current roles are:

- The National Licensing Centre was set up in June 2009 as a public institution under METE, which reports to the Minister. It was set up as part of the activities to improve the business climate in Albania and to reform the licensing process for businesses. The aim of the Centre is to simplify, consolidate and manage the registration requirements for businesses and to reduce any barriers to business entry. NLC has already issued some mining licences. It covers many industries, including mining, but it is uncertain whether the licensing function for mining will be separated from the NLC in future. The Licensing and Contract Management Directorate in METE used to be responsible for the collection and management of data for registers of organisations that have licences in the mining sector, but this role is being succeeded by the National Registration Centre (NRC) after restructure of METE in July 2010.
- AKBN carries out and reviews the geological studies, mining technical studies, etc, related to licensing for exploitation, and provides advice and recommendations for approval on these aspects.
- Specific geological reviews and approvals for applications for licences related to exploration are carried out by AGS.
- Planning of environmental protection is also an important aspect of licensing, and the necessary environmental impact assessments (EIA) are reviewed by the regional offices of MEFWA for approval.
- The relevant local authorities also have an important role in the licensing process. A description of the proposed activities is submitted to the local authorities to ask if there are any relevant important issues related to the application and to ensure that there are no major objections.
- Other ministries might be involved in the licensing process in relation to specific topics if relevant (e.g. agriculture).

- Before structural revision, the Licensing and Contract Management Directorate in the General Directorate of Regulations in METE had overall responsibility for the implementation of legislation related to licensing and contract management in the mining sector. The Directorate provided the overall recommendation for licence approval to the Minister. After restructuring, these functions were succeeded by the GDNRDP.

b. Monitoring and enforcement - The roles related to monitoring and enforcement are particularly important because there are generally insufficient resources to carry out this function properly, and therefore, because the available resources need to be used as efficiently as possible, it is particularly important to ensure there are not overlapping roles. Current roles in monitoring and enforcement include:

- AKBN focuses on supervising, monitoring and post monitoring related to exploitation.
- AGS focuses on supervision and monitoring for exploration.
- The Regional Offices of MEFWA carry out environmental monitoring related to mining activities.
- The relevant local authorities carry out some monitoring also, and should report any problems to AKBN or MEFWA.
- The Mining Inspection and Rescue Unit (DSRMI) in METE has a role to monitor the health and safety aspects of mining activities.
- The Ministry of Labour, Social Affairs and Equal Opportunities monitor health and safety practices at processing / smelting plant.
- The Licensing and Contract Management Directorate in METE also has a role in monitoring contract implementation.

c. Tendering and contract management – There are also several organisations involved in the tendering and contract management process:

- The system with tendering is that for large tenders, a tender commission, an evaluation commission and a negotiation commission will be separately set up, with representatives from METE, AKBN, AGS and possibly MEFWA. For smaller tenders / permits then there will be one permanent commission.
- Before structural revision, the Licensing and Contract Management Directorate in the General Directorate of Regulations in METE had overall responsibility for the implementation of legislation related to licensing and contract management in the mining sector. The role included management and monitoring of the implementation of contracts between private organisations and the state in these sectors, in particular to ensure the proper exploitation of natural resources.
- AKBN and AGS have monitoring roles of mining activities, which include monitoring the proper compliance with contract requirements. In addition the environmental monitoring by MEFWA, and the Division of Safety and Rescue of Mining Industry (DSRMI), also contribute to monitoring the proper compliance with contract requirements related to health and safety.
- The Concession Agency in METE does not focus on mining, but was set up to cover large electricity / hydropower contracts. It does provide advice on large mining tenders (e.g. Kalimash).

d. Encouraging private sector investment – the roles related to encouraging private sector investment are also not fully clear to stakeholders, for example:

- AlbInvest was restructured in 2006 to provide direct support to investors, in particular foreign direct investment (FDI), promote small to medium sized enterprises in Albania, and provide assistance in relation to exports. However, AlbInvest mainly focuses on the promotion of investments for SMEs, and not on the promotion of mining opportunities to foreign companies. The future plan is reportedly for AlbInvest to be restructured and its

role to be expanded to carry out more promotion of the mining sector. The organisation was restructured in July 2010 and is called the Albanian Investment Development Agency (AIDA).

- The General Directorate of Economic Development Policies in METE carries out some activities on the promotion of mining opportunities to foreign companies, for example through participation in international conferences and exhibitions.
- AKBN plays a significant role in promotion of investments in the mining sector and in communication with potential private sector investors.

e. Reporting – As well as monitoring reports from the above organisations, the organisations carrying out the mining activities are required to provide reports in line with the requirements in their licence. The overall collation of such reports and information is carried out by AKBN.

f. Community relations – The communication and public relations activities are particularly important in terms of positive and negative social aspects. METE, for example through AKBN; MEFWA, through its regional offices; and the relevant local authorities themselves, all have a role in community relations in this respect.

g. Environmental liabilities – The responsibilities for the clean-up and ongoing environmental protection at mines and plant that have been closed remains with the Government, although the actual responsibilities within the METE are not fully clear, and the budgets for the clean-up work are not available. In future the aim will be for a framework where licence holders are required to maintain and monitor sites for a long time after closure. This should cover tailing dam design specifications, clean-up of soil contamination, emission controls, etc. The responsibilities for past environmental legacies are clarified in the new Mining Law.

In addition, it is important that **the overall responsibility for implementation of the Mining Strategy and future Action Plans** is clarified and agreed. The actions will involve a number of different stakeholder organisations, but overall responsibility and accountability for implementation is essential, so that the implementation can be taken forward and monitored without unnecessary delays.

The New Mining Law and the associated secondary legislation will clarify roles and responsibilities and will include the overall direction of separating the responsibilities of policy, licensing and monitoring/supervision.

3) Key issues in Albania - Roles and Responsibilities

The key issues in Albania for strengthening and clarifying roles and responsibilities in the mining sector are:

- The need for a clear role and accountability for the overall implementation of the strategy and action plans for the development of the mining sector.
- The need for clarifying roles for other important tasks relevant to the mining sector.

These key issues are discussed in more detail below, and actions related to roles and responsibilities are provided in Section 7.2.2.

a. The need for a clear role and accountability for the overall implementation of the strategy and action plans for the development of the mining sector.

The implementation of the various components of the Mining Strategy, and the implementation of specific actions in the Action Plan on Mining, will involve many different stakeholder organisations. It is essential that there is central co-ordination of the many organisations carrying out actions. This central co-ordination will be needed to manage the action plan, monitor implementation, push forward sector development, etc. It is important that the responsibility for central co-ordination is assigned and

agreed, and the organisation is made accountable for the timely implementation of the actions. This organisation should also assist in the improvement of the overall communication between key stakeholders in the mining sector, which in turn will help the quicker implementation of actions to develop the sector.

b. The need for clarifying specific roles for other important tasks relevant to the mining sector.

It is important to strengthen, clarify and agree roles and responsibilities for specific tasks relevant to development of the mining sector so that these tasks are implemented as efficiently as possible and therefore properly contribute to the development of the mining sector. The specific roles that need clarification include:

- Monitoring and enforcement.
- Tendering and contract management.
- Encouraging private sector investment.
- Central collection and analysis of reporting.
- Community relations.
- Environmental liabilities.

In the longer-term, the direction under the New Mining Law is for the capacity to be strengthened in the National Licensing Centre so that it can carry out the required activities to award mining permits without the detailed assessment by AGS or AKBN. In the longer-term, this would reduce potential conflict of interest in responsibilities for licensing and monitoring activities.

The longer-term roles of AGS and AKBN would therefore be the monitoring and supervision of exploration and development operations respectively, and the management and dissemination of information related to mining. In practice, given the expertise and experience in these organisations, they will need to carry out expert reviews of licence applications for many years.

The relevant individual inspection bodies (Mining Safety Inspectorate of METE, Environmental Inspectorate of MEFWA, etc) should maintain their roles, but for some of these organisations their capacity needs to be strengthened through recruitment / training as their resources for monitoring are limited. In addition, higher budgets are required where inspectors need to spend more time in the field, to cover fuel costs, etc.

7.2.2 Actions - Roles and Responsibilities

1) Assigning a clear role and accountability for the overall implementation of the strategy and action plans for the development of the mining sector

It is essential that there is central co-ordination of the many organisations carrying out actions for the implementation of the various components of the Mining Strategy.

As discussed in Section 7.1, it is proposed that an Implementation Team for the Mining Strategy is set up, with representatives from the key organisations that are relevant to the Mining Strategy, including METE, AKBN, AGS and MEFWA. The Implementation Team would have overall responsibility for implementation of the Mining Strategy and Action Programme and would be fully accountable for the timely implementation.

The Implementation Team would strengthen communication between institutions related to mining sector development, and would strengthen stakeholder commitment to policy implementation. It would co-ordinate with other government agencies about other policies and legislation, to ensure consistency and continuity between policies and laws covering different sectors.

In addition, the Implementation Team would be an excellent mechanism for the discussion and agreement on more specific responsibilities, such as those covered in the section below.

The Advisory Panel for implementation could be set up as a continuation and expansion of the Working Group on Institutional and Legal Aspects that will be working as part of the JICA *Study for the Master Plan for Promoting the Mining Industry of Albania*.

2) Clarifying specific roles for other important tasks relevant to the mining sector

For certain specific roles, it is important to improve the clarification of responsibilities between stakeholders in order to strengthen the mining sector development. For example:

- There are many different organisations involved in monitoring and enforcement, and the capacity of many organisations needs to be strengthened (e.g. AKBN) in order to have the resources to carry out the monitoring roles properly. One aspect of this is to clarify the exact roles for monitoring so that these are implemented as efficiently as possible.
- For the tendering and contract management activities, the approach of setting up commissions to carry out these activities is sensible. The commissions would be represented by different organisations, but for smaller contracts it would be inefficient to set up new commissions for each contract, and it would be sensible to have one permanent commission for smaller contracts. These would cover the tendering, evaluation and negotiation tasks, and the contract management and monitoring roles will need to be clarified.
- The respective roles of AKBN, Albinvest and other stakeholders in encouraging private sector investment need to be clarified.
- The role in overall collection and collation of reports from mining organisations, and the assessment of these reports and production of overall data and information, need to be clarified. These roles are generally with AKBN at present, which is appropriate, although some other organisations are involved.
- Community relations in the mining sector need to be strengthened and the roles related to these activities need to be clearly delegated and agreed. Clearly the relevant local authorities will have an important role, but central co-ordination of community relations should also be assigned.
- Responsibilities related to environmental liabilities need to be clarified and realistic actions enforced to protect the environment, health and safety of the community.

The mechanism for clarifying these roles should be for the Implementation Team for the Mining Strategy to discuss and agree the responsibilities and the mechanism and for the roles to be properly implemented.

7.3 Action Programme - Legislation

7.3.1 Key Issues - Legislation

1) Background - Legislation

A robust legal framework is essential to the development of the mining sector in Albania. The legislation needs good coverage of the important issues and must enforce high standards of mining activity, transparency, environmental protection, health and safety management, etc. However, strong legislation alone is not sufficient, and it is essential that the legislation is properly enforced. Monitoring and enforcement is covered in Section and 7.4 below.

Alignment of relevant legislation with EU legislation and standards has been a dominant part of the plans for strengthening legislation relevant to the development of the mining sector in Albania, in particular environmental legislation and standards.

In the development of legislation, strong central co-ordination is needed because several types of laws are relevant to mining sector, and it is important that the mining law is compatible with other relevant laws. During the process for development of legislation, it is important to carry out appropriate consultation on the draft laws with stakeholder organisations, including relevant government institutions, private sector companies, NGOs and community groups, etc.

2) Current situation in Albania - Legislation

An overview of relevant current adopted legislation in the mining sector in Albania is provided in Section 3 of this document.

The Ministry of Economy, Trade and Energy (METE) had been developing a draft New Mining Law, which was approved by the Council of Ministers in early 2009 and has been waiting for approval from Parliament. There were some delays in the approval, partly because of the 2009 election, and partly to make changes based on recommendations from the World Bank in their report: *Mining Sector Reform, Restructuring and Future Prospects (June 2009)*.

The improvements to the New Law covered several aspects including new licensing arrangements, more on tendering, more detail on EITI, more on environmental protection, and more on the role of Local Authorities, as well as clarification on the rights of mining companies.

The Strategy for the Development of the Mining Industry (2005) identifies particular priorities for the mining sector, including: completion of the amendments and adoption of mining legislation, including amending the overall Mining Law and development of sub-legislation and regulations within the framework of the Mining Law.

The New Mining Law was adopted in July 2010.

Box 7.1 - Analysis of the new Mining Law (2010)

The New Mining Law was approved at the Parliament on 15 July 2010.

The main points of the new mining law could be described as the followings:

1. Reserved area(s) for prioritized mining development is/are declared every three (3) years aiming for future concession contracts through competitive tendering.
2. Obligation of submitting reports made by private companies on exploration activities is defined officially by the law. The reports are kept in mining administration of the government are utilized to accumulate information to raise reliability of database on the potential of mineral resources of the area.
3. Exploration licence holders are given a security to guard their investment prior to starting mining development.
4. It is clearly defined by the law that environmental pollution made by historical mining activities is not a liability of the new holders of concessions.

3) Key issues in Albania - Legislation

The key issues in Albania for strengthening legislation related to the mining sector is:

- The ongoing development and adoption of any necessary secondary legislation within the framework of the New Mining Law.

This key issue is discussed below, and priority actions are recommended in Section 7.3.2.

a. The ongoing development and adoption of any necessary secondary legislation within the framework of the New Mining Law.

Now that the New Mining Law has been adopted and come into force, there is a need for secondary legislation (regulations) covering certain specific regulations and standards, as identified in the Mining Strategy. The need for different regulations will be identified over time on an ongoing basis, and will be developed within the framework of the mining law.

It is important that the secondary legislation is developed so that it is compatible with other relevant legislation, such as laws covering environmental protection, EIA, health and safety, investment laws, tax laws, etc; and also that the Law aligns with EU legislation. In addition, the legislation and relevant standards must be realistic, and require step-by-step improvements in the mining sector. A balance is needed between the development of sector and ensuring that the requirements of legislation are affordable.

Also, it is important that the Mining Law and related legislation must be enforceable. This point covers the need for strengthened capacity and efficient systems to enforce the legislation (Sections 3.4 and 3.11).

7.3.2 Actions - Legislation

1) The subsequent development and adoption of any necessary secondary legislation within the framework of the Mining Law

The development of secondary legislation (regulations), covering certain specific regulations and standards in the mining sector, will need to be developed over time as the specific issues are identified on a case by case basis, in line with the Mining Strategy. These might cover specific mining activities (e.g. for specific processes, management of specific waste types, etc); specific financial aspects or approaches that will attract investment; regulating specific companies, such as small operators or individuals, etc. The Implementation Team for implementation of the mining strategy, set up under actions proposed in Section 7.1, should be responsible for co-ordinating the development of secondary legislation.

7.4 Action Programme - Monitoring and Enforcement

7.4.1 Key Issues - Monitoring and Enforcement

1) Background - Monitoring and Enforcement

Monitoring and enforcement is an important aspect of any regulatory and contract framework in a sector. In many cases in different countries where they have high quality and applicable legislation in a sector, and high standards of contract documents, these are often not properly enforced because of a lack of resources, experience or finance for monitoring, and because of weak systems of enforcement.

As identified by the World Bank in their report: *Mining Sector Reform, Restructuring and Future Prospects (June 2009)*, the mining sector in Albania would benefit from improved monitoring and enforcement, for example of the terms and conditions to which licence holders are required to comply.

In terms of monitoring and enforcement related to compliance with legislation, the step-by-step improvement and adoption of new legislation, in alignment with EU directives and standards, will

require the ongoing strengthening of monitoring capacity in order to be able to monitor compliance with EU legislation and standards.

2) Current situation in Albania - Monitoring and Enforcement

As discussed in Section 7.3, monitoring and enforcement is one of several different activities in the mining sector for which the roles and responsibilities are potentially covered by different organisations. The need for clear and agreed roles related to monitoring and enforcement is particularly important because there are generally insufficient resources to carry out this function properly, and therefore it is particularly important to ensure there are not inefficiencies from overlapping roles and repeated work. Current roles in monitoring and enforcement are described in Section 3, but in summary the roles include:

- AKBN focuses on supervising, monitoring and post monitoring related to exploitation, but has some monitoring role for exploration also.
- Albanian Geological Survey (AGS) focuses on supervision and monitoring for exploration.
- The Regional Offices of MEFWA carry out environmental monitoring related to mining activities.
- The relevant local authorities carry out some monitoring also, and should report any problems to AKBN or MEFWA.
- DSRMI in METE has a role to monitor the health and safety aspects of mining activities.
- The Licensing and Contract Management Directorate in METE also has a role in monitoring contract implementation.

There is a serious problem in some institutions related to their capacity to carry out their roles in monitoring and enforcement. For example AKBN has a role to carry out technical monitoring of mining organisations in line with the requirements in their licences, and is currently covering about 600 licences. AKBN has significant technical capacity and experience, but urgently needs more resources in order to carry out these activities. The Mining Department of AKBN has 33 technical employees that are required to carry out the monitoring as well as other responsibilities.

In addition, MEFWA has the responsibility to carry out monitoring of environmental compliance through its regional offices. However, significant improvements in resource capacity are needed for MEFWA to be able to carry out this function.

Similarly, DSRMI has responsibilities that include monitoring of health and safety practices in the mining sector. However, the organisation has shortfalls in capacity as it is required to monitor activities at over 900 locations.

In addition, it has been reported that there are many unregulated / unlicensed companies and individuals working in mining. This is therefore not just a problem with individuals working on mining waste dumps, but these unlicensed operators are actually carrying out illegal mining activities, some with explosives. There are therefore serious health and safety issues, and other social issues, as well as potential environmental impacts. This demonstrates the need for improved monitoring.

As well as the key issue of ensuring that the relevant institutions have the capacity to carry out the necessary monitoring requirements, it is important to have robust, efficient and transparent mechanisms and systems for enforcement. For example, penalties for non compliance need to be high enough to deter bad practices, and mechanisms are needed where these penalties can be quickly applied, as required, to ensure actions are taken to address any bad practices that are identified during monitoring.

3) Key issues in Albania - Monitoring and Enforcement

The other key issues in Albania for strengthening monitoring and enforcement related to the mining sector are:

- The urgent need for capacity development related to monitoring of mining activities.
- The need to strengthen enforcement mechanisms in the mining sector.

These key issues are discussed in more detail below, and the actions related to monitoring and enforcement are provided in Section 7.4.2.

The need to clarify and strengthen roles and responsibilities for monitoring is covered in Sections 7.2, and the need for specifying clear responsibility for overall implementation of the mining strategy and action plan, and the necessary monitoring of the implementation, is covered in Sections 7.1.

a. The urgent need for capacity development related to monitoring of mining activities.

As discussed above, there are some significant shortfalls in capacity at the main important organisations related to monitoring capabilities. This shortfall is not necessarily in terms of technical capability of existing staff, but mainly that there are simply not enough expert employees to carry out the monitoring responsibilities and to ensure good monitoring coverage at all mining sites. In particular, more staff resources are needed to increase capacity for monitoring at AKBN, the MEFWA, and DSRMI.

b. The need to strengthen enforcement mechanisms in the mining sector.

As well as strengthening capacity for monitoring, it is also important that the mechanisms and systems for enforcement need to be more efficient. This covers the level of penalties for non-compliance with legislation and licence requirements, systems for the timely enforcement of the penalties, and even strong contract management and enforcement of provisions in contracts.

7.4.2 Actions - Monitoring and Enforcement

1) Capacity development related to monitoring of mining activities.

It is important that the Action Programme addresses the shortfalls in capacity related to monitoring capabilities. As mentioned, the main shortfalls are not necessarily in terms of technical capability of existing staff, but in terms of the necessary number of staff to ensure good monitoring coverage at all mining sites. In particular, more staff resources are needed to increase capacity for monitoring at AKBN, MEFWA, and the DSRMI.

The main actions that are required to strengthen capacity for monitoring include:

- A more detailed capacity needs assessment of the main gaps in the key organisations responsible for monitoring. The output of this assessment would include a staffing plan and budget for increased staff resources, as well as identifying training needs. The capacity assessment will need to compare the existing resources with future needs including the step up in resource needs to monitor the compliance with more stringent future legislation that is aligned with the EU framework. The efficient distribution of increased resources in different regional offices will need to be considered.
- Development of a detailed training plan for increasing monitoring capacity in the main organisations (e.g. AKBN, MEFWA, DSRMI, AGS, etc), covering technical training as well as management training where needed.
- Identification of other capacity needs, such as up-to-date computers, transport, and other aspects.

- Identification of any specific needs related to collection and management of data and information in the mining sector, as well as any needs for improved databases to help storage and use of the data.
- Strengthening of internal systems in the key organisations, as necessary, such as procedures, staff management systems, etc. This would include the development of monitoring guidelines where needed.
- Clarifying roles and responsibilities for monitoring, to ensure there are no inefficiencies from overlapping roles, as covered in Section 7.2.
- Development and approval of budgets needed for strengthening capacity through the above actions.

Actions on wider capacity development are identified in Section 7.11.

2) Strengthening enforcement mechanisms in the mining sector.

It is also important that the mechanisms and systems for enforcement are efficient so that bad practices are deterred. It is important that enforcement mechanisms are transparent and fair, and that the penalties are processed with limited delay.

A detailed assessment of enforcement aspects and mechanisms is needed, covering the level of penalties for non-compliance with legislation and licence requirements, systems for the timely enforcement of the penalties, and even strong contract management and enforcement of provisions in contracts. More detailed actions would then need to be planned from this assessment.

7.5 Action Programme – Private Sector Participation

7.5.1 Key Issues - Private Sector Participation

1) Background - Private Sector Participation

The policy and regulatory frameworks for privatisation in the mining sector have been developed in Albania since the early 1990s. This covers the privatisation (at least partially) of state enterprises as well as the encouragement of private companies in the mining sector. The aim is to gain from private sector experience in the mining sector and to gain the benefits from a competitive framework that drives efficiencies and investments, and ultimately increases the production in the sector. In addition, experienced private sector companies are familiar with the risks in the mining sector, and are willing to invest in the expensive mining activities such as exploration and mine development, which are not affordable for state enterprises on a wide scale at present.

2) Current situation in Albania - Private Sector Participation

The step-by-step privatisation in the mining sector has had some success, but is taking time. At the time of the adoption of the Business and Investment Development Strategy (2007 to 2013) of METE in February 2007, about 470 companies and other organisations were operating in different areas of work across the mining sector in Albania. This included about 17 state-owned companies and institutions, including the Albanian Geological Service (now AGS) and AKBN, which are budget entities, and Sh.a. Albkrom and Ah.a. Albbaker, which are responsible for mine rehabilitation activities. However, many of the state-owned companies have been winding up and stopping operations. At that time the number of employees in the mining industry was estimated to be about 6,000.

The Strategy for the Development of the Mining Industry (2005) identifies particular priorities for the mining sector, including setting the framework for private sector participation in the mining sector.

However, there are still many actions that can be taken to develop faster progress on private sector participation in the mining sector in Albania, which will significantly contribute to the overall sector

development. The quicker development of private sector participation will also lead to increased employment in the sector in the medium to long term.

3) Key issues in Albania - Private Sector Participation

The key issues in Albania for strengthening private sector participation in the mining sector are:

- The attraction of investment from credible international private companies.
- The strengthening of the capacity of Albanian private companies in the mining sector.

These key issues are discussed in more detail below. Actions are recommended in Section 7.5.2.

a. The attraction of investment from credible international private companies.

International private companies in the mining sector will be willing to invest in countries when they are confident that there will be a return on their investments (i.e. profit) and they are confident that the risks can be managed.

Therefore, the companies are looking to invest in countries where there is a strong investment climate, stable legislation, transparent licensing and tendering procedures, reliable existing data and information (e.g. on land ownership), strong transport infrastructure, reliable utility services (e.g. energy, water, etc).

The attraction of investment from credible international private companies therefore covers a complex mix of activities to strengthen various aspects, and this is strongly linked to other components of this Action Programme. It is therefore important that there is a strong policy (Section 7.1) to strengthen private sector investment, clear roles and responsibilities for implementation of that policy (Section 7.2). In addition, robust and stable legislation is needed (Section 7.3) so that private investors are confident in the applicable laws, and therefore the adoption of the new mining law is a priority step. Also, transparent and efficient tendering and contracting (Section 7.6) and licensing systems (Section 7.7) are important, as well as taking actual actions to improve the investment climate (Section 7.8), improve accessibility and reliability of data (Section 7.9) and improve communication with stakeholders (Section 7.12).

b. The strengthening of the capacity of Albanian private companies in the mining sector.

As well as attracting investment from international private companies, it is important to also build local capacity so that a strong Albanian private sector develops in mining over the longer term. For example, this could be through the encouragement of joint venture arrangements between international companies and local companies, and the use of Albanian companies as sub-contractors.

In addition, initiatives to help the private sector develop capacity are needed. For example, the standards of technical reports submitted by the private sector to AKBN is often apparently poor. The METE Guideline no. 1028, dated 10.12.2009 “On the content of the documentation to grant a mining permit” provides useful information on the requirements in permit applications, but more detailed guidelines might be useful.

There are many local Albanian companies and individuals operating in the mining sector at present, but these companies generally tend to be small and sometimes less organised. These companies and individuals, however, do have an important role to play in terms of the capacity and experience that they have already gained, and in terms of local income and employment. However, in many cases the companies do need to improve their technical capacity in order to grow their operations, and many companies (and individual workers in particular) need to improve environmental, health and safety performance. Sometimes the activities of small companies are inefficient and there are no advantages of economies of scale.

Many of these aspects related to local companies are linked to social aspects (Section 7.13). In addition, there are many cases where individuals are working on waste dump sites from the mining sector to recover and sell various materials. These activities are very dangerous in terms of health and safety (Section 7.14), and are currently unregulated. However, these individuals also have a potential role to play in the sector and opportunities could be investigated for encouraging employment of these persons.

As well as local private mining companies, the strengthening of the mining sector and encouragement of private sector participation will bring economic benefits in terms of strengthening the business activities of the numerous private companies that are suppliers to the mining sector.

7.5.2 Actions - Private Sector Participation

The Action Programme for privatisation should involve a mix of top-down larger contracts with international private companies, as well as bottom-up organisation and strengthening of small Albanian companies working in the mining sector.

1) Attracting investment from credible international private companies.

The attraction of investment from international private companies covers different activities to strengthen various aspects, and actions in this component are strongly linked to other components of this Action Programme. For example, adoption of the New Mining Law is a priority action to attract private investment because clear and stable legislation (Section 7.3) will increase the confidence of private investors in the applicable laws. In addition, strengthening tendering and contracting processes (Section 7.6) and licensing systems (Section 7.7) are important so that these are transparent and efficient and attract private interest. Section 7.8 also includes overall actions to improve the investment climate.

As well as these actions, marketing plans need to be developed and implemented, focusing on demonstrating a strong and reliable investment climate in the mining sector in Albania. This can be done through the participation in trade conferences and exhibitions, the development and distribution of consistent and up-to-date marketing materials, etc.

In addition, international donor organisations can play a role in supporting the development of frameworks for private sector participation and investment.

2) Strengthening the capacity of Albanian private companies in the mining sector.

In the longer-term, METE should be aiming to encourage a strong local sector in mining, which would bring sustainable long-term economic and employment benefits. There are various ways in which local private companies in the mining sector can be strengthened. Initially, the formation of associations to improve communication and sharing of information between companies can help, where this does not conflict with facilitating competition. Such associations are useful also for lobbying by the private sector for the implementation of improved aspects related to the investment climate.

It might be important to strengthen the reporting of information on the companies so that this can be used to identify more specific actions to enhance the role and capacity of local Albanian private companies.

More detailed specific actions will help in the development of the private sector, such as encouragement in international tender documents for international companies to form consortia with local Albanian companies, and/or use local companies as sub-contractors, as well as employing people

from the local community directly. In addition, more guidelines on various aspects of private sector participation would be useful for private companies.

As with the actions to attract international companies, the strengthening of local Albanian companies will also benefit from the adoption of the New Mining Law (Section 7.3), strengthening licensing systems (Section 7.7), etc.

7.6 Action Programme - Tendering and Contract Management

7.6.1 Key Issues - Tendering and Contract Management

1) Background - Tendering and Contract Management

One of the core directions of the Albanian Strategy for the Development of the Mining Industry (2005) is to shift from the “first come first served” approach to licensing to a partly competitive system with tendering and contracting. The aim, as defined in the draft New Mining Law, is for the large amounts of geological and other data available for the mining sector in Albania to be used to develop a 3-year plan on areas that will be developed for mining through the competitive tendering system for concession contracts. The 3-year plan will provide a good basis for private companies to plan their interest in the sector and to identify opportunities for potential investments. Other areas outside the 3-year plan still might operate on a first come first served basis where there is less reliable information available on the potential mining opportunities.

In line with the Mining Strategy (2005), the Albanian Business and Investment Development Strategy (2007 to 2013) proposes measures to increase the competition in the market within the mining sector. In addition the World Bank report: *Mining Sector Reform, Restructuring and Future Prospects (June 2009)*, identifies the need for strengthened tendering and contract processes that are clearly specified in legislation.

2) Current situation in Albania - Tendering and Contract Management

In line with the strategy for tendering and contracting, as of June 2010, four concessions related to mining of metals have been tendered and awarded. A number of lessons have been learned from the process. The existing concessions that have been awarded are:

- Elbasan – two chromium mines and chromium smelter – the concession was awarded March 2000.
- Bulqiza – one chromium mine and two dressing factories – the concession was awarded May 2001.
- Pukë – 3 poly-metal mines and copper dressing factory (reconstructed) – the concession was awarded April 2001.
- Kalimash - for a mine and dressing plant – awarded in May 2010.

Overall, there have been significant delays in some of the tenders, and also delays in the investments by the concession contractors. This has been because of a mix of the company not implementing the investment plans on time and in some cases the client (i.e. government) not fulfilling its obligations.

Box 7.2 – Lessons learned of tendering of Concessions in the Mining Sector in Albania

Initial list of lessons learned from experience in the above concessions

- There have been some problems with some aspects of the concessions, for example:
- There were no bidders for the initial tender for the concession in Kalimash. This is likely to be because of a mixture of reasons including the low market price of metals at the time, and perceived risks.
- For the Elbasan and Bulqiza concessions there was only one bidder. The contracts were awarded to the same company. The lack of competition does not necessarily mean the Government is getting value for money.
- For Elbasan and Bulqiza there have been problems with the redundancy terms for workers that were no longer required when the company took over the existing mines and plant.
- In addition, there have been problems over negotiations related to former liabilities from the previous operator (i.e. the state company).
- At Pukë, only one of the 3 mines has started operation since the contracts were awarded in 2001.
- The inadequate state of the dressing factory means that it has had to be reconstructed, and it started operation in 2004.
- There were complications in the concession contracts related to the price of electricity, which was fixed for 5 years for the Elbasan contract, which meant that the government (i.e. the client) had to pay the extra cost when the energy prices increased.
- The specifications for the contracts at Bulqiza and Pukë have reportedly been made more detailed, based on experience at Elbasan.
- At Pukë, there has been a problem between the partners in the consortium, which has gone to arbitration in Turkey and has now been solved. This caused delays in the investments.
- There is minimal experience in arbitration in contracts related to mining concessions in Albania, and disputes will often have to go to international arbitration, which can bring further delays.
- Overall, there have been significant delays in the investments by the concession contractors – this has been because of a mix of the company not implementing the investment plans on time and in some cases the client (i.e. government) not fulfilling its obligations.

Source: information from meetings with METE and AKBN

3) Key issues in Albania - Tendering and Contract Management

The key issue in Albania related to tendering and contract management in the mining sector is to strengthen the tendering process and improve the contract documents.

a. Strengthening the tendering process and improving the contract documents

It is important that the tendering process is efficient, open and transparent, so that credible private sector companies are attracted to investing in the mining sector. There has been some initial tendering and contracting already in Albania, and based on this there have been many lessons learned about how the tendering could be improved, and particularly the contract documents strengthened, so that both parties have less risk. Also, the strengthening of tendering and contracting processes will be in line with requirements in the Extractive Industry Transparency Initiative (EITI).

7.6.2 Actions - Tendering and Contract Management

1) Strengthening the tendering process and improving the contract documents

The following actions are proposed in relation to strengthening the tendering process and improving the contract documents:

- Assess the lessons learned from the tendering processes carried out so far for Elbasan, Bulqiza, Pukë and Kalimash and identify the main areas where tendering can be improved.

- Based on the lessons learned prepare procedures for tendering of mining concession contracts, as well as guidelines for tendering.
- Assess the lessons learned from the contract documents for Elbasan, Bulqiza and Pukë and identify the main areas where the documents can be improved.
- Based on the lessons learned prepare model contract documents for mining concession contracts, as well as guidelines for contract management. These model contracts would provide the main basis for contract development. The model contracts would be tailored for different concessions with special conditions of contract added.

7.7 Action Programme – Licensing

7.7.1 Key Issues - Licensing

1) Background - Licensing

It is important for the licensing system for the mining sector to be simple, efficient and transparent. This will help to attract private investment. Credible private companies are less likely to be interested in investing if there are uncertainties in the risks in the licensing system, and particularly the transparency and fairness in its application.

It is important for licences to specify conditions on compliance with legislation, investment schedules, financial obligations, environmental management, social aspects, health and safety, mine closure guarantees, reporting requirements, etc.

In addition, one of the key points is the need for clear roles and responsibilities in licensing in the mining sector in order to help to make the process efficient, and part of this is the need to monitor properly that the licence provisions are properly implemented.

2) Current situation in Albania - Licensing

The current system for licensing is mainly on a “first come first served” basis, where the organisation that has been awarded a licence for exploration then has the priority for the award of the licence on exploitation development if the company wants to carry out mining.

The current Strategy for the Development of the Mining Industry (2005) in Albania was adopted in 2006. The key direction of the Strategy was to shift from the “first come first served” approach to licensing to a partly competitive system with tendering and contracting. The aim would be for a 3-year plan to focus on areas that would be developed for mining through the competitive tendering system for concession contracts. The 3-year plan would provide the basis for private sector to plan potential investments. Other areas outside the 3-year plan, for which less information is available on geological aspects and mining potential, would still operate on a first come first served basis and would need detailed exploration activities. There has been minimal work so far on the first multi-year action plan, mainly because the New Mining Law has been adopted in July 2010 and METE has just started next step including 3-year action plan (instead of 4-year plan previously set in the Strategy for the Development of the Mining Industry (2005), although the Strategy for Development of Specific Minerals, an output of the current JICA project and part of the Master Plan, will be a document that could be applicable to the action plan.

However, the application of the current mining system has not been entirely consistent. The METE has been testing out tendering and contracting approaches in 4 cases, which in at least one area has reportedly had uncertainties in potential inconsistencies with the existing mining licences.

The other important aspect of the planned approach has been for a one-stop service and contact point related to licensing, which is a sensible approach that will generate more confidence from potential

investors in the efficiency of the process. The National Licensing Centre (NLC) was set up in June 2009 as a public institution under METE, which reports to the Minister. It was set up as part of the activities to improve the business climate in Albania and to reform the licensing process for businesses in Albania. The aim of the Centre is to simplify, consolidate and manage the registration requirements for businesses in Albania and to reduce any barriers to business entry. The NLC has issued over 30 licences already in the mining sector. The feedback on the NLC from some interviews with the private sector has been good, and it is clear that the licensing process is now much more efficient and the changes implemented by the Government to create the one-stop service have been a success.

The relevant other institutions still have important roles related to licensing, which feed into the overall co-ordination role of the NLC. For example, AKBN carries out and reviews the geological studies, mining technical studies, etc, related to licensing for exploration and exploitation, and provides advice and recommendations for approval on these aspects. Specific geological reviews and approvals for applications for licences related to exploration are carried out by AGS. Planning of environmental protection is also an important aspect of licensing, and the necessary environmental impact assessments (EIA) are reviewed by MEFWA for approval of environmental permits. The relevant local authorities also have an important role in the licensing process as they identify relevant important issues related to the application and to ensure that there are no major objections. The Section of Mining and Industrial project under the Directorate of Mining Industry in the GDNRDP in METE has overall responsibility for the implementation of legislation related to licensing and contract management in the mining sector. The Directorate provides the overall recommendation for license approval to the Minister.

One issue with the current system is that the NLC currently has an approach of “silent consent approval” for cases where if no decision has been made within a specified number of days (30 to 90 days for mining applications depending on the proposed activities). This is useful for the private sector to know a fixed timescale for the review of their application, but it is not necessarily appropriate for mining, where decisions need to be based on a complex mix of factors and the consideration of the different stakeholders (e.g. AGS, AKBN) might take longer than 90 days in some cases. The Ministry does have the opportunity to extend the notice period.

One key issue at present is the time taken for renewing mining permits, which have to be renewed on an annual basis. AKBN is responsible for renewing permits, and there are many activities needed to check the progress and standards of operations before permits are renewed. AKBN needs an increase in capacity in order to be able to carry out these tasks efficiently.

It has been reported that there are many unregulated / unlicensed companies and individuals working in mining. This is not just a problem with individuals working on mining waste dumps, but unlicensed operators are reportedly actually carrying out illegal mining activities, some with explosives. There are therefore serious health and safety issues, and other social issues, as well as potential environmental impacts. This demonstrates the need to strengthen the capacity and resources for monitoring and enforcement (Section 7.4).

Box 7.3 - Current licensing procedures in the mining sector in Albania

The following diagram provides a summary of the current exploration licensing procedures in Albania related to mining, under the “first come first served” approach (“open areas”).

1. Submission of initial application

Application submitted by private company to the National Licensing Centre (NLC).

2. Initial review of application

The NLC pass the application to METE/AKBN/AGS to confirm that there is no preceding application and to review and verify certain technical aspects about the application, such as the land ownership, safety aspects, etc. (referred to as the “verification act”).

3. Parallel studies on the mining application

Following the initial review of the application, the main studies and approvals involve:

- Geological study, mining technical studies – reviewed by AGS for exploration and AKBN for exploitation, which provides advice and approval.
- Environmental impact assessment (EIA) – reviewed by the Ministry of Environment, Forestry and Water Administration (MEFWA) for approval.
- Description of proposed activities – submitted to the local authorities to ask if there are any relevant important issues related to the application and to ensure that there are no major objections.
- Other ministries might be involved in relation to specific topics if relevant (e.g. agriculture).

Other points on the licensing procedures

Three approvals are needed – from AKBN, MEFWA and the relevant local authorities. The METE has overall authority on the final decision (provided the EIA is approved).

Some changes were made under the new Mining Law of July 2010. This mainly involves a shift to tendering of areas specified in an annual mining plan (“competition areas”), although some areas are still allocated on a first come first served basis (“open areas”). Similar reviews and approvals, as outlined in the steps above, will be needed for the new system.

Source: meetings with METE, AKBN, AGS

3) Key issues in Albania - Licensing

The key issues in Albania for licensing in the mining sector are:

- Improving the efficiency of the licensing process.
- Improving the application of the licensing process.

These key issues are discussed in more detail below, and Section 7.7.2 includes recommended actions to address these issues.

a. Improving the efficiency of the licensing process.

The current system of licensing in the mining sector is reportedly working efficiently, but the issuing of licences for mining can take time because of many different steps needed and many different stakeholders. The implementation of a one-stop service (NLC) by the METE is a sensible approach and this has strengthened the licensing process. The issue that a licence will be granted after a fixed number of days from the application date (the silent consent principle) if there has been no response from the NLC is a potential problem that should be addressed, particularly considering the licensing process in the mining sector is quite complex and that the relevant institutions involved in the various reviews and approvals are under-resourced.

b. Improving the application of the licensing process.

Although the licensing process is reportedly quite effective, it is important that it is applied properly and consistently, so that there is investor confidence that the official system will be properly implemented. There are, for example, reports from some private exploration companies that there are over-lapping licences in some areas. Also, the activities to renew mining permits need to be implemented quicker through an increase in capacity of AKBN (Section 7.11).

In addition, it is important that the implementation of the provisions in licences, such as environmental, health and safety management, are properly monitored so that they are fully implemented throughout. Also, it is important that the activities in the mining sector of the organisations and individuals without licences are better regulated, taking into account the social implications (Section 7.13).

7.7.2 Actions– Licensing

1) Improving the efficiency of the licensing process.

METE has set up the NLC, which provides an efficient one-stop service for licensing, and this will increase investor confidence in an efficient and transparent process.

The issue of the silent consent principle, in that a licence will be granted after a fixed number of days from the application date if there has been no response from the NLC, needs to be addressed for mining. A decision is needed on whether a longer time period should be applied in the system to take account of the complexities of gaining approvals from different organisations for larger exploration or exploitation activities.

In addition, the process for renewing mining permits is slow and needs to be improved, through an increase in capacity at AKBN so that they have better resources to be able to carry out the tasks needed to check and approve permit renewals (Section 7.11).

2) Improving the application of the licensing process.

The Implementation Team for the mining strategy, proposed in Sections 7.1 and 7.2, should focus on ensuring that the licensing process is properly and fairly applied. This should involve a detailed review of the strengths and weaknesses of the process, identifying, for example, the reasons for shortfalls such as cases of overlapping licence areas, and identifying and agreeing solutions. This is linked to several aspects, including implementation of the strategy (Section 7.1), proper implementation of legislation (Section 7.3), proper monitoring and enforcement (Section 7.4), etc. All these components will contribute towards the better implementation of the licensing process.

The METE Guideline no. 1028, dated 10.12.2009 “On the content of the documentation to grant a mining permit” is quite clear on the information required from a private company on mining permit applications. However, more detailed guidelines for various aspects of licensing, private sector participation, and monitoring, might be useful.

7.8 Action Programme - Improving the Investment Climate

7.8.1 Key Issues - Improving the Investment Climate

1) Background - Improving the investment climate

Improving the investment climate is a critical aspect of the mining sector development, which is linked to all other components of this Action Programme, so that credible and experienced private companies decide to invest in the mining sector in Albania. Potential investors want to know about and reduce the risks associated with their activities. They want reliable data and information on the geological potential and other aspects; long-term confidence in receiving a return on their investments; clear rights and provisions in licences and contracts; consistent, stable and clear mining policy and legislation, and the same for other policies and legislation (e.g. on tax); good infrastructure (e.g. road or railway connections) and reliable utilities (e.g. energy supply); and, where applicable, competitive, transparent, and non-discretionary tendering and contract management.

2) Current situation in Albania - Improving the investment climate

The Strategy for the Development of the Mining Industry (2005) identifies particular priorities for the mining sector, including the implementation of policies to promote investment in existing mining activities and to promote and invest in widening the types of minerals to be exploited.

Part of this is for a clear policy and strategy to be consistently applied (Section 7.1), for example on tendering and contracting (Section 7.6). The proposed 4-year planning of tender opportunities under the new mining law, when adopted, will provide the private sector with more confidence.

Also, it is important to have clear roles and responsibilities (Section 7.3), including accessible and consistent contact points and strong communication (Section 7.12) with the relevant institutions for interested private sector companies to make enquiries and to obtain reliable data and information (Section 7.9). In particular, it is important for the licensing process to be consistent, fair and transparent (Section 7.7). There are also strong links between this component and the component on encouraging private sector participation (Section 7.5).

AlbInvest was set up by METE to provide direct assistance to investors, in particular foreign direct investment (FDI), and provide assistance in relation to exports. However, at present it generally focuses on small to medium sized enterprises (SMEs), which does cover some local Albanian mining companies, but not really the promotion of major foreign investment in the mining sector in Albania. However, there are provisional plans by METE for AlbInvest to be restructured and its role to be expanded to carry out more promotion of the mining sector, and it was rebranded as the Albanian Investment Development Agency (AIDA) in July 2010.

In practice at present, a marketing/promotion team in AKBN do carry out some activities related to promotion of the mining sector, and the General Directorate on Industrial Policies in METE also carries out promotion activities, for example through participation in international mining trade events and conferences.

The Business and Investment Development Strategy (2007 to 2013) also recognises that aligning the legal framework of the Albanian mining sector with EU legislation will be a major challenge in terms of affordability and capacity, in particular related to environmental standards and labour standards. In order to attract investment, the strategy recognises the need to reduce the financial liabilities on mining companies related to achieving these EU standards. This will be an important aspect.

One other aspect is land ownership, and particularly the need for reliable information on this. The Business and Investment Development Strategy (2007 to 2013) recognises the problems with land ownership right issues need to be addressed.

3) Key issues in Albania - Improving the investment climate

a. Overall improvement of the investment climate in Albania in the mining sector

As mentioned, the overall improvement of the investment climate in the mining sector is linked to all other components in this Action Programme, such as strategy implementation, adoption of legislation, effective licensing processes, etc. More specifically it is important to identify and adopt specific steps to encourage investments, either on a temporary or permanent basis, for example specific incentives such as tax breaks, policy actions related to imports and exports, etc. There is also a need to clarify a central role and action plan for promotion (e.g. marketing) of the mining sector in Albania, for example through enhancing the role of Albinvest (AIDA).

7.8.2 Actions - Improving the Investment Climate

1) Overall improvement of the investment climate in Albania in the mining sector

The Implementation Team for the mining strategy should identify specific measures, such as incentives (tax, import procedures, etc), that can be taken to improve the investment climate, and should work with the relevant other stakeholder institutions on the implementation of such measures.

In addition the role of an organisation, such as Albinvest (AIDA), should be more clearly specified and agreed on the proactive promotion of the mining sector in Albania. The METE should consider restructuring Albinvest (AIDA) and assigning specific and detailed tasks on promotion of the sector. This would include participation in, and/or organisation of Albanian experts to participate in, international mining sector events and trade shows, conferences, etc.

The actions to improve the investment climate are linked to actions in other components to strengthen various aspects, such as clarifying roles and responsibilities (Section 7.2), ensuring accessible and consistent contact points and strong communication (Section 7.12) with the relevant institutions for interested private sector companies to make enquiries, and ensuring access to reliable data and information (Section 7.9). In particular, it is important for the licensing process to be consistent, fair and transparent (Section 7.7).

7.9 Action Programme - Data and Information Management

7.9.1 Key Issues - Data and Information Management

1) Background - Data and information management

One of the important aspects of the development and improved organisation of the mining sector is the collection and reporting of data and information. For example, reliable data and information will help to encourage and facilitate investments. It will also help to plan policy decisions and actions.

It is important that the data and information are efficiently shared amongst institutions for their use, and that an efficient mechanism is available for potential private sector investors to easily obtain data and information, and to be clear about its reliability.

Examples of data and information that might be needed by potential investors include:

- Data and information on geological aspects.
- Employment statistics.
- Information on the availability and efficiency of transport links.
- Production statistics for different minerals.
- Financial turnover for different minerals.

- Other financial indicators.
- Imports and exports of different minerals.
- Energy availability and use.
- Availability of other utility services (e.g. water).
- Data on suppliers.
- Land ownership.
- Information on reference documents, including relevant legislation, required procedures (e.g. for licensing), etc.

2) Current situation in Albania - Data and information management

Potential organisations with responsibility for collection and reporting of data on some aspects related to mining include:

- METE.
- AKBN.
- AGS - One of the roles of AGS is development of information systems on geology, databases, and information exchange with decision makers and society.
- Institute of Statistics (INSTAT).
- AlbInvest (AIDA).
- National Registration Centre (NRC) and National Licensing Center (NLC).
- Union of Chambers of Commerce and Industry of Albania.
- DSRMI.
- MEFWA.
- Ministry of Labour, Social Affairs and Equal Opportunities.
- Private mining companies are required by their licences to report information to AKBN and other relevant institutions (e.g. to MEFWA).

For the last 3 years the annual statistics report on mining has reportedly not been available from the Institute of Statistics (INSTAT), which publishes data on the mining sector that have not always been sent to METE for checking and verification by METE, and as a result are unreliable. METE (particularly AKBN) has the most reliable statistics, based on reports from mining organisations to AKBN and AGS. In reality, an international investor in the mining sector is likely to approach AGS and AKBN for data and information, rather than rely only on information from INSTAT.

3) Key issues in Albania - Data and information management

The key issues in Albania related to data and information management in the mining sector are:

- Ensuring that there is a central point for obtaining data and information.
- Improving the reliability of data and information.

These key issues are discussed in more detail below, and actions are proposed in Section 7.9.2.

a. Ensuring that there is a central point for obtaining data and information.

At present, there is no obvious central contact point for potential investors to obtain data and information. These companies will initially get in touch with AGS for the information they need related to geology and past exploration, and also with AKBN related to past mining activities. However, there is no clear point of contact for other information.

In addition, the time period needs to be specified in legislation for disclosure of information by an exploration company that has not invested in production.

b. Improving the reliability of data and information.

Although the AGS and AKBN have made major improvements, some data at present on the mining sector is unreliable and not checked or properly verified. Wherever possible, it is important to improve the reliability of the data through implementation of proper verification systems, and also to provide a clear indication of the reliability and uncertainty associated with different data sets.

One example is data from environmental monitoring, which are submitted to regional offices of MEFWA by mining companies, but environmental sampling and analysis methods are inconsistent, meaning that the data are unreliable.

7.9.2 Actions - Data and Information Management

1) Ensuring that there is a central point for obtaining data and information.

There would be benefits in appointing a central contact point for potential investors to obtain data and information. Much of the data will be with AGS for the information needed on the geology and past exploration, and with AKBN related to past mining activities. However, a clear initial point of contact for other information would provide encouragement to investors and facilitate their planning.

2) Improving the reliability of data and information.

Guidelines on monitoring and reporting (Section 7.4) should include the requirements and specifications for consistent reporting of data and information from monitoring. It will also be important to ensure there are procedures for checking and verifying data and information.

It is also important for strong co-ordination between different institutions for the sharing of knowledge, best practices, data and information.

7.10 Action Programme - Budgets and Financial Management

7.10.1 Key Issues - Budgets and Financial Management

1) Background - Budgets and financial management

The proper budgeting, financial management and financial reporting is central to the development of the mining sector. Demonstration of fair and transparent financial management will increase the confidence in the sector of potential private investors, and strong financial management will ensure that available budgets are efficiently used.

In addition, loans from International Finance Institutions (IFIs) and international commercial banks might be needed in some cases for investments in the mining sector, and these will be easier to obtain if the sector is demonstrating strong financial management and reporting, and reduced financial risks. These finance institutions and banks usually require strong financial reporting, transparent tendering, environmental protection, management of health and safety risks, positive management of social aspects, etc.

The ministries and other public institutions involved in the mining sector need sufficient budgets to carry out their assigned responsibilities. It is important to have a proper process for budget allocation to focus on priorities, and, even if budgets are small, they must be efficiently used, and transparently reported.

2) Current situation in Albania - Budgets and financial management

At present, there are minimal financial resources available in the public sector in Albania for the development of the mining sector. Public funding is only available for activities such as geological

mapping, initial assessments of mineral resources, organisational processes (e.g. licensing), monitoring, etc. Private investment money is needed for exploration, mine development, ongoing environmental protection, etc.

The Government of Albania is working towards adoption of the Extractive Industry Transparency Initiative (EITI), which will strengthen the auditing of financial aspects and accountability in the mining sector. Albania is a candidate country to the EITI and has until May 2011 to complete the validation process.

3) Key issues in Albania - Budgets and financial management

The key issue in the mining sector in Albania related to this component is to ensure strong financial management and transparent financial reporting.

a. Ensure strong financial management and transparent financial reporting

Improving sector revenue management and reporting is a major part of strengthening governance in the mining sector. It is important to have consistent and understandable financial procedures and rules related to financial aspects, calculation of fees and royalty payments, etc. The ongoing work towards adoption of EITI to improve transparency and accountability is important, as this will continue to increase investor confidence in the mining sector in Albania, including the facilitation of appropriate lending for investments in the sector. Examples include the disclosure of payments made by mining companies to the government. Stronger financial management will ensure better value for money overall and a more effective and efficient mining sector, which will lead to more rapid development. Actions related to this key issue are proposed below.

7.10.2 Actions - Budgets and Financial Management

1) Ensure strong financial management and transparent financial reporting

The key issue in the mining sector in Albania related to this component is to ensure strong financial management and transparent financial reporting, as identified above. The Government of Albania should continue to work towards the adoption of EITI, which will strengthen the auditing of financial aspects and accountability in the mining sector.

Within this, the clarification of the process of calculation of fees and royalty payments is important, as well as transparent and easily understandable tax rules (including tax incentives for investors if possible). It is important that there is a stable system related to finances and taxes so that investors are confident that financial risks can be managed.

In governmental institutions, such as METE, AKBN, AGS, etc, it is important that, as more revenues come to the Government from the sector, the budgets for resources and capacity in these government institutions are increased so that they can effectively carry out their various roles, including the monitoring of the sector activities. A specific proportion of royalties and other payments by the private sector could, for example, be ring-fenced for investments in recruitment and training for these public sector institutions, particularly in monitoring. Likewise, a large proportion could be ring-fenced for expenditure on remediation of past environmental liabilities.

7.11 Action Programme - Capacity Development

The definition of Capacity Development is “the process by which individuals, organisations, institutions and societies develop ‘abilities’ (individually and collectively) to perform functions, solve problems, and set and achieve objectives;” (this is the UNDP / JICA definition). This definition also perceives the concept as three inter-connected layers of Capacity Development:

Level 1 - Individuals
 Level 2 - Organisations
 Level 3 - Institutions / society
 (Source: Capacity Development Handbook for JICA Staff, March 2004)
<http://www.jica.go.jp/english/publications/reports/study/capacity/200403/pdf/200403.pdf>

The main elements of Capacity Development with respect to these three levels are provided in the table below.

Table 7.11.1 Main elements of Capacity Development with respect to these three levels

	Main elements of capacity development
Level -1 Individuals	Focus capacity development activities on developing knowledge and skills of individuals. The aim is to enable individuals to be able to achieve objectives using their own knowledge and skills.
Level -2 Organisations	Focus capacity development activities on strengthening the organisational framework / administrative structure so that an organisation can achieve its objectives. The capacity development activities therefore include support in assignment of roles and responsibilities and in the decision-making process, development of management systems, etc. The development of the organisational framework is achieved by focusing on the capacity of individual employees (Level 1), physical assets (computers, databases), organisational strategy and structure, management systems, leadership, human resource management, etc.
Level -3 Institutions/ society	Focus capacity development on developing the wider frameworks for the formation and implementation of policies, strategies, laws, etc; as well as facilitating communication and co-operation between relevant organisations.

7.11.1 Key Issues - Capacity Development

1) Background - Capacity development

As the mining sector develops and expands in Albania in future, and as legislation and licence requirements become more stringent in line with EU standards, the capacity of the main institutions with responsibilities in mining administration will urgently need to be strengthened, particularly related to monitoring and enforcement. More details on the definition of Capacity Development is shown in Chapter 1.

Much work has been done previously on legal and institutional aspects, particularly through the study by the World Bank (*Mining Sector Reform, Restructuring and Future Prospects (June 2009)*). However, there has been minimal work carried out on capacity assessment and capacity development plans in the mining sector.

Capacity development is relevant to all components of this Action Programme and the wider Master Plan, for example capacity needs to be strengthened related to monitoring and enforcement (Section 7.4), tendering and contract management (Section 7.6), licensing (Section 7.7), data and information management (Section 7.9), etc.

More detail on the requirements for organisational capacity development

Capacity development does not just cover technical training of individuals, but strengthening is needed for many other aspects to ensure that the roles and responsibilities of the organisations can be properly implemented. Capacity development includes the following:

- Working within a clear and agreed action plan.
- Strengthening organisational structures so that teams are focused on the priorities in action plans.
- Specifying and agreeing clear roles and responsibilities for all staff.
- Developing working mechanisms and communication related to issues that cut across many different organisations and functions.
- Ensuring high standards of staff management and proper delegation.
- Targeted recruitment for key skills gaps.
- Focused training on key skills gaps, including management and technical training, and using a mix of approaches involving formal training and on-the-job training.
- Setting up and/or strengthening day-to-day organisational management and operational systems within departments / sections of organisations.
- Management and use of information and data (e.g. databases, report libraries, etc).
- Ensuring proper internal and external communication and reporting systems.
- Ensuring strong financial management and the required budgets are available for implementation of the roles and responsibilities.

2) Current situation in Albania - Capacity development

This section provides an overview of the capacity of the main institutions in the mining sector. The core roles and responsibilities are outlined in Section 7.2.

a. Mining Administration - Ministry of Economy, Trade and Energy (METE)

The Ministry of Economy, Trade and Energy (METE) is the main ministry responsible for the activities related to economic development in Albania, including development of industry sectors, particularly mining. Two of the General Directorates are particularly relevant to the mining sector: the General Directorate of Economic Development Policies and General Directorate of Natural Resources Development Policies (GDNRDP). In addition, the Ministry has several dependent institutions that report directly to the Minister. The most relevant institutions in METE related to the mining sector are: AKBN, AGS, and DSRMI.

The General Directorate of Economic Development Policies is responsible for preparation of policies and strategies related to the activities of METE, covering the aspects of economic co-operation, stimulation of small businesses, industrial development, regional development and energy. The overall mission of the General Directorate is to “create all the necessary conditions for the economic success of Albania.” The General Directorate has about 40-50 technical employees.

GDNRDP is particularly relevant to the mining sector in terms of licensing and contract management, and there are 10 employees in this General Directorate. The section of Mining and Industry Project in the Directorate of Mining and Industry is responsible for the implementation of legislation related to licensing and contract management in the mining sector, with the aim of stimulating national and international business and investment. The role includes monitoring of the implementation of contracts between private organisations and the state in these sectors, in particular to ensure the proper exploitation of natural resources. It has 7 technical employees including one mining specialist working on areas related to mining policy. As well as development of policies and strategies on mining, other tasks include advice on agreements and contracts for concessions, privatisation activities, new development plans, as well as advice on legislation.

b. National Agency of Natural Resources (AKBN)

AKBN was established in August 2006, and was previously called the Institute of Mineral Extracting and Processing Technology. AKBN is a public entity, which protects and administrates the interests of Albanian Government in the area of mining, hydrocarbons, hydropower and energy. The Agency, as a subordinate institution under the Minister of Economy, Trade and Energy, advises government and provides studies and projects within its activity area, and it promotes the natural resources of the country. The most relevant department to the mining sector is clearly the Mining Department, which is the largest department in AKBN. As well as the Director, there are 33 technical specialists in the Mining Department including 5 specialists in the Directorate of Mining Promotion, 9 specialists in the Directorate of Supervision of Use (Exploitation and Projects). There are 18 specialists in the Directorate of Monitoring, which includes an analytical laboratory with equipment such as atomic absorption analysis.

As discussed in Section 7.6, there is a serious shortfall in capacity in some institutions related to their available number of staff resources to carry out their roles in monitoring and enforcement, including the activities needed for mining permit renewals. For example AKBN has a role to carry out technical monitoring of mining organisations in line with the requirements in their licences, and is currently covering about 600 licences. AKBN has significant technical capacity and experience, but urgently needs more resources in order to carry out these activities, including the activities related to renewing mining permits, which is a slow process at present. The 33 technical specialists in the Mining Department of AKBN are required to carry out the monitoring related to all 600 licences, as well as other responsibilities. In addition, AKBN needs training and capacity development in GIS.

c. Albanian Geological Survey (AGS)

AGS is the technical and scientific advisory organisation to the Albanian State in the field of geology. It was established in July 1988. At present AGS particularly focuses on the mapping of various geological aspects in Albania, including different mineral resources, geological hazards, engineering geology, hydrogeology, etc. The AGS has two analytical laboratories, carrying out chemical analysis and physical-mechanical analysis. AGS currently has 134 employees, including the General Director. The Mineral Resources Department of AGS has 15 employees, but capacity to carry out its role is weak related to activities to check and approve applications for exploration permits. One of the shortfalls in capacity reportedly relates to the need for new and improved equipment in the laboratories, and then the subsequent need for training in the new equipment.

d. Division of Safety and Rescue of Mining Industry (DSRMI)

DSRMI (also referred to as the Mining Inspection and Rescue Unit) is a semi-independent organisation within the METE, established in 2004. The responsibilities of the DSRMI include the monitoring and enforcement of security and safety aspects of mining activity and to minimise safety risks during mining, and the responsibilities for emergency response in relation to mining. The Division of Safety and Rescue of Mining Industry has serious shortfalls in capacity in terms of number of staff for monitoring, and this is demonstrated by the fact that this Division has only 85 employees, including administration staff, that are required to monitor activities at over 900 locations. The organisation also reportedly has difficulties with budgets in terms of paying for transport costs for inspectors to the mining areas, many of which are very remote.

Table 7.11.2 Items urgently needed by AGS Analytical Laboratory

LIST OF LABORATORY EQUIPMENTS

	Quantity	Priority
1 – Spectrophotometer UV-VIS	1	H
2 – I.C.P-MS	1	*
3 – Thermostat	2	H
4 – Equipment of Distilled Water	1	M
5 – Analytical balance	2	M
7 – Muffle Furnace	2	M
8 – Atomic absorber Spectrophotometer flame-furnace	1	H
9 – PH – meter laboratory	1	L
10 – Turbid meter laboratory	1	M
11 – Titrator	3	M
12 – Clean and dry equipment of laboratory dishes	2	H
13 – Mary bathes	2	H
14 – Electric furnace laboratory	2	M
15 – Laboratory conduct meter	1	L
16 – Glasswork		L
17 – Chemical reagents, standards etc.		M
18 – Temperature and wet data logger	5	H
19 – Aspirator (uptake) system of laboratory	2	M
20 – Diffract meter	1	H

* needs training of operation

SISTEM OF GRINDERING OF SAMPLES

1 – Refraction with jaw 100x150 (peace of 20mm)	1	H
2 – Refraction with jaw 60x100(3mm)	1	H
3 – Refraction with jaw Canadian product of TM Engineering (LTD) 1		H
4 – Grinder Canadian with ring centrifugal (ready for Chemical analyze) 1		H
5 – Grinder spherical in dryness, press with agate	1.	H

e. Ministry of Environment, Forests and Water Administration (MEFWA)

The role of the Ministry of Environment, Forests and Water Administration (MEFWA) is to draft and propose policies, strategies and action plans for the protection and administration of the environment, forests, waters and fisheries in order to achieve sustainable development, and to improve the quality of life and to enable the country to join the European Union. In addition, MEFWA has the responsibility to carry out monitoring of environmental compliance through its regional offices. However, significant improvements in resource capacity are needed for MEFWA to be able to carry out this function.

3) Key issues in Albania - Capacity development

For the mining sector to develop and expand in Albania, and standards to improve towards EU, then capacity development is a key issue that will need much higher focus for the institutions in the mining sector.

a. Overall capacity development in institutions in mining administration in Albania

The existing technical employees in the institutions in Albania with responsibilities in the mining sector are generally very strong in technical capacity in most areas. However, for many functions

there are not enough employees to carry out the roles, such as for monitoring and enforcement, and for some functions, such as tendering and contract management, there is not the experience in the institutions and therefore capacity needs to be strengthened.

Also, for some functions in monitoring and enforcement, budgets are reportedly not sufficient to cover the costs of required travel (e.g. fuel costs, etc) for inspectors to visit all the operations that they need to visit to fulfil their responsibilities.

In addition, there is a need to improve co-ordination and communication between different institutions in the mining sector to ensure that there are efficient activities for sharing knowledge, best practices, data and information (Section 7.12).

Action plans related to these issues on capacity development are proposed below.

7.11.2 Actions - Capacity Development

1) Overall capacity development in institutions in mining administration in Albania

The following actions are proposed in relation to the overall capacity development in institutions in mining administration in Albania:

- The first step will be to develop a more detailed capacity assessment and development plan, particularly focusing on the priority shortfalls in capacity. The planning should first assess the capacity to carry out the main functions at present, as well as future capacity in consideration of future expansion of the sector and alignment of legislation with EU standards.
- A detailed training needs assessment should be developed as part of the capacity development plan. This should cover technical and management training, as necessary.
- The capacity development plan should particularly focus on strengthening capacity related to tendering and contract management, because there is less experience in this activity in METE. The tendering of concession areas is a core direction in the Mining Strategy.
- In the short-term, actions for capacity development should focus on expanding the staff numbers for monitoring and enforcement activities in AKBN and DSRMI in METE, and in the regional offices of MEFWA. This action is discussed in more detail in Section 7.4.
- Capacity development can involve various approaches, including specific training courses, and on-the-job training with key personnel working alongside international specialists contracted through technical assistance projects. Therefore, it is important for the METE to request funding from international donor organisations for capacity development. This might also involve study tours and overseas training funded by donor organisations.
- The development of procedures and guidelines is an important aspect of capacity development, to ensure proper methods that are consistently applied. For example, guidelines in monitoring, tendering, reporting, etc, should be developed as part of the capacity development plan.
- The strengthening of roles and responsibilities at organisational level (Section 7.2) is an important aspect of capacity development.
- In addition, the strengthening of communication and sharing of information, experience and best practices (Section 7.9), and the strengthening of overall communication with stakeholders (Section 7.12), are important aspect of capacity development at institutional level, and the capacity development plan should include mechanisms for making these activities more efficient.

7.12 Action Programme - Communication and Public Relations

7.12.1 Key Issues - Communication and Public Relations

1) Background - Communication and public relations

Mining is an important sector with respect to potential positive and negative impacts on the communities. Example positive impacts include increased employment, increased business opportunities for suppliers, and overall potentially positive impacts on the local economy. Example negative impacts on from the mining sector include impacts on the local environment, inadequate income distribution and lack of local investment in regions where mining activity is being carried out. Strong communication and public relations with the communities in regions with mining activities, and with relevant non-governmental organisations (NGOs), is therefore particularly important.

In addition, for the promotion of private sector investment in mining, communication with potential investors is important and raising the profile of opportunities in Albania (Sections 7.5 and 7.8).

In addition, strong communication and good relationships with international donor organisations are important, for example to obtain funding for technical assistance in capacity development (Section 7.11), and with international finance institutions and other banks that might facilitate loans for sector development (Section 7.10).

2) Current situation in Albania - Communication and public relations

At present in Albania, the roles and responsibilities for communication and public relations related to the development of the mining sector are not totally clear. The various institutions within METE, including AKBN, General Directorate on Industrial Policies and AlbInvest (AIDA) have unclear roles in relation to promotion of private sector investments. The METE has plans to restructure the role of Albinvest (AIDA).

The relevant local authorities have roles related to communication with the local communities, and also the inspectors carrying out monitoring on behalf of AKBN, DSRMI and the regional offices of MEFWA, are likely to be involved in community relations in some aspects of their work. However, there appears to be no overall plan related to communication and public relations, and the exact roles are unclear.

3) Key issues in Albania - Communication and public relations

The key issues in Albania related to communication and public relations in the mining sector are:

- The need to specify roles related to communication and public relations.
- The need for an overall planned framework for communication and public relations.

a. The need to specify roles related to communication and public relations.

In order to step up the standards of communication and public relations in the mining sector it is important to allocate clearer roles for these activities amongst the local authorities, METE, AKBN, DSRMI and MEFWA.

b. The need for an overall planned framework for communication and public relations.

Improvements in communication and public relations are needed related to the mining sector, covering information about future developments, environmental protection, investments in local infrastructure, etc. In addition communication between institutions on mining strategy implementation is needed. Stakeholder consultation on mining plans, draft laws, and specific developments is also important.

Some actions related to these issues are proposed in Sections 7.1 and 7.2.

7.12.2 Actions - Communication and Public Relations

1) The need to specify roles related to communication and public relations.

As part of activities under Section 7.2 on roles and responsibilities, the Implementation Team for the Mining Strategy should discuss, clarify and agree roles for communication and public relations. The roles will cover communication with local communities in mining areas, promotion activities to encourage private sector investment, and communication with international donors and international finance institutions. The clarification should cover the relevant roles of the various institutions within METE, including AKBN, General Directorate on Industrial Policies and AlbInvest. In particular, roles related to communication with local communities in mining areas need to be clarified and formalised, covering the roles of local authorities, and also of AKBN, DSRMI and the regional offices of MEFWA.

There needs to be an accessible and consistent contact point, with contact details readily available, for private companies to obtain information.

2) The need for an overall planned framework for communication and public relations.

The Implementation Team should also develop a framework plan for communication and public relations, and support local authorities in specific plans as applicable for individual mining activities. Methods of communication can include media, newsletters, community meetings, etc. It is important to encourage local authorities to communicate to local people about the potential benefits of the development of mining operations in their areas, such as employment, local social investments, etc.

The Implementation Team should identify mechanisms for improving communication between relevant institutions in the mining sector on strategy implementation, and for carrying out consultation on policy, plans, draft laws, etc, related to mining.

The Implementation Team should identify the responsibility and plans for communication with other international stakeholders (e.g. JICA, World Bank, IFC, EBRD, donor organisations, etc), for example by the Project Management Unit in AKBN.

In addition, the set up of the Implementation Team itself could involve a launch event in order to raise the profile of the Implementation Team.

7.13 Supplement - MANAGEMENT OF SOCIAL ASPECTS

This chapter presents the key points related to the social aspects in the mining sector. The Master Plan mainly focuses on institutional aspects, specific minerals, and GIS, but it is important that social issues are taken into account in the development of the mining sector. However, because social issues were not included in detail in the scope of the project to develop the Master Plan, these issues are covered in this supplement only in outline, and more detailed plans will need to be developed in future.

Social issues are important to the potential private sector investors because the international companies are likely to have high standards related to the management of social aspects. Risks related to social aspects, for example from small-scale mining activities that are near to potential development areas, are likely to be a major concern to private investors and a constraint to investment, because of the safety and reputational risks. It is important for the Government of Albania to plan actions to manage and improve social aspects related to the mining sector.

7.13.1 Background on Social Aspects in the Mining Sector

There are several important social aspects related to operations in the mining sector, for example:

- Employment – mainly in terms of the positive impacts of increased direct employment by mining companies, and increased employment by sub-contractors and suppliers. In some cases there can be a potential negative impact on employment where privatisation of state companies leads to redundancy programmes.
- Employment terms and conditions – covering payment, hours of work, breaks from work, discrimination in the work place / equal opportunities, freedom of association/ right to collective bargaining, etc
- Working conditions – covering occupational health and safety, work place conditions (e.g. heat, light, noise, dust, etc).
- Community safety – in particular mining site security aspects, safety from increased traffic, etc.
- Community livelihoods – impacts on the local economy, household incomes, standards of living, poverty statistics, etc.
- Community investment programmes – many mining companies contribute to the local community through investment in road infrastructure, schools, etc.
- Land acquisition, involuntary resettlement and economic displacement– potential compensation for resettlement and other impacts on individuals and organisations gaining incomes from use of land.
- Gender aspects – covering potential equal opportunities for male / female employees as appropriate.
- Forced / child labour.
- Small-scale mining – these mining activities often have a high safety risk and poor working conditions.
- Impacts on cultural heritage.

Several of these aspects are linked to occupational health and safety (Supplement 7.14).

The International Labour Organisation (ILO) has developed a set of international labour standards, which have grown into a comprehensive system of instruments on work and social policy, backed by a supervisory system designed to address all sorts of problems in their application at the national level. Albania is an ILO member country. The standards are available at:

http://www.ilo.org/global/What_we_do/InternationalLabourStandards/Subjects/lang--en/index.htm

When investing in the mining sector, the EBRD and IFC require mining companies to implement high standards of activities to manage social impacts. These are set out in their Environmental and Social Policies as performance requirements. Mining companies taking loans from IFC and EBRD must implement action plans to achieve these standards. More details are available at:

<http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards>

<http://www.ebrd.com/about/policies/enviro/policy/2008policy.pdf>

In addition, the International Council on Mining and Metals (ICMM), established in 2001, aims to act as a catalyst for performance improvement in the mining sector. It is driven by the private sector and has membership of 19 mining and metals companies, as well as 30 national and regional mining associations and global commodity associations. It works under a Sustainable Development Framework of 10 Principles for Sustainable Development, which its corporate members are required to implement throughout their business. These Principles cover social and community issues. More details are available at:

<http://www.icmm.com/our-work/sustainable-development-framework>

Companies implementing management systems for social aspects can become accredited to the SA8000 auditable certification standard, which is an internationally recognised accreditation scheme based on the UN Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organization (ILO) conventions. The SA8000 standard is available at:

http://www.sa-intl.org/_data/n_0001/resources/live/2008StdEnglishFinal.pdf

As recommended in the World Bank in their report: *Mining Sector Reform, Restructuring and Future Prospects (June 2009)*, social aspects need much more consideration in the mining sector development in Albania.

7.13.2 Key Issues on Social Aspects in the Mining Sector in Albania

There are potentially highly positive social impacts of strengthening the mining sector in Albania, such as increased employment, improvements to the local economy, etc. Some communities are dependent on mining activities. The main social benefits to development of the mining sector will be the increased employment and local income, and other benefits related to the investment, such as business for local technical and commercial enterprises (e.g. suppliers), and overall economic benefits to the community, depending on income distribution. The social benefit of an increase in employment will have a particularly positive impact in the north of Albania, where many mining areas are located, and where many of the poorest people are living.

However, there are some significant potentially negative social impacts and risks related to current activities in the mining sector in Albania.

There are many local Albanian companies and individuals operating in the mining sector at present, but these companies generally tend to be small and sometimes less organised. These companies and individuals, however, do have an important role to play in terms of the capacity and experience that they have already gained, and in terms of local income and employment. However, in many cases the companies do need to improve their technical capacity in order to grow their operations, and many companies (and individual workers in particular) need to improve environmental, health and safety performance. Often the activities of small companies are inefficient and there are no advantages of economies of scale.

Although some mining companies in Albania are focusing on the proper management of social aspects, it is important that the management of social aspects is greatly improved as soon as possible, because the current situation presents serious risks to the overall credibility of the development of the mining sector in Albania, and therefore this is likely to constrain investments in the sector.

For example, it has been reported that there are many unregulated / unlicensed companies and individuals carrying out illegal mining activities, some with explosives. In addition, there are many reported cases where individuals are working on waste dump sites from the mining sector to recover and sell various materials. All these unregulated activities present serious health and safety risks, and other social issues, as well as potential environmental impacts. International private sector investors will perceive the unregulated small-scale miners as a major risk to their activities, because associated security and safety concerns will bring risks to maintaining high standards and to their reputation.

Unless small-scale mining is better organised, and particularly safety practices improved, this will be a constraint on private sector investment.

However, these unlicensed small companies and individuals also have a future potential role to play in the sector and opportunities could be investigated for better organisation of these individuals, taking into account the social implications such as on income and employment.

However, there is an urgent overall need for better information on these unregulated operations, more resources for monitoring and enforcement, and overall for strengthened management of social aspects related to the mining sector.

In Albania, the monitoring and enforcement of social aspects is a major issue in the mining sector, including monitoring and enforcement of occupational health and safety standards. The Labour Inspectorate in the Ministry of Labour, Social Affairs and Equal Opportunities is responsible for monitoring of health and safety management in the processing / smelting plant (but the Mining Inspection and Rescue Unit (DSRMI) is responsible for the monitoring of health and safety in mines).

In Bulqiza, there are many serious problems associated with small-scale mining. Most licensed companies officially employ 10-20 people, but many additional people work in their areas of mining activity. There are particularly poor practices related to safety, there have been several recent fatal accidents in the last year, and there are several under-age (under 18 years) people working on mining activities. The regional administration has been working with the Mining Inspection and Rescue Unit (DSRMI) and with AKBN to set up a Task Force to try to improve the safety aspects of small-scale mining, but progress is understandably slow. Improved practices in safety take time to implement because working cultures need to be changed, and monitoring and enforcement is difficult because these operations are spread over wide areas and in remote places. One important initiative is to ensure that small-scale mining areas are properly fenced and security guards are in place.

7.13.3 Actions on Social Aspects in the Mining Sector

There are several key issues related to social aspects of mining sector operations in Albania, including working conditions, community safety, etc, as described above. This section focuses on outline actions to address the social problems associated with small-scale mining in Albania.

It is important to improve the organisation of small-scale mining company operations in mining, and to particularly focus on improving health and safety issues. However, social issues such as employment, incomes, etc, need to be taken into account, because these activities do provide income for local communities in poor rural areas of Albania.

The overall strategy should involve better organisation, monitoring and support to these companies, encouraging consolidation where practical. Specific tasks might include:

- Extensive collection of detailed information on companies carrying out small-scale mining activities, including location of activities, types of work, production, number of employees, key problems, etc.
- Prioritisation of problems associated with small-scale mining in Albania.
- Development and analysis of options for improved organisation of small-scale mining activities, taking into account community livelihoods, incomes and other social aspects.
- Identifying options for mechanisms for consolidation of companies in the longer-term so that the benefits of larger companies sharing techniques, costs, etc, can be realised, and so that better operational approaches (e.g. health and safety) can be implemented.

- Identify priorities and options for strengthening the monitoring and enforcement of small-scale mining companies.
- Consultation with small-scale mining companies, government departments and inspectorates, local municipalities, etc, on the options identified for improvement.
- Identify the key areas where practices should improve and agree selected options for improvement with stakeholders, including development of action plans for improvement and better monitoring programmes.

Such tasks would make up a very useful international Technical Assistance project in future for international specialists to support the Government to improve the organisation of the small-scale mining activities. In such a Technical Assistance project, it would be important for a team of Albanian specialists to work on the tasks of information collection, interviews, etc.

In Bulqiza, there have been studies on small-scale mining, which is a particular problem in that area. These studies would be a useful starting point for the initial information collection tasks in such a technical assistance project. (The main study is: *Small Scale Mining in the Batra-Bulqiza Zone – J Bakallbashi, Governance Partnership Facility, October 2009*).

7.14 Supplement - MANAGEMENT OF HEALTH AND SAFETY ASPECTS

This chapter presents the key points related to the health and safety aspects in the mining sector. The Master Plan mainly focuses on institutional aspects, specific minerals, and GIS, but it is important that health and safety issues are taken into account in the development of the mining sector. However, because such issues were not included in detail in the scope of the project to develop the Master Plan, these issues are covered in this supplement only in outline, and more detailed plans will need to be developed in future to ensure high standards of health and safety management in the sector.

Health and safety issues are important to the potential private sector investors because the international companies are likely to have high standards related to the management of health and safety. Risks related to safety aspects, for example from small-scale mining activities that are near to potential development areas, are likely to be a major concern to private investors and a constraint to investment, because of the reputational risks. It is important for the Government of Albania to plan actions to manage and improve safety aspects related to the mining sector.

7.14.1 Background on Health and Safety Aspects in the Mining Sector

There are several important health and safety aspects related to operations in the mining sector, for example:

- Policy / strategy on health and safety.
- Legislation on health and safety.
- Health and safety risk assessments and audits.
- Strengthening monitoring and enforcement.
- Procedures and guidelines for health and safety practices, equipment, etc.
- Health and safety risk assessments, action plans, medical checks, first aid, protection on machines, protection when working at heights, use of personal protective equipment (PPE), fire safety, safe storage of materials, transport safety, etc.

- Training and capacity development for monitoring and enforcement.
- Training and awareness-raising in improved health and safety practices.
- Health and safety management systems (e.g. OHSAS 18001) and procedures.
- Requirements in tender documents for health and safety management.
- Emergency response plans and procedures.
- Reporting on health and safety.

Several of these aspects are linked to social aspects (Supplement 7.13).

The International Labour Organisation (ILO) has developed a set of international labour standards, which have grown into a comprehensive system of instruments on work and social policy, backed by a supervisory system designed to address all sorts of problems in their application at the national level. These cover occupational health and safety. Albania is an ILO member country. The standards are available at:

http://www.ilo.org/global/What_we_do/InternationalLabourStandards/Subjects/lang--en/index.htm

When investing in the mining sector, the EBRD and IFC require mining companies to implement high standards of activities to manage health and safety. These are set out in their Environmental, Health and Safety, and Social Policies as performance requirements. More details are available at:

<http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards>

<http://www.ebrd.com/about/policies/enviro/policy/2008policy.pdf>

In addition, the International Council on Mining and Metals (ICMM), established in 2001, aims to act as a catalyst for performance improvement in the mining sector. It is driven by the private sector and has membership of 19 mining and metals companies, as well as 30 national and regional mining associations and global commodity associations. It works under a Sustainable Development Framework of 10 Principles for Sustainable Development, which its corporate members are required to implement throughout their business. These Principles cover health and safety issues. More details are available at:

<http://www.icmm.com/our-work/sustainable-development-framework>

Companies implementing management systems for health and safety aspects can become accredited to the OHSAS 18001 auditable certification standard, which is an internationally recognised accreditation scheme. More details are available at:

<http://www.ohsas-18001-occupational-health-and-safety.com/>

7.14.2 Key Issues on Health and Safety Aspects in the Mining Sector in Albania

The Albania Business and Investment Development Strategy (2007 to 2013) identifies that improving safety of workers is required in the mining sector.

There are many local Albanian companies and individuals operating in the mining sector at present, but these companies generally tend to be small and sometimes less organised. However, in many cases the companies do need to improve their technical capacity in order to grow their operations, and many companies (and individual workers in particular) need to improve environmental, health and safety performance. Improving health and safety activities of small-scale companies is covered under social aspects (Supplement 13).

7.14.3 Actions on Health and Safety Aspects in the Mining Sector

During the implementation of the Master Plan for strengthening the mining sector in Albania, it will be important for the implementation team to take into account ongoing actions to promote the improvement of health and safety, for example strengthening monitoring and enforcement of health and safety practices, developing and distributing procedures and guidelines for health and safety practices, promoting training and awareness-raising in improved health and safety practices, ensuring strict health and safety requirements are a condition of licences, and ensuring good reporting on health and safety.

More detailed actions need to be developed by the implementation team for the Master Plan. These should include actions to ensure that there are proper emergency response plans and procedures are in place, and capacity is strengthened to carry out emergency response operations.

CHAPTER 8 SUMMARY OF THE MASTER PLAN OF PROMOTING OF ALBANIA MINING-SECTOR DEVELOPMENT

The present situation was clarified as the following through the analysis of the three areas that provided the core of this project:

- **As to the investment climate at large, the improvement is reported by the international organizations. In recent years, the measures that the Albania Government has performed are evaluated highly. The driving force of these improvements is the activity towards the harmonization with the EU standards, that is advancing in the sector development.**
- **Also in the mining sector, enactment of the new Mining Law, specification of prioritized areas for mining development etc., are advancing. Public organizations that provide simplified licensing procedures and one-stop service for foreign investors have started covering the mining sector. Albania is a candidate country of EITI and arrangement towards the full membership is also advancing.**
- **An international tender of mine development was performed and the joint company of China and Turkey signed a contract of mine development (June, 2010). In addition, seven exploration projects are ongoing by offshore companies.**
- **The above improvements can be regarded as the result of governmental progress towards target for sector development. On the other hand, there are many further challenges remaining, particularly related to financial difficulties and the need for capacity development.**
- **There are problem with implementation in monitoring activity of mining operations, the enforcement of compliance and effective IT utilization (GIS Database) for information disclosure. Moreover, there are concerns about the implementation and the accreditation of chemical and physical analysis for monitoring as well as EITI implementation. Addressing these issues will impose the investment climate.**

For this reason, it is required to build the promotion strategy of the mining sector carefully, considering a priority and balance so that this difference (gap) may be reduced from now on, and to strengthen the capacity development. To address the above-mentioned issues that became clear during the Study, the JICA study team proposes a master plan of the Promoting of Mining sector to contribute to the national economy development of Albania as follows.

This master plan expects to be utilized for the road map in which the Albanian Government will implement the new Mining Law from now on.

Although many negative legacies by the past mining activities exist in the Balkan countries, the risks can be said to be relatively low in Albania, and these risks can be controlled by implementation of a strong mining strategy. Furthermore, it is expected that Albania itself will contribute to the interaction and the cooperation among the communities of the mining sector developed in the Balkan countries.

More detailed actions need to be developed by the implementation team in METE for the Master Plan. These should include actions to ensure that there are proper emergency response plans and procedures are in place, and capacity is strengthened to carry out emergency response operations.

The basic concept of the master plan of mining sector Development

The historical success of the mining sector, and survey data from that time period, can be used as the general basis for development and promotion of the sector. The contribution of the mining sector to the national economy is well known to the population of Albania, and there are high expectations for the future economic development from the mining sector. On the other hand, the social impacts in communes that were dependent on mining and the deterioration of the environment came to be recognized through the process to the market economy and the effort for the integration to EU.

The Study for the Master Plan for Promoting the Mining Industry of Albania covered three fields including the build-up of GIS and Information dissemination, common issues of the mining sector (e.g. institutional, legal, etc.), and development of strategy for promising minerals to decide upon the master plan for future mining sector promotion. These are strong linkage between these three fields, and the master plan for future mining sector promotion is proposed as follows.

The build-up of the GIS and Database does not only concern the rationalization of compilation in gathering of the existing data, but meets the requirement as a fundamental tool supporting, the checking and confirmation of the terms of the licensing of mining rights and management of the mining cadastre. As mining activities are directly linked with utilization and rights of lands and various stakeholders may be involved, compared with other business activity, it is markedly complicated, and, therefore, utilization of IT by the mining sector is far behind compared with IT of the other ministries and government offices in Albania. Build up of IT is urgent also as a practical channel of the information dissemination linking directly to investment promotion. Moreover, realization of GIS and Database is indispensable also for the international interaction among Balkan countries that are sharing many common features in geology or mining. For this reason, although the conceptual design of GIS and Database was supported in the Study, the Capacity Development for making future actual development and its operation into a concrete activity is required.

In the action program for the common issues in the mining sector, analysis and proposals were performed about the various components in connection with mining activity. Particular points that should be emphasized are agreement on mining strategy by participation of extensive stakeholders including administrative government offices, private sectors and local communities, and clear and definite apportionment of those roles and responsibilities. Improved communication and co-operation are needed between the different components of the ministry (METE: Ministry of Economy, Trade and Energy) for the detailed step-by-step implementation of the Master Plan. Even in the case of EITI (Extractive Industries Transparency Initiative) that is advancing now, very detailed implementation of action to improve the transparency of business transactions is indispensable to the realization.

Albania has a strong comparative advantage for the development strategy of promising minerals, chromium, copper, nickel and non-metallic minerals such as construction stone. It is chromium that development is progressing most out of these, and Albania can develop a large advantage paying attention to the point that large scale excavation by big investment is not necessarily an advantage economically; from characteristic of existence of the ore reserves that there are many small-scale deposits is expected. Paying attention to the potentiality of mineral resources, investment of exploration or development came to be realized at copper and nickel resources from overseas. It is required to apply a strong and fair commercial framework so that these investments may be successful, resource may be developed and it may contribute to the national revenue of Albania. If one example of a success is established, the investment in development of mineral resources of Albania will attract attention further from now on.

Although it is a matter of course that the strategy of the sector, or the role of the authority governing the sector, are important for promotion of the mining sector, lack of finance and capacity required for supporting sufficient activities needs to be pointed out. As it is defined in the relevant laws of each organization that AKBN and AGS affiliated with the METE are entitled to receive reserved amount from mining origin revenue (e.g. mineral rent) including royalty, these organizations can expect a

favourable turn of financial matters, once mining production is realized and the mineral rent is secured into national budget. Probably, this is the greatest outcome expected from implementation of EITI. Although many challenges are expected throughout the course of implementation of the Action Program on common issues in the mining-sector proposed by the Study, it is most worthwhile to strongly address transparency and accountability.

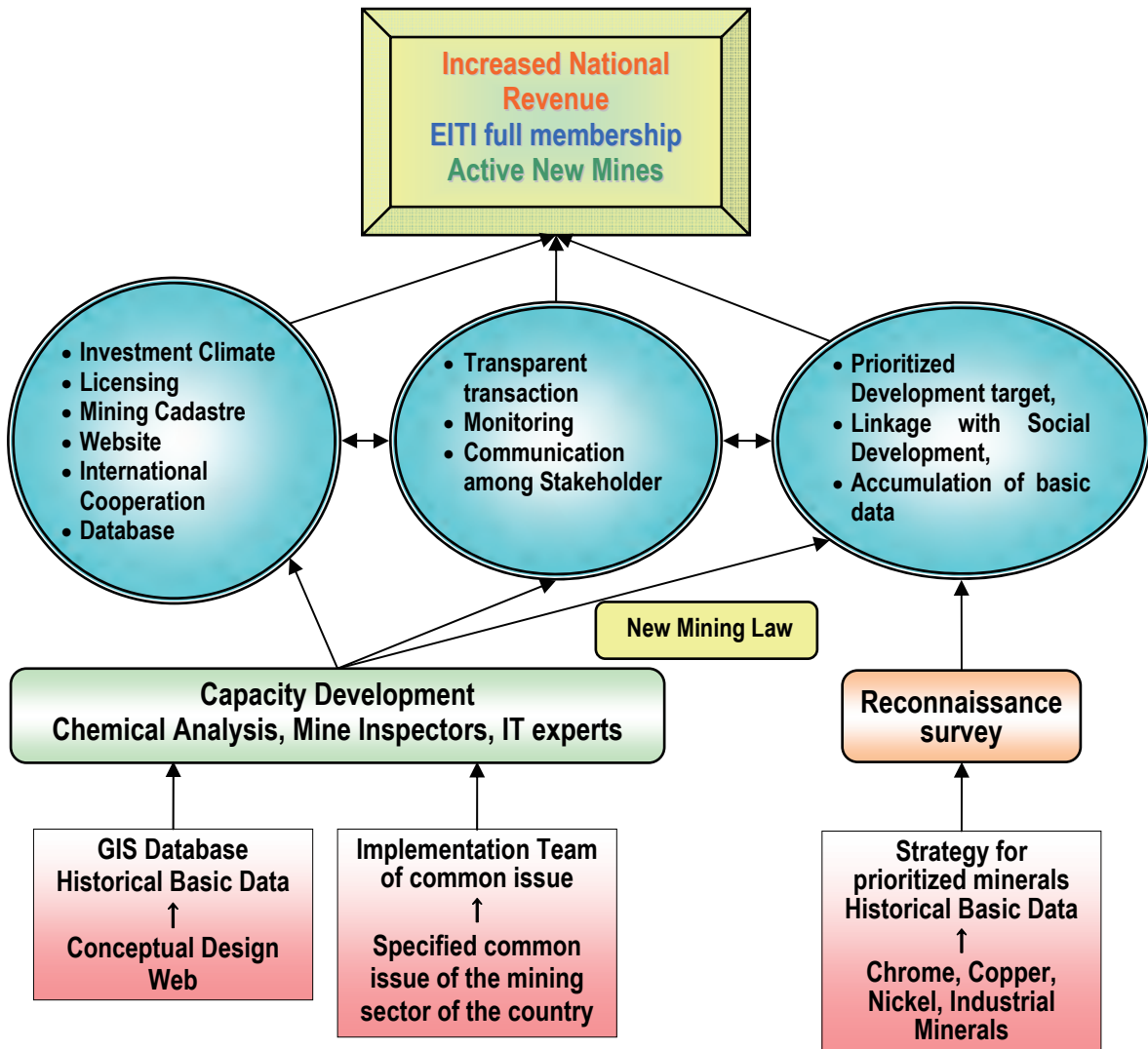


Figure 8.1
Concept of the Master Plan for the Development of the mining sector of Albania

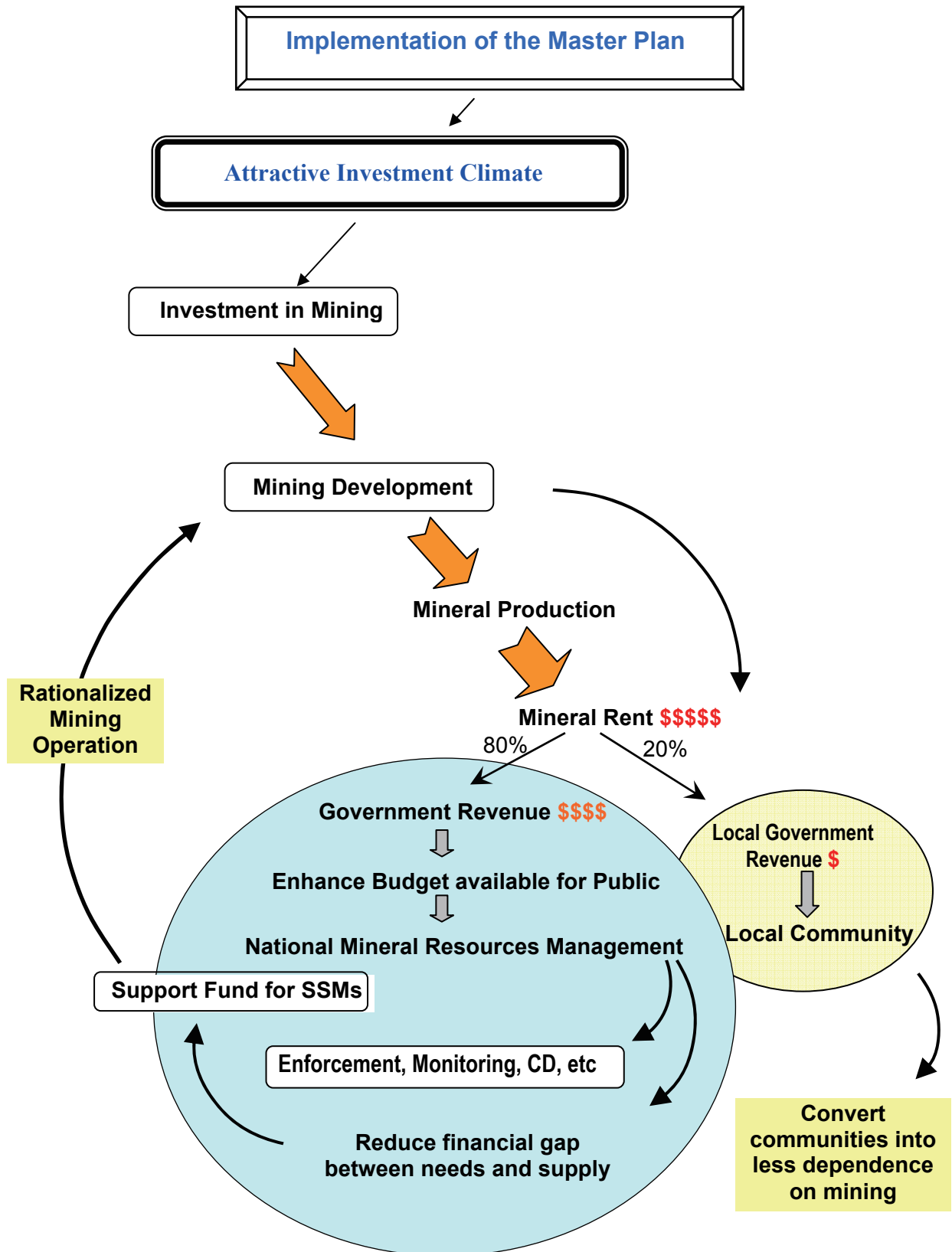


Figure 8.2 Mining Sector Development and Mineral Rent

Table 8.1 Master Plan for Promoting the Mining Industry

	2011	2012	2013	2014	2015	2016
Institutional and Legal aspects						
Secondary legislation.	■					
3-year strategy, 1-year action plan.	■					
Set up strategy implementation team.	■					
Implementation of EITI.	■					
Set up Advisory Panel to improve stakeholder co-operation.	■					
Recruit to strengthen capacity in AKBN / AGS.		■	■			
Marketing actions to attract foreign investment.		■	■	■	■	
Training programmes – strengthening capacity AKBN / AGS.		■	■			
Development strategy – Chromite						
Develop integrated systems (mining–concentrating–smelting)	■	■				
Strengthen enforcement of existing contracts.	■	■	■			
Reduce the number of licences for exploitation.	■	■	■			
Identify areas for competitive tendering of large concessions.		■				
Develop plan to optimise system of concentration plant.		■	■			
Set up co-operatives for small-scale mining operators.		■	■			
Tendering of large scale concessions.		■	■			
Expansion in large-scale chromite mining operations.			■	■	■	■
Development strategy – Copper						
Improve efficiency of existing mines.	■	■				
Improve efficiency of existing concentration plant.	■	■				
Basic exploration (e.g. airborne geophysical surveys) / modelling.		■	■			
Recover of Zn and Pb (as well as Cu) to add value.		■	■	■	■	■
Reprocess tailings to recover Zn and Pb.		■	■	■		
Promotion of exploration by private companies.		■	■	■		
Tendering of concessions.				■	■	
Expansion in copper mining operations.					■	■
Development strategy – Nickel						
Develop detailed plans for Ni treatment facility in Albania	■	■				
Encourage private sector interest in investment in extraction facility		■	■			
Encourage private sector mining activities (Lura-Kukes)		■	■			
Tendering of contract for treatment facility.		■	■			
Tendering of large scale concessions.			■	■		
Construction of treatment facility.			■	■		
Expansion in large-scale nickel mining operations.				■	■	■
Operation of treatment facility.				■	■	■
Database and GIS						
Procedures for co-operative work on GIS/databases (AGS/AKBN)		■				
Detailed design, customise software.		■	■			
Development of GIS on a step-by-step basis.		■	■	■	■	
Recruitment to form GIS teams in AGS and AKBN.		■	■			
Detailed training and capacity development on GIS			■	■		
Environmental, Health & Safety, Social aspects						
Mechanism to strengthen co-operation (METE/MEFWE)	■	■				
Plan for improving health & safety issues of small-scale mining.		■				
Recruit to increase number of monitoring inspectors.		■	■			
Training and capacity development for monitoring.		■	■			
Assessment study to prioritise mining pollution hotspots.		■	■			
Remediation of historical mining pollution hotspots.				■	■	■

- To be implemented by the government with ordinary budget (plus minimal fund)
- To be implemented by the government with specially allocated budget (budget arrangement is a critical condition)
- To be implemented by close communication with Government and Private Sector
- Feasibility consideration should be supported by the fund of government; further industrial implementation should be done by the investment from private sector

Appendices

1. Minutes of Meeting of Inception Report
2. Memorandum of 2nd Study in Albania
3. Memorandum of 3rd Study in Albania
4. Memorandum of 5th Study in Albania
5. Memorandum of 6th Study in Albania
6. Organization Diagram of Mining Related Organizations in Albania
7. Presentation at PDAC International Seminar
8. Investment Promotion Seminar for Mining Industry at Tokyo
9. References

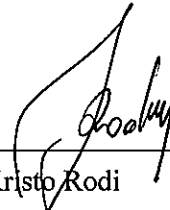
**MINUTES OF MEETING
ON
THE FIRST STEERING COMMITTEE
FOR
THE STUDY
FOR
THE MASTER PLAN FOR PROMOTING THE MINIG INDUSTRY OF
ALBANIA**

AGREED UPON BETWEEN
THE MINISTRY OF ECONOMY, TRADE AND ENERGY
AND
THE JAPAN INTERNATIONAL COOPERATION AGENCY

Tirana, June 15, 2009

柴田 芳彰

Mr. Yoshiaki Shibata
Team Leader
JICA Study Team



Dr. Kristo Rodi
General Director, Directorate of Regulations
Directorate General of Regulation
Ministry of Economy, Trade and Energy

Appendix 2 : Memorandum of 2nd Study in Albania

In accordance with the Scope of Work for “The Study for the Mater Plan for Promoting the Mining Industry of Albania” (hereinafter referred to as “the Study”) agreed upon between the Ministry of Economy, Trade and Energy. (hereinafter referred to as “METE”) and Japan International Cooperation Agency (hereinafter referred to as “JICA”) on March 5, 2009, JICA dispatched the Study Team (hereinafter referred to as “the Team”) headed by Mr. Yoshiaki Shibata and composed of members from Mitsubishi Materials Techno Corporation and Kokusai Kogyo Co., LTD. to the Republic of Albania. JICA members have also been dispatched on the commencement of the Study.

The Team submitted the Inception Report (hereinafter referred to as “Ic/R”), and series of discussions were made at the time of submission. The following are the main points discussed in the meetings. The list of attendants is attached as Annex I.

1. Acceptance of Inception Report:

The Team explained the contents of Ic/R and submitted 10 copies in English to METE. METE has in principle accepted the contents of Ic/R. Both sides confirmed the following matters:

- 1) The Albanian side recognized the importance of cooperative work through on-the-job training and working group, and has decided the personnel of counterpart members.
- 2) Both sides agreed the work contents of the Study and that the Master Plan will be prepared by cooperative work. The Albanian side acknowledged that to experience the process of preparing the Mater Plan is a essential part of capacity development.

2. Members of Steering Committee

The Albanian side informed that the following members listed in Annex II were assigned to the Steering Committee, and the Team acknowledged the appointment.

3. Member of working group

The Albania side informed that the following members listed in Annex III were appointed as the working group member, and the Team acknowledged the appointment.

4. The Team prepared revised organization charts as given in Annex IV.

5. Undertaking of the Albanian Side:

The Team acknowledged the undertakings provided by Albanian side in accordance with the Scope of Work on March 5, 2009 between both sides. The Team confirmed the undertakings of Albanian side for preparing office space in Tirana.

ANNEX II : LIST OF THE MEMBER OF STEERING COMMITTEE



REPUBLIKA E SHQIPERISE
MINISTRIA E EKONOMISE, TREGTISE DHE ENERGJETIKES
DREJTORIA E PERGJITHSHME RREGULLATORE

Nr. _____ Prot.

Tiranë, më ____ / ____ / 2009

U R D H E R

Nr. ____ Date ____ / ____ / 2009

PER

NGRITJEN E KOMITETIT DREJTUES PER NDJEKJEN E ZBATIMIT TE STUDIMIT PER “MASTERPLANIN PER NXITJEN E INDUSTRISE MINERARE TE SHQIPERISE”

Ne kuader te marreveshjes midis Ministrise se Ekonomise, Tregtise dhe Energjetikes dhe Agjencise Japoneze te Bashkepunimit Nderkombetar – JICA, per kryerjen e nje studimi per “Masterplanin e nxitjes se industries minerare te Shqiperise”,

URDHEROJ:

1. Ngritjen e Komitetit Drejtues te perbere nga:

- | | |
|--|-----------------|
| 1. Kristo Rodi | Kryetar (METE) |
| 2. Mimoza Simixhiu | Anetar (METE) |
| 3. Adil Neziraj | Anetar (SHGJSH) |
| 4. Milo Kuneshka | Anetar (AKBN) |
| 5. Ministria e Mjedisit, Pyjeve
dhe Administrimit te Ujrave | Anetar |

per ndjekjen e zbatimit te studimit per “Masterplanin e nxitjes se industries minerare te Shqiperise” ne bashkepunim me grupin e eksperteve JICA.

2. Komiteti Drejtues do te kete keto detyra kryesore:

- Te organizoje punen per sigurimin e informacionit te nevojshem per realizimin e studimit nga SHGJSH, AKBN dhe institucione te tjera ne vend.
- Te ndjeke zbatimin e studimit ne te gjitha fazat dhe te diskutoje dhe marre vendime per çeshtje te rendesishme qe lidhen me realizimin e tij.

3. Kryetari i Komitetit Drejtues therret mbledhjen e Komitetit Drejtues nje here ne dy muaj dhe sa here e shikon te nevojshme, ne pranine e grupit te eksperteve te JICA.

4. Per ndjekjen dhe zbatimin e ketij urdheri ngarkohet Drejtoria e Pergjithshme Rregullatore.

MINISTRI

GENC RULI

ANNEX III : LIST OF THE MEMBER OF WORKING GROUP



REPUBLIKA E SHQIPERISE
MINISTRIA E EKONOMISE, TREGTISE DHE ENERGJETIKES

Nr. _____ Prot.

Tiranë, më ____ / ____ / 2009

U R D H E R

Nr. ____ Date ____ / ____ / 2009

PER

NGRITJEN E GRUPIT TE PUNES PER KRYERJEN E STUDIMIT PER “MASTERPLANIN PER NXITJEN E INDUSTRISE MINERARE TE SHQIPERISE”

Ne kuader te marreveshjes midis Ministrise se Ekonomise, Tregtise dhe Energjetikes dhe Agjencise Japoneze te Bashkepunimit Nderkombetar – JICA, per kryerjen e nje studimi per “Masterplanin e nxitjes se industries minerare te Shqiperise”,

URDHEROJ:

1. Ngritjen e Grupit te Punes te perbere nga:

1. Kristo Rodi	Kryetar (METE)
2. Mimoza Simixhiu	Anetar (METE)
3. Adil Neziraj	Anetar (SHGJSH)
4. Edmond Gaskolli	Anetar (AKBN)
5. Ramiz Balla	Anetar (METE)
6. Luljeta Kraja	Anetar (METE)
7. Musli Dardha	Anetar (SHGJSH)
8. Gjovalin Leka	Anetar (SHGJSH)
9. Edlira Plaku	Anetar (SHGJSH)
10. Enkelejda Grazhdani	Anetar (SHGJSH)
11. Albert Avxhi	Anetar (SHGJSH)
12. Haki Disha	Anetar (AKBN)
13. Luan Dibra	Anetar (AKBN)

per kryerjen e studimit per “Masterplanin e nxitjes se industries minerare te Shqiperise” ne bashkepunim me grupin e eksperteve te JICA.

2. Studimi do te permbaje keto komponente kryesore:

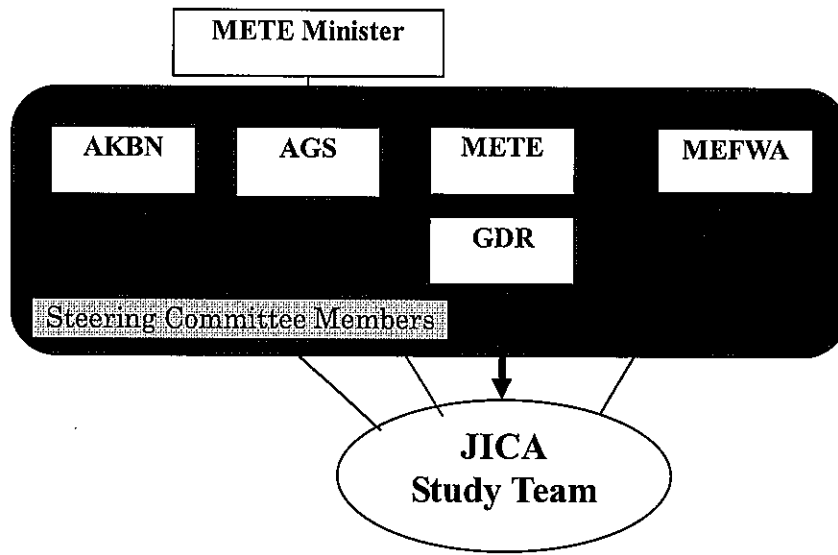
- a. Strategjite e zhvillimit minerar per minerale specifike, si kromi, nikeli, bakri etj.

- b. Planin e veprimit mbi nje sere çeshtjesh ne industrine minerare, si kuadri ligjor, ristrukturimi institucional, nxitja e investimeve, mbrojtja e mjedisit, etj.
 - c. Dizenjimi i database-it te bazuar ne GIS mbi vendburimet minerale.
- 3. Realizimi i ketij studimi do te perfundoje ne Tetor 2010 .
 - 4. Per ndjekjen dhe zbatimin e ketij urdheri ngarkohet Drejtoria e Koordinimit dhe Menaxhimit te Kontratave.

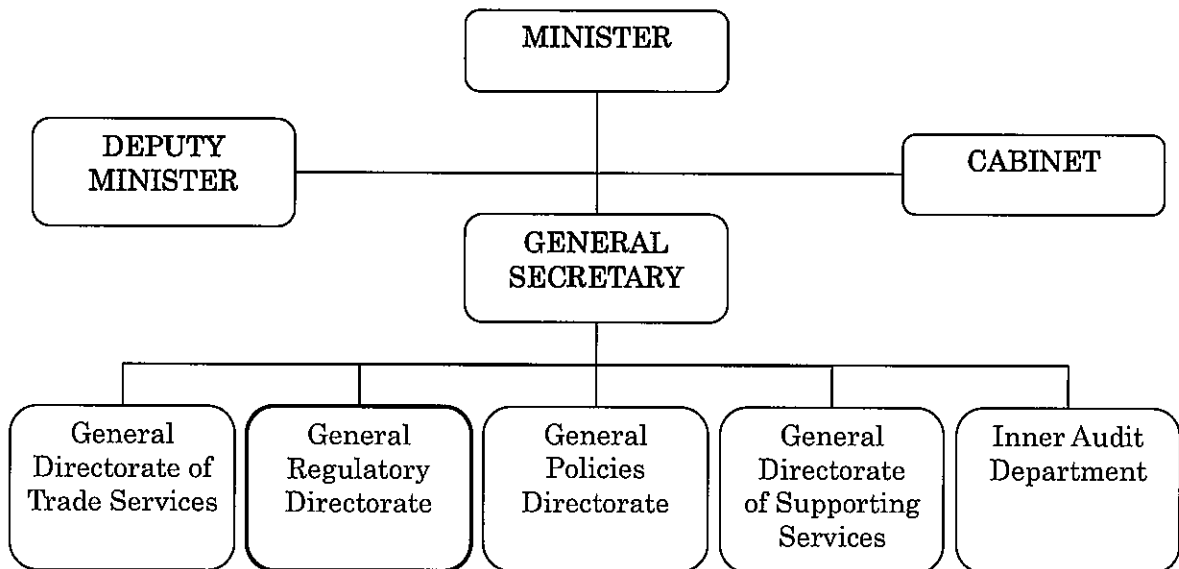
MINISTRI

GENC RULI

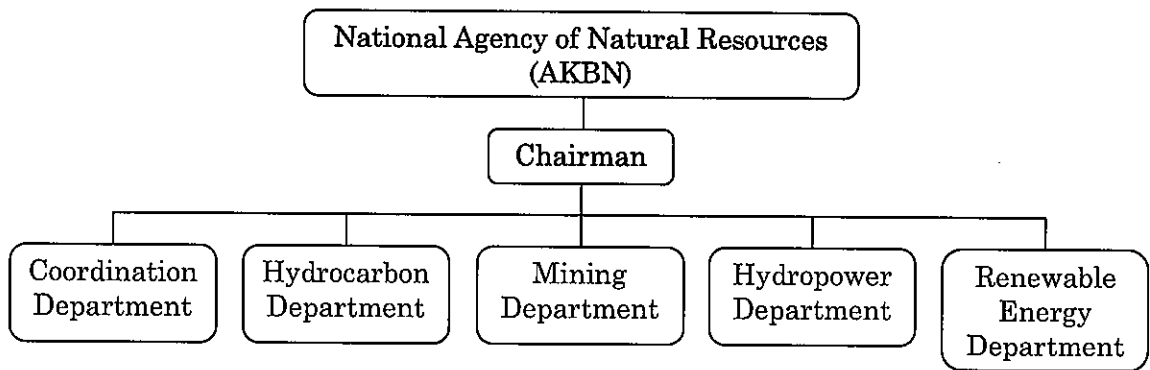
ANNEX IV : ORGANIZATIONAL CHARTS



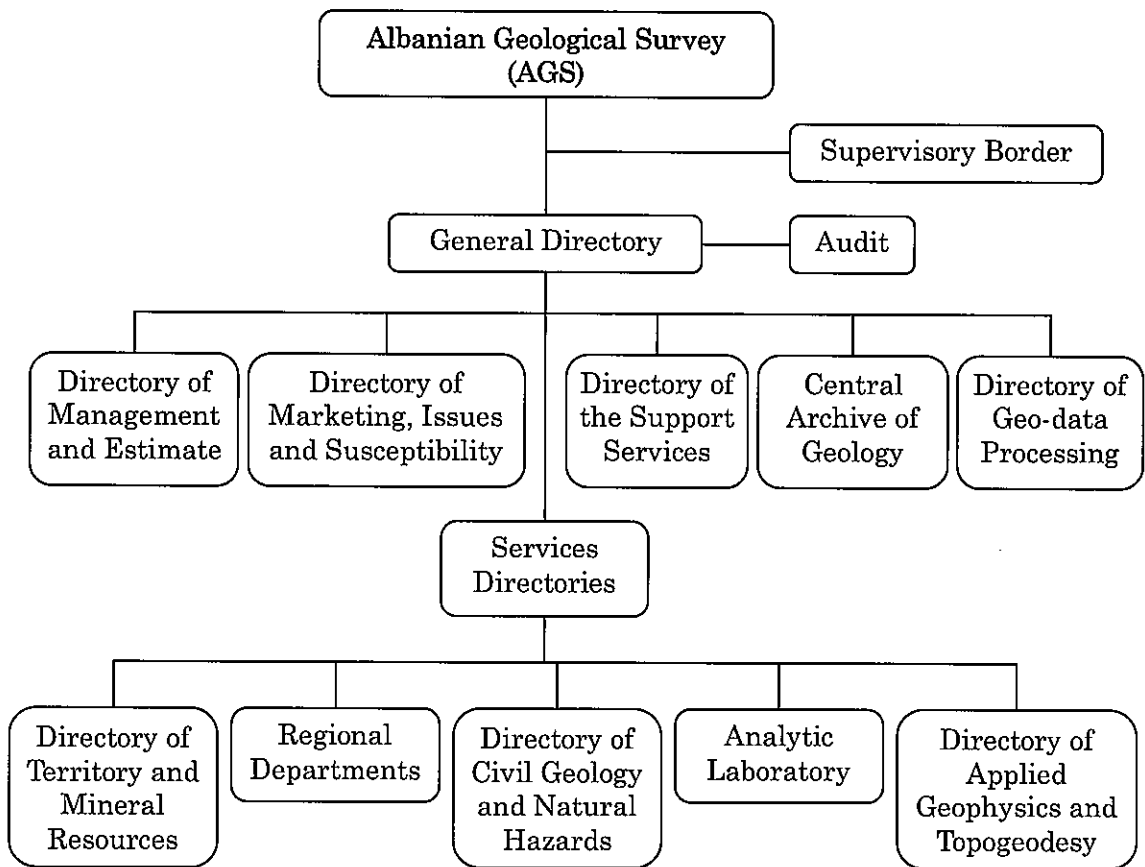
JICA Study Team and Albanian Counterpart



Organization of METE



Organization of AKBN



Organization of Albanian Geological Survey

**MEMORANDUM
ON
THE SECOND SURVEY IN ALBANIA
FOR
THE STUDY FOR
THE MASTER PLAN FOR PROMOTING THE MINING INDUSTRY OF ALBANIA**

In accordance with the Scope of Work for "The Study for the Master Plan for Promoting the Mining Industry of Albania" (hereinafter referred to as "the Study") agreed upon between the Ministry of Economy, Trade and Energy (hereinafter referred to as "METE") and Japan International Cooperation Agency (hereinafter referred to as "JICA") on March 5, 2009, and following the MINUTES OF MEETING of June 15, 2009, JICA dispatched the 2nd Study Team (hereinafter referred to as "the Team") headed by Mr. Yoshiaki Shibata and composed of members from Mitsubishi Materials Techno Corporation and Kokusai Kogyo Co., Ltd. to the Republic of Albania.

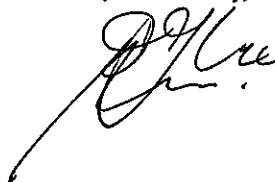
The Steering committee was planned during the stay of the Study team but due to the situation that new assignments of Ministerial staffs were still in progress, the meeting was not called. To confirm and keep mutual understanding on the progress of the Study, both side jointly prepared this Memorandum and exchanged.

Tirana, October 28, 2009

Mr. Minoru FUJITA
For Mr. Yoshiaki SHIBATA
Team Leader
JICA Study Team



Mr. Dritan HYLLI
General Director of Policies
Ministry of Economy, Trade and Energy



1. Working group meeting and Workshop

1.1 The first Working group meeting, September 29, 2009, (from 9:15 to 11:35)

Agenda: Classification of Mineral Resource

Place : Faculty of Geology and Mining , Polytechnic University of Tirana,

Department of Geoinformatics, Applied & Environmental Geology

1.2 The second Working group meeting, October 8, 2009, (from 10:00 – 12:00)

Agenda: The expecting GIS database

Place: METE

1.3 The second Workshop (ANNEX 1)

2. Training in Japan (ANNEX 2)

The Team proposed a plan for the training of counterpart in Japan.

The Albanian side agreed to prepare necessary documentation and submit to the JICA coordinator office of Albania by the end of the November 2009.

3. Future plan of the activity

3.1 The third survey in Albania

The third survey in Albania will be implemented as shown the Inception Report, namely from the middle of January 2010.

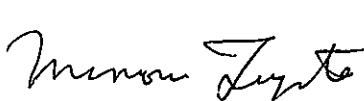
Albanian side requested intensive OJT on GIS and database during the term of the third survey in Albania because, through a series of discussions held in the second survey, the necessity of capacity development of GIS was recognized by both Albanian counterpart and the survey team.

3.2 International conference in Canada (PDAC)

As an activity of the Study, counterparts will attend and open a booth at the PDAC in Toronto, Canada from 7th to 10th of March 2010 by the support of the Study team.

3.3 Seminar in Japan

Although a seminar in Japan has been planned to be held by the end of 2009 in the Inception Reports, it is most recommendable to hold it around July 2010 so that it may provide much more information.



2nd Workshop on the Study for the Master Plan for Promoting the Mining Industry of Albania



Date : 15 October 2009

Place : AKBN (National Agency of Natural Resources) Meeting Room

Time : 10:00 to 13:50

Title	Presenter	Time
1. Opening Address by AKBN	Mr. Taulant MUSABELLIU	10:00 ~ 10:10
2. Opening Address by AGS	Mr. Gjovalin LEKA	10:10 ~ 10:20
3. Outline of the Activity to Date	Mr. Yoshiaki SHIBATA	10:20 ~ 10:40
4. Activity on Policy for Promotion of Mining Sector	Mr. Minoru FUJITA	10:40 ~ 11:10
5. [Topics] World Bank Final Report	Prof. Sokol MATI	11:10 ~ 11:30
6. Activity on Strategy for Development of Specific Minerals	Mr. Masatsugu OKAZAKI	11:30 ~ 12:00
(Coffee Break)		(12:00 ~ 12:20)
7. Activity on GIS Based Database	Mr. Zenichi CHIBA	12:20 ~ 12:40
8. [Technical Topics] Exploration of Cyprus-type Massive Sulphide deposits in the Sultanate of Oman	Mr. Yoshiaki SHIBATA	12:40 ~ 13:10
9. [Technical Topics] JICA Environmental Project Related to Mining in Macedonia	Mr. Mikio KAJIMA	13:10 ~ 13:40
10. Closing Remarks	Prof. Sokol MATI for Mr. Kristo RODI	13:40 ~ 13:50

Training Program in Japan (tentative plan)

Number of participants: 5 persons

Title of training: (1) GIS
(2) Data management on geology and mineral resources

Period of training: 2 weeks in the second half of February, 2010

Place for training: mainly in Tokyo

Attainment target: (1) Upgrading of knowledge of GIS technology
(2) Upgrading of knowledge of Data management on geology and mineral resources

Outline of training:

(1) GIS

- Training at Mitsubishi Materials Techno Corp. and Kokusai Kogyo Co., Ltd.
- Participate the seminar on advanced GIS technology at ESRI Japan Co., Ltd
- Visit GIS section of governmental organizations
 - Japan Oil, Gas and Metals National Corporation (JOGMEC)
 - Geological Survey of Japan (GSJ)
 - Geographical Survey Institute (GSI)

(2) Data management

- Visit governmental organizations related to Mining, Geology, Environment, etc.
 - Japan Oil, Gas and Metals National Corporation (JOGMEC)
 - Geological Survey of Japan (GSJ)
 - Geographical Survey Institute (GSI)
 - Tokyo University
 - Earth Remote Sensing Data Analysis Center (ERSDAC)
- Visit waste water treatment facilities of old mine.
- Visit copper smelting plant

Proposed idea:

For (1) GIS, 1 person each from METE and AGS

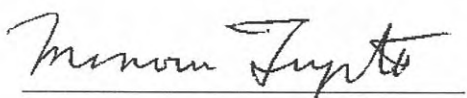
For (2) Data management, 1 person each from METE, AKBN and AGS

MEMORANDUM
ON
THE THIRD SURVEY IN ALBANIA
FOR
THE STUDY FOR
THE MASTER PLAN FOR PROMOTING THE MINING INDUSTRY OF ALBANIA

In accordance with the Scope of Work for “The Study for the Master Plan for Promoting the Mining Industry of Albania” (hereinafter referred to as “the Study”) agreed upon between the Ministry of Economy, Trade and Energy (hereinafter referred to as “METE”) and Japan International Cooperation Agency (hereinafter referred to as “JICA”) on March 5, 2009, and following the MINUTES OF MEETING of June 15, 2009, JICA dispatched the 3rd Study Team (hereinafter referred to as “the Team”) headed by Mr. Yoshiaki Shibata and composed of members from Mitsubishi Materials Techno Corporation and Kokusai Kogyo Co., LTD. to the Republic of Albania.

In stead of calling the Steering committee meeting, due to the limitation of time and without any urgent requirement for the agenda of the meeting, both side jointly prepared this Memorandum and exchanged to confirm and keep mutual understanding on the progress of the Survey.

Tirana, February 18, 2010



Mr. Minoru FUJITA
For Mr. Yoshiaki SHIBATA
Team Leader
JICA Study Team



Mr. Dritan HYLLI
General Director of Policies
Ministry of Economy, Trade and Energy

1. Training Course, Working group meeting and Workshop
 - 1.1 Training Course (ANNEX 1)
 - 1.2 Working group meetings (ANNEX 1)
 - 1.3 The third Workshop (ANNEX 2)

2. Training in Japan (ANNEX 3-1 and 3-2)
 - 2.1 Mr. Edmond GOSKOLLI and Mr. Gjobalin LEKAJ from 12 to 27 February for Schedule 1
 - 2.2 Mr. Albert AVXHI and Mr. Ramis BALLA from 12 to 27 February for Schedule 2

3. International conference in Canada (PDAC)

As an activity of the Study, Mr. Dritan HYLLI and Prof. Sokol MATI will attend and open a booth at the PDAC in Toronto, Canada from 7th to 10th of March 2010 by the support of the Study team.

4. Interim Report

A draft of the Interim Report of the Study will be proposed at the earliest convenience upon approval from JICA for mutual consultation so that the preparation work of next report (a draft report) may proceed smoothly.

5. The 4th survey in Albania

The 4th survey in Albania will be implemented as shown the Inception Report, namely from June 2010.

6. Seminar in Japan

(As confirmed in the previous (2nd) survey)

Although a seminar in Japan has been planned to be held by the end of 2009 in the Inception Reports, it is most recommendable to hold it around July 2010 so that it may provide much more information.

Action Program for improvement of conditions of mining sector

1st WG Meeting

February 11 (Thursday) 14:00 – 15:00 at AKBN

Agenda

1. Implementation of development on institutional, organizational and legal aspects in the mining sector

GIS and Database

Training Course on GIS

5 days from 20 January (Wednesday) to 26 January (Tuesday)

9:00 – 12:00 AKBN Meeting Hall

2nd WG Meeting

29 January (Friday) 11:00-12:30. at AKBN

Agenda:

1. Outline of the Study
2. Purpose of the preparation of the GIS database

Action Plan for Environmental Management on the Mining Aspect

1st WG Meeting

19 January (Tuesday) 10:00-12:30 at METE Meeting Room

Agenda:

1. Organization of Working Group of the Action Plan for Mine Pollution
2. Issues on Environmental and Social Consideration for Sustainable Mining Development

2nd WG Meeting

27 January (Wednesday), 10:00-12:30 at METE Meeting Room

Agenda:

1. Formulating the Action Plan on Mine Pollution

3rd WG Meeting

2 February (Tuesday) 10:00 – 12:30 at METE Meeting Room

Agenda:

1. Formulating the Action Plan on Mine Pollution
2. REACH

Strategy of Specific Mineral Development

2nd WG Meeting

January 20 (Wednesday) 13:00 – 14:40 at AKBN Hall

Agenda:

1. Supply & demand of copper in the World
2. A study case of development of mine
“Survey and development of the Tizapa Mine, Mexico” (DVD)

3rd WG Meeting

January 27 (Wednesday) 13:00 – 14:40 at AKBN Meeting Hall

Agenda:

1. Supply & demand of Chromites in the World
2. Present situation in Albania and some opinions for the future of Cr industry in Albania
3. A study case – mining Industry in Japan (DVD)

4th WG Meeting

February 2 (Tuesday) 13 : 00 – 14 : 40 Meeting Hall of AKBN

Agenda:

1. World and Albanian Copper deposits
--- Clarifying the future of Copper industry in Albania (2)
2. A study case – mining industry in Japan (DVD)
Mineral Processing of Complex Sulfide Ore

5th WG Meeting

February 11 (Thursday) 12:30 – 14:00 at AGS Annex Office

Agenda:

1. Puka-Mirdita VMS vs Kuroko
2. A study case – mining industry in Japan (DVD)
Exploration for the Kuroko Deposit,

3rd Workshop on the Study for the Master Plan for Promoting the Mining Industry of Albania



Date : 8 February (Monday) , 2010

Time : 09:00 - 14:00

Place : Onufri Room, Tirana International Hotel

Title	Presenter	Time (include 5 minutes for Q&A)
1. Opening Address	Mr. Dritan HYLLI, General Director, METE	09:00 ~ 09:10
2. Outline of the Activity to Date	Mr. Yoshiaki SHIBATA, Leader, JICA Study team	09:10 ~ 09:25
3. Action Program and Master Plan of the Study	Mr. Minoru FUJITA, JICA Study Team	09:25 ~ 9:50
4. New Mining Law and Mining Policy	Prof. Sokol MATI, Director, METE	9:50 ~ 10:15
5. Strategy for Development of Specific Minerals (1)	Mr. Masatsugu OKAZAKI, JICA Study Team	10:15 ~ 10:40
6. AKBN's Mission for Minerals Resources Development	Mr. Lame STOJA, Director, AKBN	10:40 ~ 11:00

(Coffee Break 11:00 ~ 11:20)

7. Strategy for Development of Specific Minerals (2) 11:20~ 11:40
Mr. Ken NAKAYAMA, JICA Study Team
8. AKBN's Mission for Minerals Resources Development 11:40 ~ 12:10
Mr. Edmond GOSKOLLI, Director, AKBN
9. Short Description of Activity of AGS for Mineral Exploration 12:10 ~ 12:30
Mr. Gjovalin LEKAJ, Director, AGS
10. Action Program on Environment 12:30 ~ 12:50
Mr. Zef LLESHI, Specialist on Environment,
METE
11. Action Program for GIS Based Database 12:50 ~ 13:10
Mr. Zenichi CHIBA, JICA Study Team
12. Local community and Mining, Albanian case 13:10 ~ 13:30
Prof. Sokol MATI, Director, METE
13. Discussions 13:30 ~ 13:50
14. Closing Remarks 13:50 ~ 14:00
Dr. Adil NEZIRAJ, Director General, AGS

(Buffet lunch at the lobby, 1st floor)

ANNEX3-1

Schedule for Mr. Edmond GOSKOLLI and Mr. Gjovalin LEKAJ

date	time		venue	accommodation
Fri 12-Feb		Departure (Leaving for Rome), Visit Japanese Embassy		
Sat 13-Feb		holiday		
Sun 14-Feb		Departure (Leaving for Japan)		
Mon 15-Feb	9:40-14:50	Arrival at Japan		
Tue 16-Feb	9:40-14:50	Briefing	Briefing room, JICA Tokyo	JICA Tokyo (03)3485-7051
	15:00-16:00	Program Orientation		
Wed 17-Feb	10:00-12:00	Introduction of JOGMEC, activity etc.	Japan Oil, Gas, and Metals National Corporation	
	13:00-16:00	Data base system for mineral resources and field data		
Thu 18-Feb	9:00-14:00	Move to Ikuno Old Mine site	Ikuno Old Mine	Asago city
	14:00-17:00	Site visit of old mine and waste water treatment facility		
Fri 19-Feb	9:00-11:30	Move to Naoshima Island		Okayama City
	13:00-16:30	Visit to Mitsubishi Material Naoshima Smelting Plant	Mitsubishi Material Naoshima Smelting Plant	
	16:30-18:30	Move back to Okayama		
Sat 20-Feb	9:00-11:00	Move to Kyoto		JICA Tokyo
	11:00-16:00	Stop in Kyoto		
	16:00-18:00	Move back to Tokyo		
Sun 21-Feb		holiday		
Mon 22-Feb	10:00-11:00	Discussion on the MP study	Mitsubishi Material Techno Corp.	
	11:00-12:00	Visit to Albanian Embassy in Tokyo	Albanian Embassy	
	13:30-16:00	Discussion on the MP study	Mitsubishi Material Techno Corp.	
Tue 23-Feb	10:00-12:00	Introduction of Geological Survey of Japan	The National Institute of Advanced Science & Technology (AIST)	
	13:30-16:00	Introduction of mapping activity and data base management	(Geological Survey of Japan)	
Wed 24-Feb	10:00-12:00	Geological Museum	(Geological Survey of Japan)	
	13:30-16:00	Introduction of National Geographic Institute	National Geographic Institute	
Thu 25-Feb	10:00-12:00	Discussion on data management and GIS for the study		
	13:00-16:30	Summary session	Mitsubishi Material Techno Corp.	
Fri 26-Feb	10:30-11:00	Courtesy visit, Discussion on the project	JICA Economic Development Dep.	
	11:00-11:30	Evaluation meeting		
Sat 27-Feb		Departure (Leaving for Albania)		

ANNEX3-2

Schedule for Mr. Albert AVXHI and Mr. Ramis BALLA

date	time		venue	accommodation
Fri 12-Feb		Departure (Leaving for Rome), Visit Japanese Embassy		
Sat 13-Feb		holiday		
Sun 14-Feb		Departure (Leaving for Japan)		
Mon 15-Feb	9:40-14:50	Arrival at Japan		
Tue 16-Feb	9:40-14:50 15:00-16:00	Briefing Program Orientation	Briefing room, JICA Tokyo	JICA Tokyo (03)3485-7051
Wed 17-Feb	10:00-12:00 13:00-16:00	Introduction of JOGMEC, activity etc. Data base system for mineral resources and field data	Japan Oil, Gas, and Metals National Corporation	
Thu 18-Feb	10:00-12:00 13:00-16:00	Remote sensing/ GIS activities by Kokusai Kogyo Co., Ltd. Application of GIS technology	Kokusai Kogyo Co., Ltd.	
Fri 19-Feb	10:00-12:00 13:00-16:00	Introduction of ERSDAC, data processing system Application of GIS technology	Earth Remote Sensing Data Analysis Center Mitsubishi Material Techno Corp.	
Sat 20-Feb		holiday		
Sun 21-Feb		holiday		
Mon 22-Feb	10:00-11:00 11:00-12:00 13:30-16:00	Discussion on the MP study Visit to Albanian Embassy in Tokyo Discussion on the MP study	Mitsubishi Material Techno Corp. Albanian Embassy Mitsubishi Material Techno Corp.	
Tue 23-Feb	10:00-12:00 13:30-16:00	Introduction of Geological Survey of Japan Introduction of mapping activity and data base management	The National Institute of Advanced Science & Technology (AIST) (Geological Survey of Japan)	
Wed 24-Feb	10:00-12:00 13:30-16:00	Geological Museum Introduction of National Geographic Institute	(Geological Survey of Japan) National Geographic Institute	
Thu 25-Feb	10:00-12:00 13:00-16:30	Discussion on data management and GIS Summary session	Mitsubishi Material Techno Corp.	
Fri 26-Feb	10:30-11:00 11:00-11:30	Courtesy visit, Discussion on the project Evaluation meeting	JICA Economic Development Dep.	
Sat 27-Feb		Departure (Leaving for Albania)		

REPUBLIKA E SHQIPERISE MINISTRIA E EKONOMISE,
TREGTISE DHE ENERGETIKES DREJTORIA E
PERGJITHSHME E POLITIKAVE DREJTORIAE POLITIKAVE
INDUSTRIALE

Nr. _____ Prot.

Tirane, me ____ / ____ / 2010

U R D H E R

Nr. Er_ Date/ Z / 2010 PER

**NGRITJEN E KOMITETIT DREJTUES PER NDJEKJEN E ZBATIMIT TE STUDIMIT PER
"MASTERPLANIN PER NXITJEN E INDUSTRISE MINERARE TE
SHQIPERISE"**

Ne mbeshtetje te nenit 102, pika 4 te Kushtetutes se Republikes se Shqiperise dhe ne zbatim te marreveshjes midis Ministrise se Ekonomise, Tregtise dhe Energjetikes dhe Agjencise Japoneze te Bashkepunimit Nderkombetar - JICA, per kryerjen e nje studimi per "Masterplanin e nxitjes se industrise' minerare te Shqiperise", me propozim te Drejtorise se Pergjithshme te Politikave,

URDHEROJ:

6. Ngritjen e Komitetit Drejtues te perbere nga:
- | | |
|-----------------------|-----------------|
| 5. DritanHylli | Kryetar (METE) |
| 6. SokolMati | Anetar (METE) |
| 7. AdilNeziraj | Anetar (SHGJSH) |
| 8. Taulant Musabelliu | Anetar (AKBN) |

per ndjekjen e zbatimit te studimit per "Masterplanin e nxitjes se industrise minerare te Shqiperise" ne bashkepunim me grupin e eksperteve te JICA.

7. Komiteti Drejtues do te kete keto detyra kryesore:
- Te organizoje punen per sigurimin e informacionit te nevojshem per realizimin e studimit nga SHGJSH, AKBN dhe institucione te tjera ne vend.
 - Te ndjeke zbatimin e studimit ne te gjitha fazat dhe te diskutoje dhe marre vendime per ceshtje te rendesishme qe lidhen me realizimin e tij.
8. Kryetari i Komitetit Drejtues therret mbledhjen e Komitetit Drejtues nje here ne dy muaj dhe sa here e shikon te nevojshme, ne pranine e grupit te eksperteve te JICA.
9. Per ndjekjen dhe zbatimin e ketij urdhri ngarkohet Drejtoria e Pergjithshme e Politikave.
10. Urdhri i Ministrit nr.524 date 10.06.2009 shfuqizohet.

STR/

REPUBLIKA E
SHQIPERISE MINISTRIA
EKONOMISE, TREGTISE
DHE ENERGETIKES
DREJTORIA E
PERGJITHSHME E POLITIKAVE DREJTORIA E POLITIKAVE
INDUSTRIALE

MINI
E
DRITANPRIFR

U R D H E R

Nr. *_ Date <j / i / 2010

PER**NGRITJEN E GRUPIT TE PUNES PER KRYERJEN E STUDIMIT PER "MASTERPLANIN
PER NXITJEN E INDUSTRISE MINERARE TE SHQIPERISE"**

Ne mbeshtetje te nenit 102, pika 4 te Kushtetutes se Republikes se Shqiperise dhe ne zbatim te marreveshjes midis Ministrise se Ekonomise, Tregtise dhe Energjetikes dhe Agjencise Japoneze te Bashkepunimit Nderkombetar - JICA, per kryerjen e nje studimi per "Masterplanin e nxitjes se industrise minerare te Shqiperise", me propozim te Drejtorise se Pergjithshme te Politikave,

URDHEROJ:

6. Ngritjen e Grupit te Punes te perbere nga:

25	Dritan Hylli	Kryetar (METE)
.		
26	Sokol Mati	Anetar (METE)
.		
27	Zef Lleshi	Anetare (METE)
.		
28	Ramiz Balla	Anetar (METE)
.		
29	Luljeta Kraja	Anetar (METE)
.		
30	Adil Neziraj	Anetar (SHGJSH)
.		
31	Lavdie Moisiu	Anetar (SHGJSH)
.		
32	Musli Dardha	Anetar (SHGJSH)
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33	Gjovalin Leka	Anetar (SHGJSH)
.		
34	Edlira Plaku	Anetar (SHGJSH)
.		
35	Enkelejda Grazhdani	Anetar (SHGJSH)
.		
36	Albert Avxhi	Anetar (SHGJSH)
.		
37	Lavdie Moisiu	Anetar (SHGJSH)
.		
38	Taulant Musabelliu	Anetar (AKBN)
.		
39	Edmond Goskolli	Anetar (AKBN)
.		
40	Kleves Janku	Anetar (AKBN)
.		
41	Adhurim Caushi	Anetar (AKBN)
.		

42	Ismail Mema	Anetar (AKBN)
43	Gole Vasha	Anetar (AKBN)
44	Haki Disha	Anetar (AKBN)
45.	Lame Stoja	Anetar (AKBN)
46.	Bardhyl Shushku	Anetar (AKBN)
47.	David Naco	Anetar (AKBN)
48.	Ardit Islami	Anetar (AKBN)

per kryerjen e studimit per "Masterplanin e nxitjes se industrise minerare te Shqiperise" ne bashkepunim me grupin e eksperteve te JICA.

7. Studimi do te permbaje keto komponente kryesore:
 - a. Strategjite e zhvillimit minerar per minerale specifike, si kromi, nikeli, bakri etj.
 - b. Planin e veprimit mbi nje sere ceshtjesh ne industrine minerare, si kuadri ligjor, ristrukturimi institucional, nxitja e investimeve, mbrojtja e mjedisit, etj.
 - c. Dizenjimi i database-it te bazuar ne GIS mbi vendburimet minerale.
8. Realizimi i ketij studimi do te perfundoje ne Tetor 2010.
9. Per ndjekjen dhe zbatimin e ketij urdhri ngarkohet Drejtoria e Pergjithshme e Politikave.
10. Urdhri i Ministrit nr.523 date 10.06.2009 shfuqizohet.



MINISTRI

DRIPTAN PRIFTI

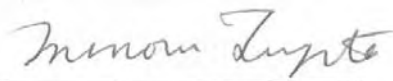
Appendix 4 : Memorandum of 5th Study in Albania

MEMORANDUM
ON
THE FIFTH SURVEY IN ALBANIA
FOR
THE STUDY FOR
THE MASTER PLAN FOR PROMOTING THE MINING INDUSTRY OF ALBANIA

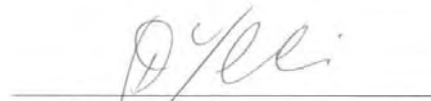
In accordance with the Scope of Work for “The Study for the Master Plan for Promoting the Mining Industry of Albania” (hereinafter referred to as “the Study”) agreed upon between the Ministry of Economy, Trade and Energy (hereinafter referred to as “METE”) and Japan International Cooperation Agency (hereinafter referred to as “JICA”) on March 5, 2009, and following the MINUTES OF MEETING of June 15, 2009, JICA dispatched the 5th Study Team (hereinafter referred to as “the Team”) headed by Mr. Yoshiaki Shibata and composed of members from Mitsubishi Materials Techno Corporation and Kokusai Kogyo Co., LTD. to the Republic of Albania.

In stead of calling the Steering committee meeting, due to the limitation of time and without any urgent requirement for the agenda of the meeting, both side jointly prepared this Memorandum and exchanged to confirm and keep mutual understanding on the progress of the Survey.

Tirana, July 16, 2010



Mr. Minoru FUJITA
For Mr. Yoshiaki SHIBATA
Team Leader,
JICA Study Team



Mr. Dritan HYLLI
General Director,
General Directorate of Natural Resources
Development Policies,
Ministry of Economy, Trade and Energy

1. Interim Report and draft of Draft Final Report

Ten (10) copies of the Interim Report were submitted to Albanian counterpart through METE at the beginning of the 5th Study.

A draft of the Draft Final Report of the Study will be proposed at the earliest convenience upon approval from JICA for mutual consultation so that the preparation work of Final Report may proceed smoothly.

2. Working group meeting and Workshop held in this survey term;

1.1 Working group meetings (ANNEX 1)

1.2 The 4th Workshop (ANNEX 2)

3. Seminar in Japan

An investment promotion seminar in Japan is planned on 28th (Tuesday) September 2010. METE assigned two officials, namely, Mr. Dritan HYLLI, General Director, General Directorate of Natural Resources Development Policies and Prof. Sokol MATI, Director of Mining Industry to attend the seminar and deliver presentations. Travel procedure is cleared in cooperation with JICA Albanian coordinator office.

4. Training in Japan

METE and JICA Study team shared an opinion that the need of training on GIS-Database which is an essential component for developing mining sector. As the necessity of capacity development of staffs in charge of GIS-Database is quite urgent, METE requested four (4) trainees from AKBIN and AGS.

The survey team is proposing the term for the training from 10th September to 1st October 2010. JICA does not yet finalize any matter relating to the training as budget arrangement is under progress. .

5. The 6th survey in Albania

The 6th (and the last) survey in Albania will be implemented as shown in ANNEX 3.

The 5th workshop is proposed to be held on 15 (Friday) October 2010.

(Note: Mr. CHIBA will stay from 23 September to 4 October independently but still as a member of the JICA Study team)

Study for the Master Plan for Promoting the Mining Industry of Albania

Working Group on Institutional, Organisational and Legal Issues

1st Working Group Meeting

Date: 10 June 2010 (14.00 to 15.30) Location: METE

Agenda

1. Reminder of the aims and context of the Working Group.
2. Introduction to the draft Action Programme on Institutional, Organisational and Legal Issues.
3. Initial discussion on priority components of the draft Action Programme.
4. Date of next Working Group meeting (which will aim to receive more detailed comments and feedback from the Working Group members).
5. Planning of the Workshop (21 June 2010).
6. Any other business

Handouts

1. Introduction presentation, 2. Document on Aims of Working Group (distributed before meeting), 3. Chapter 8 – Draft Action Programme (distributed before meeting)
4. Chapter 3 – Background on key issues, 5. Draft agenda for Workshop (21 June 2010)

2nd Working Group Meeting

Date: 16 June 2010 (14.00 to 15.30) Location: METE

Agenda

1. Reminder of discussion points from first Working Group meeting.
2. List of key issues to be discussed at this meeting, including:
 - mechanism for strategy implementation (e.g. possible use of a Task Force).
 - amendment to the title and content of the component on “privatisation”.
 - more discussion on roles and responsibilities.
 - potential legislation on defining roles for monitoring and enforcement.
 - requirements for guidelines. etc
3. Further discussion on key issues of the draft Action Programme.
4. Initial discussion on draft table of year 1 actions.
5. Further planning of the Workshop (21 June 2010).
6. Date of next Working Group meeting (if needed).
7. Any other business

Handouts

Notes of first meeting of Working Group., Draft table of year 1 actions, Options analysis for implementation, Final draft agenda for Workshop.

3rd Working Group Meeting

Date: 24 June 2010 (10.00 to 11.30) Location: METE Meeting Room

Agenda

Review of Strategy/Master Plan so far established

Others

Handouts

Review sheets (5 Objectives set out in the “Business and Investment Development Strategy (2007 – 2013)”: BIDS)

Study for the Master Plan for Promoting the Mining Industry of Albania

The 4th Workshop – Presentation of the Draft Master Plan

Aim of the Workshop : to present and discuss the first draft Master Plan for the Mining Sector

Date and time: June 21, 2010 (Monday) 9:10 – 13:00

Place: AKBN Conference Room

Agenda:

- | | |
|---------------|---|
| (cancelled) | Introduction – Senior representative of METE |
| 9.10 – 9.20 | Aims of workshop and Overview of Project Progress – Mr Y SHIBATA |
| (cancelled) | Update on institutional and legal framework related to mining
– Professor Sokol MATI (<i>update on new Mining Law, update on restructuring in METE, etc</i>) |
| 9.20 – 9.35 | Presentation on draft Action Programme for Institutional, Organisational and Legal Framework – Mr M WENBORN |
| 9.35 – 10.10 | Discussion (on Institutional and Legal actions) |
| 10.10 – 10.25 | Presentation on Action Programme for Mining Activities
– Mr M OKAZAKI |
| 10.25 – 10.50 | Discussion (on Mining Activities actions) |
| 10.50 – 11.10 | Coffee Break |
| 11.10 – 11.25 | Presentation on Action Programme for GIS – Mr Z CHIBA |
| 11.25 – 11.55 | Discussion (on GIS actions) |
| (cancelled) | Presentation on Key Environmental Issues – MoEFWA |
| 11.55 – 12.10 | (Additional) Presentation on Master Plan – Mr M.FUJITA |
| 12.10 – 12.25 | Discussion (on Master Plan) |
| 12.25 – 13.00 | Discussion (general discussion on Master Plan) and
Summary of discussions – Mr Y SHIBATA |
| (cancelled) | Closing remarks– Senior representative of METE |

The 6th survey in Albania

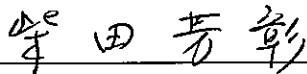
2010		Members of the Study Team									Meeting	
		Y. Shibata	M. Fujita	M. Okazaki	M. Wenbom	Ms. A. Ozawa	Z. Chiba	K. Nakayama	H. Hyodo	M. Kajma		N. Nemolo
September	19	Sun										
	20	Mon										
	21	Tue										
	22	Wed						Ar. Tirana				
	23	Thu										
	24	Fri										
	25	Sat										
	26	Sun										
	27	Mon										
	28	Tue										
October	29	Wed										
	30	Thu										
	1	Fri										
	2	Sat										
	3	Sun										
	4	Mon										
	5	Tue						Lv. Tirana				
	6	Wed										
	7	Thu		Ar. Tirana	Ar. Tirana	Ar. Tirana	Ar. Tirana					
	8	Fri	Ar. Tirana									
	9	Sat										
	10	Sun										
	11	Mon										
	12	Tue										
	13	Wed										
	14	Thu										
	15	Fri										5 th Workshop
	16	Sat										
	17	Sun										
	18	Mon										
	19	Tue	Lv. Tirana									
20	Wed		Lv. Tirana	Lv. Tirana	Lv. Tirana	Lv. Tirana						
21	Thu		Ar. Japan	Ar. Japan		Ar. Japan						
22	Fri											
23	Sat											
24	Sun											
25	Mon											
26	Tue											
27	Wed											
28	Thu											
29	Fri											
30	Sat											
31	Sun											

**MEMORANDUM
ON
THE SIXTH SURVEY IN ALBANIA
FOR
THE STUDY FOR
THE MASTER PLAN FOR PROMOTING THE MINING INDUSTRY OF ALBANIA**

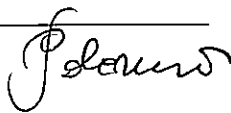
In accordance with the Scope of Work for “The Study for the Master Plan for Promoting the Mining Industry of Albania” (hereinafter referred to as “the Study”) agreed upon between the Ministry of Economy, Trade and Energy (hereinafter referred to as “METE”) and Japan International Cooperation Agency (hereinafter referred to as “JICA”) on March 5, 2009, and following the MINUTES OF MEETING of June 15, 2009, JICA dispatched the 6th Study Team (hereinafter referred to as “the Team”) headed by Mr. Yoshiaki SHIBATA and composed of members from Mitsubishi Materials Techno Corporation and Kokusai Kogyo Co., LTD. to the Republic of Albania.

In stead of calling the Steering committee meeting, due to the limitation of time and without any urgent requirement for the agenda of the meeting, both side jointly prepared this Memorandum and exchanged to confirm and keep mutual understanding on the progress of the Survey.

Tirana, October , 2010



Mr. Yoshiaki SHIBATA
Team Leader,
JICA Study Team


Mr. Pjeter DEMA
General Director,
General Directorate of Natural Resources
Development Policies,
Ministry of Economy, Trade and Energy

1. Draft Final Report and preparation of Final Report

Ten (10) copies of the Draft Final Report and its Summary were submitted to Albanian counterpart through METE at the beginning of the 6th Study.

A draft of the Final Report of the Study will be proposed at the earliest convenience upon approval from JICA for mutual consultation so that the Final Report may be completed by the end of November 2010.

2. Working group meetings, Workshop and Discussion with JICA country office held in this survey term;

2.1 Working group meetings (ANNEX 1)

2.2 Discussion with JICA country office (ANNEX 1)

2.3 The 5th Workshop (ANNEX 2)

3. Seminar in Japan

An investment promotion seminar in Japan was held is planned on 28th (Tuesday) September 2010. METE assigned two officials and the team invited those two and travel procedure was cleared in cooperation with JICA Albanian coordinator office.

The ambassador of Albania to Japan and Prof. Sokol MATI, Director of Mining Industry, General Directorate of Natural Resources Development Policies delivered presentations at the Seminar.

4. Training in Japan

METE and JICA Study team shared an opinion that the need of training on GIS-Database which is an essential component for developing mining sector. As the necessity of capacity development of staffs in charge of GIS-Database is quite urgent, METE requested four (4) trainees from AKBIN and AGS.

The survey team had been proposing the term for the training from 10th September to 1st October 2010. JICA could not allocate necessary budget for this training due to the limitation of total budget. .

5. The 6th survey in Albania

The 6th (and the last) survey in Albania was implemented as shown in ANNEX 3.

Mr. CHIBA stayed from 23 September to 4 October independently but as a member of the 6th JICA Study Team.

Study for the Master Plan for Promoting the Mining Industry of Albania

Working group meetings, Workshop and Discussion with JICA country office

1st Working Group Meeting

Date: 13 October 2010 (12:00 to 14.30) Location: METE

Agenda

1. Agenda of the 5th Workshop
2. Exchange opinion on the Draft Final Report
3. Date of next Working Group meeting (which will aim to receive more detailed comments and feedback from the 5th Working Shop).

Handouts

Copy of the Draft Final Report and its summary edition1

2nd Working Group Meeting

Date: 18 October 2010 (12:00 to 14.30) Location: METE

Agenda

1. Exchange opinion on the result of the 5th Workshop
2. Brief summary of the achievement of the study of the Mater Plan
3. Draft of the Final Report

Handouts

Draft of the Brief summary

Discussion with JICA country office

Date: 15 October 2010 (14:00 to 15.00) Location: METE

- Albanian counterpart expressed appreciation for the support of JICA and for the dedication of the Study team for the successful achievement of the Survey.
- Albanian side also expressed that the outcome of the Study is surely to be integrated into the mining policy and strategy which is under progress by METE and the government of Albania.
- Technical Coordinator in Albania, Project Formulation Advisor (from JICA Macedonia) and Albanian counterpart exchanged opinion on the further cooperation which strongly enhances the results of the Study.

Study for the Master Plan for Promoting the Mining Industry of Albania

5th Workshop - Presentation of the Master Plan



Aim of the Workshop : Presentation and discussion to finalize the Study for the Master Plan for Promoting the Mining Industry in Albania

Date and time: October 15, 2010 (Friday) 10:00-14:00

Place: METE Conference Room

Agenda:

- | | |
|-------------|--|
| 10:00-10:10 | Opening remarks - Representative of Albania – METE - Mr. Neritan ALIBALI, Deputy Minister |
| 10:10-10:20 | Opening remarks - Representative of Japan – JICA - Ms. Kanako TERUI, JICA Macedonia Office |
| 10:20-10:30 | The overview of the study and the aims of the workshop – JICA - Mr. Yoshiaki SHIBATA |
| 10:30-11:00 | The implementation of the mining policy and the Master Plan – METE - Prof. Sokol MATI |
| 11:00-11:30 | Perspective of future development of specific mineral resources – AKBN - Mr. Edmond GOSKOLLI |
| 11:30-12:00 | The contribution of AGS to the mineral resources development – AGS - Mr. Gjovalin LEKA |
| 12:00-12:20 | Coffee Break |
| 12:20-12:50 | Environmental mitigation measure and rehabilitation for sustainable mining development – METE - Mr. Zef LLESHI |
| 12:50-13:20 | GIS-database to enhance natural resources management – AGS - Mr. Albert AVXHIU, METE - Mr. Ramiz BALLA |
| 13:20-13:50 | Discussion |
| 13:50-14:00 | Closing remarks - Representative of METE – Prof. Sokol MATI |

The 6th survey in Albania

2010		Members of the Study Team									Meeting	
		Y. Shibata	M. Fujita	M. Okazaki	M. Wenbom	Ms. A. Ozawa	Z. Chiba	K. Nakayama	H. Hyodo	M. Kajima	N. Nemoto	
September	19	Sun										
	20	Mon										
	21	Tue										
	22	Wed					Ar. Tirana					
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	4	Mon										
	5	Tue					Lv. Tirana					
	6	Wed										
	7	Thu		Ar. Tirana	Ar. Tirana	Ar. Tirana	Ar. Tirana					
	8	Fri	Ar. Tirana									
	9	Sat										
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	12	Tue										
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	14	Thu										
	15	Fri										5 th Workshop
	16	Sat										
	17	Sun										
	18	Mon										
	19	Tue	Lv. Tirana									
	20	Wed		Lv. Tirana	Lv. Tirana	Lv. Tirana	Lv. Tirana					
	21	Thu		Ar. Japan	Ar. Japan		Ar. Japan					
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Appendix 6 : Organization Diagram of Mining Related Organizations in Albania

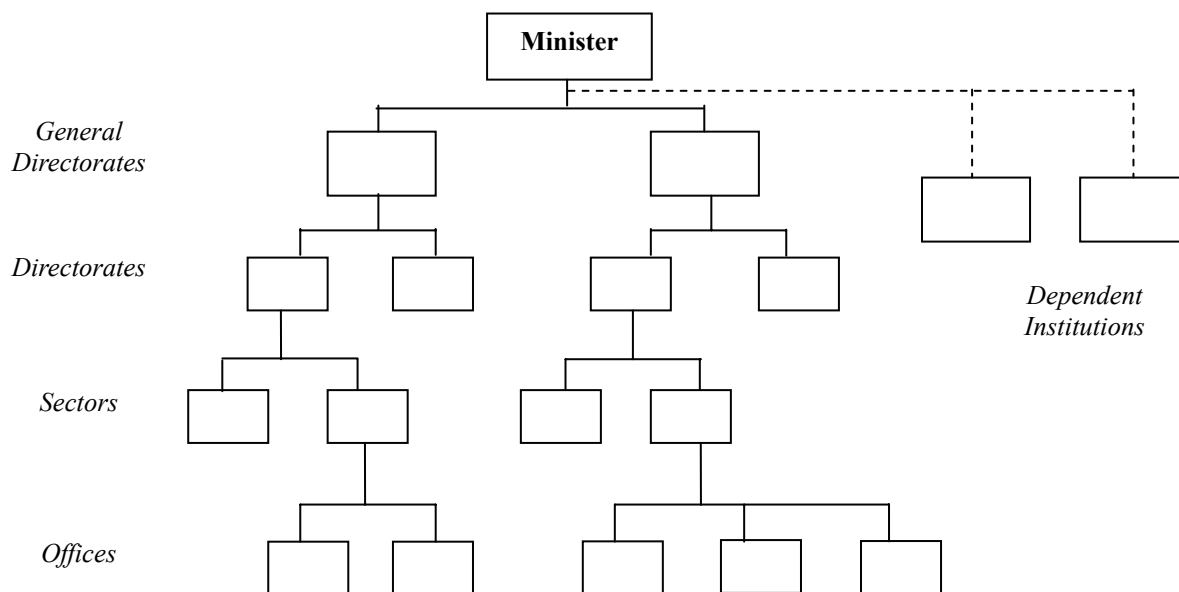


Figure 1 Typical general structure of a Ministry in Albania

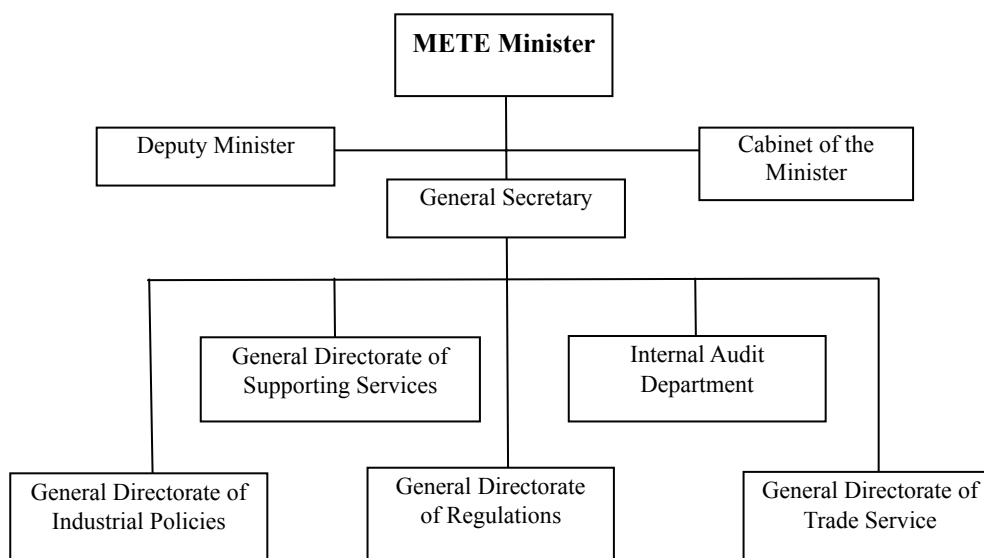


Figure 2A Organizational structure of Ministry of Economy, Trade and Energy (METE)
Before restructure of July 2010

Source: METE web site: <http://www.mete.gov.al/news.php?idm=496&l=e>

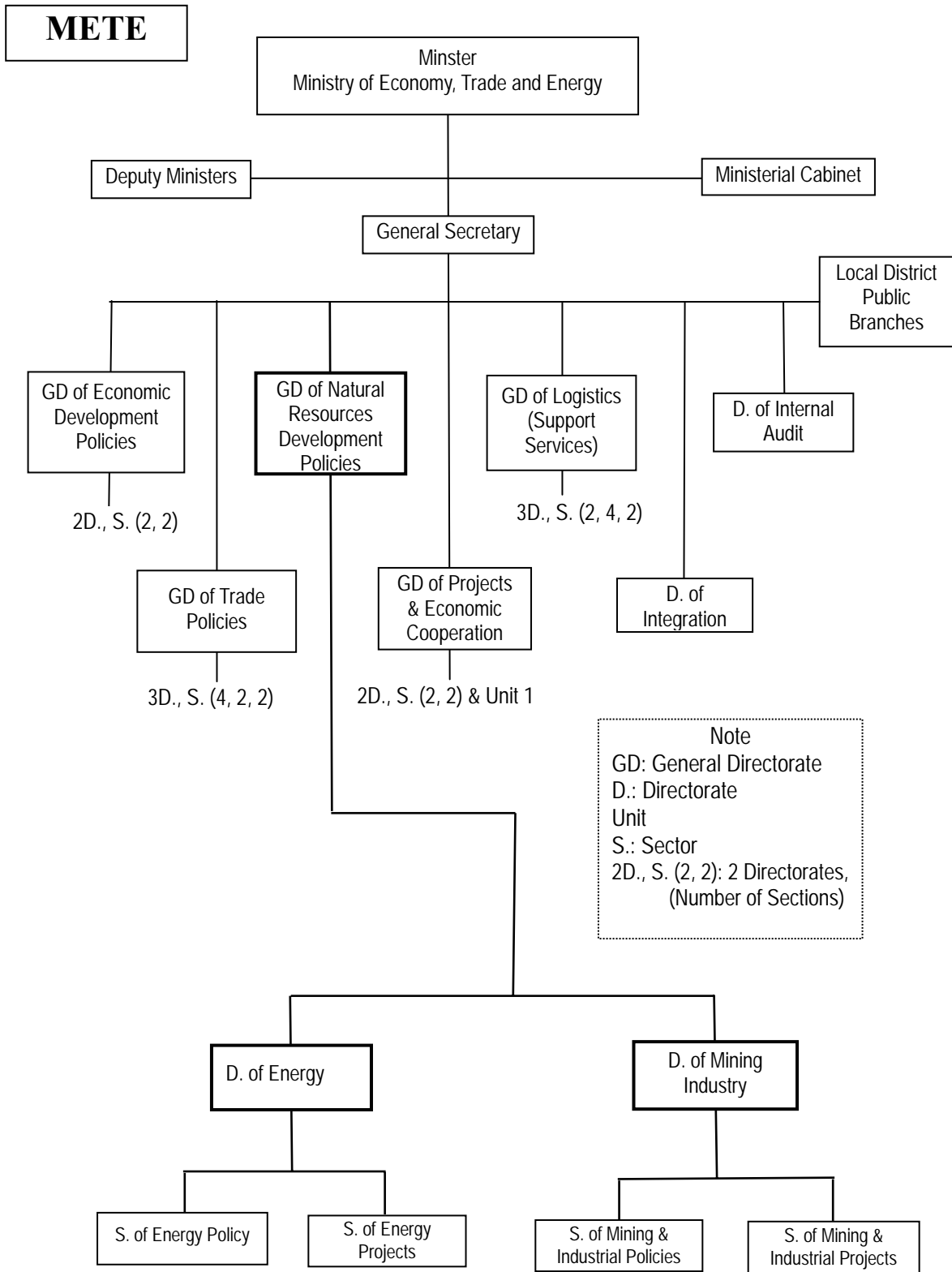


Figure 2B
Organisation Structure of the Ministry of Economy, Trade and Energy (METE)
 (Reorganized in July 2010)

<http://www.mete.gov.al/drejtori.php?idr=144&l=a&iddrejt=2>

National Agency of Natural Resources (AKBN)

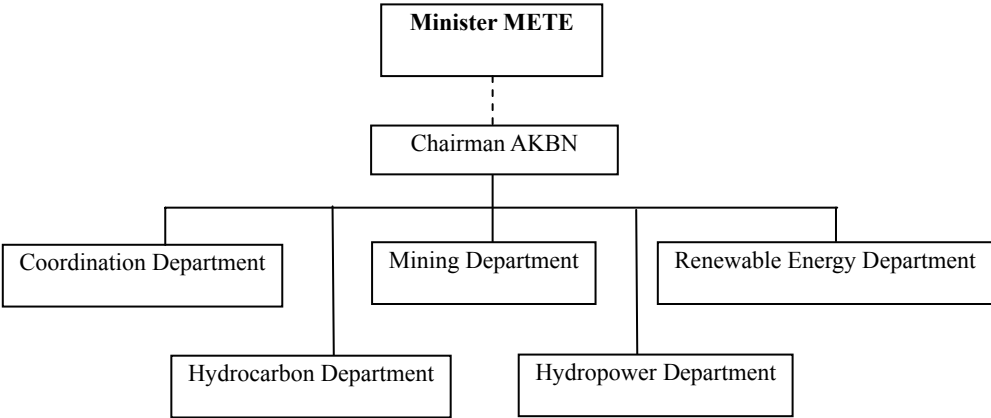


Figure 3 Organizational structure of the National Agency of Natural Resources (AKBN)

AKBN Mining Department

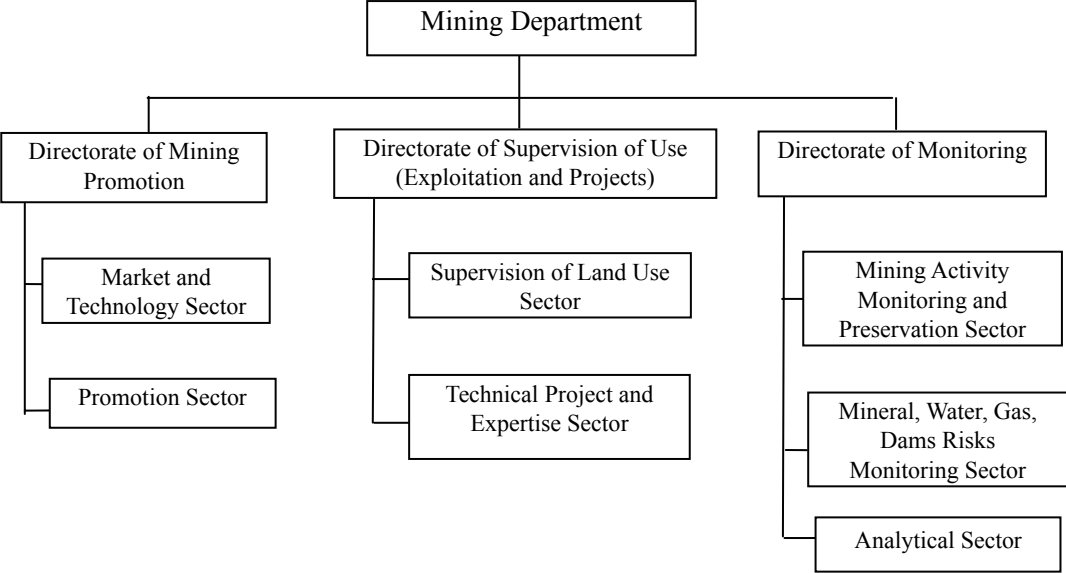


Figure 3-1 Organisational structure of the Mining Department in the National Agency of Natural Resources (AKBN)

Source: AKBN web site <http://www.akbn.gov.al/eng/>

Albanian Geological Survey (AGS)

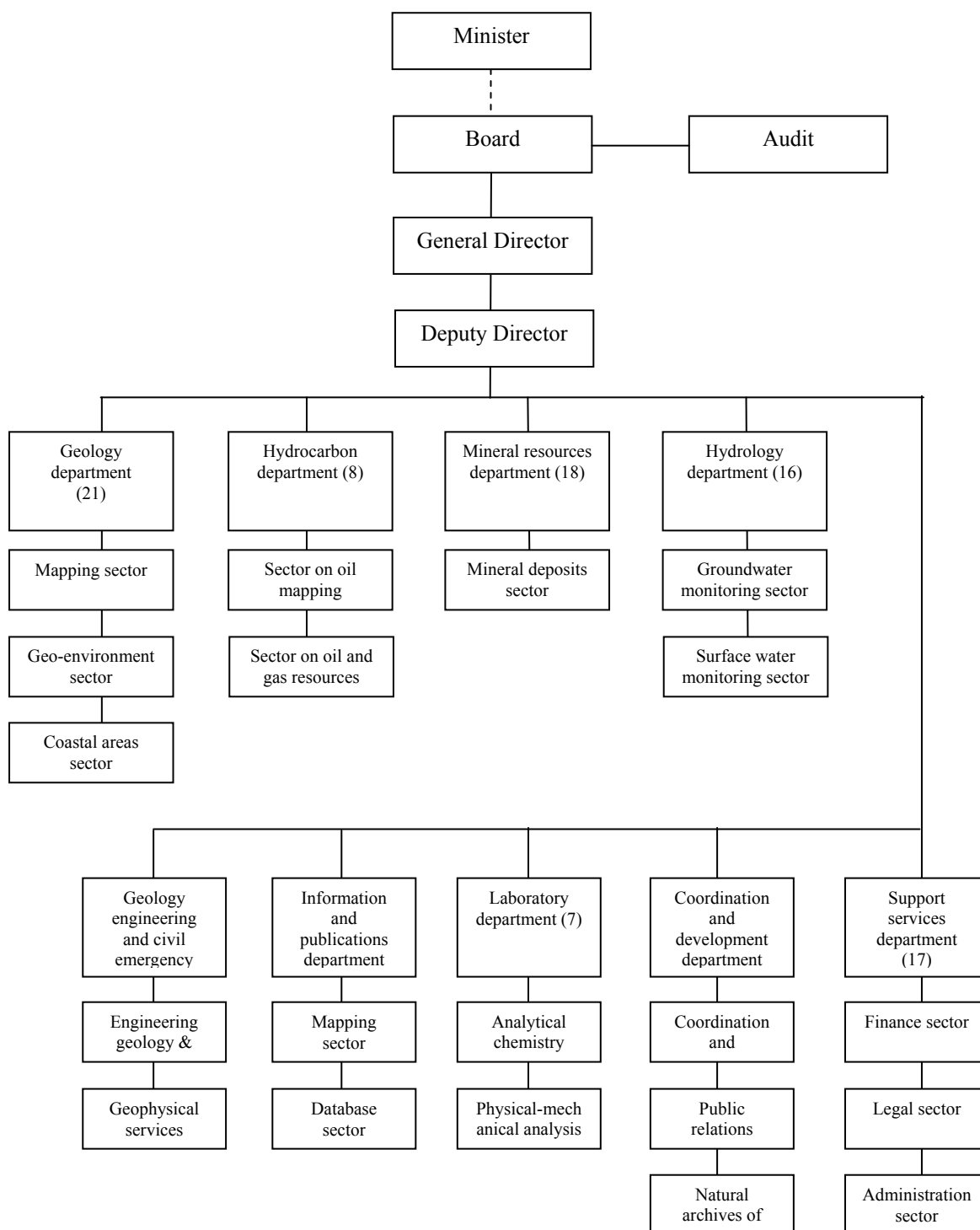


Figure 4 New Organisational Structure (2009) of the Albanian Geological Survey

The (number) in brackets indicates number of employees in a department.

Source: Information provided directly by AGS

Appendix 7 : Presentation at PDAC International Seminar

Attending Exhibition of PDAC 2010

Name of invent : PDAC 2010, International Convention, Trade Show and Investors Exchange

Place : Metro Toronto Convention Centre, Toronto, Canada

Date : March 7 to March 10, 2010

Participants : Sokol MATI (Director, METE)

Gjergji KOSTA (Legal adviser of the Minister, METE)

Kleves JANKU (Head of Project Management, AKBN, METE)

Minoru FUJITA (JICA Study Team)

Masatsugu OKAZAKI (JICA Study Team)

The exhibition of PDAC (Prospectors and Developers Association of Canada) is held in every year starting from the first Sunday of March in Toronto, Canada. This is a largest international exhibition of the world class and it includes many events such as exhibition of booth of many mining related companies and governmental organization of the world, meetings for exchange information for promotion of investment, seminars, lectures and workshops.

For the purpose of promotion of mineral potential of Albania and foreign investment to Albania, a booth of Albania was set during the exhibition as a part of activities of study. A total of five personals, consisting of three from Albanian government and two member of the study team, were participated to the exhibition. During the third study in Albania, five poster of A0 size and eight handouts were prepared in Albania together with Albanian counterpart. In addition to them, typical ore samples and samples of decorative stones were exhibited in the booth.

The attendants of the exhibition were reported to be more than 20,000, which is similar number compared with last year. The Albania booth was visited by many attendants of exploration companies, investors and government officials. Among visitors to Albania booth, presidents of exploration companies of Canada and Australia, currently conducting exploration project in Albania, are included and it was possible to have discussion with them. It seemed that many people were interested in Albania booth because the prepared handouts, 100 copies for each, had all taken away. In addition, it was very beneficial that Albanian counterparts could know the mining situation of the world by attending seminar and having discussion with other attendant from all over the world. Among the companies exhibiting booth, Tirex Explorations (exploration of copper), European Nickel (feasibility study of nickel mine) were the companies currently involved in exploration activities in Albania.



Lobby of Trade Show



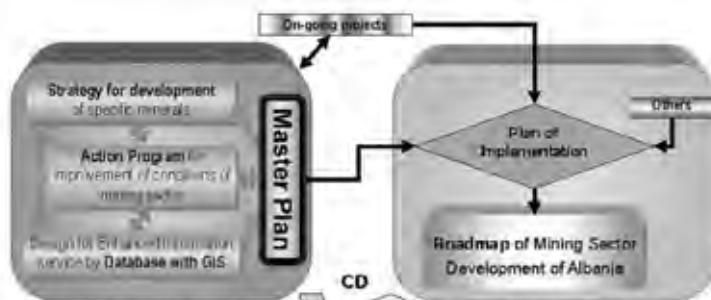
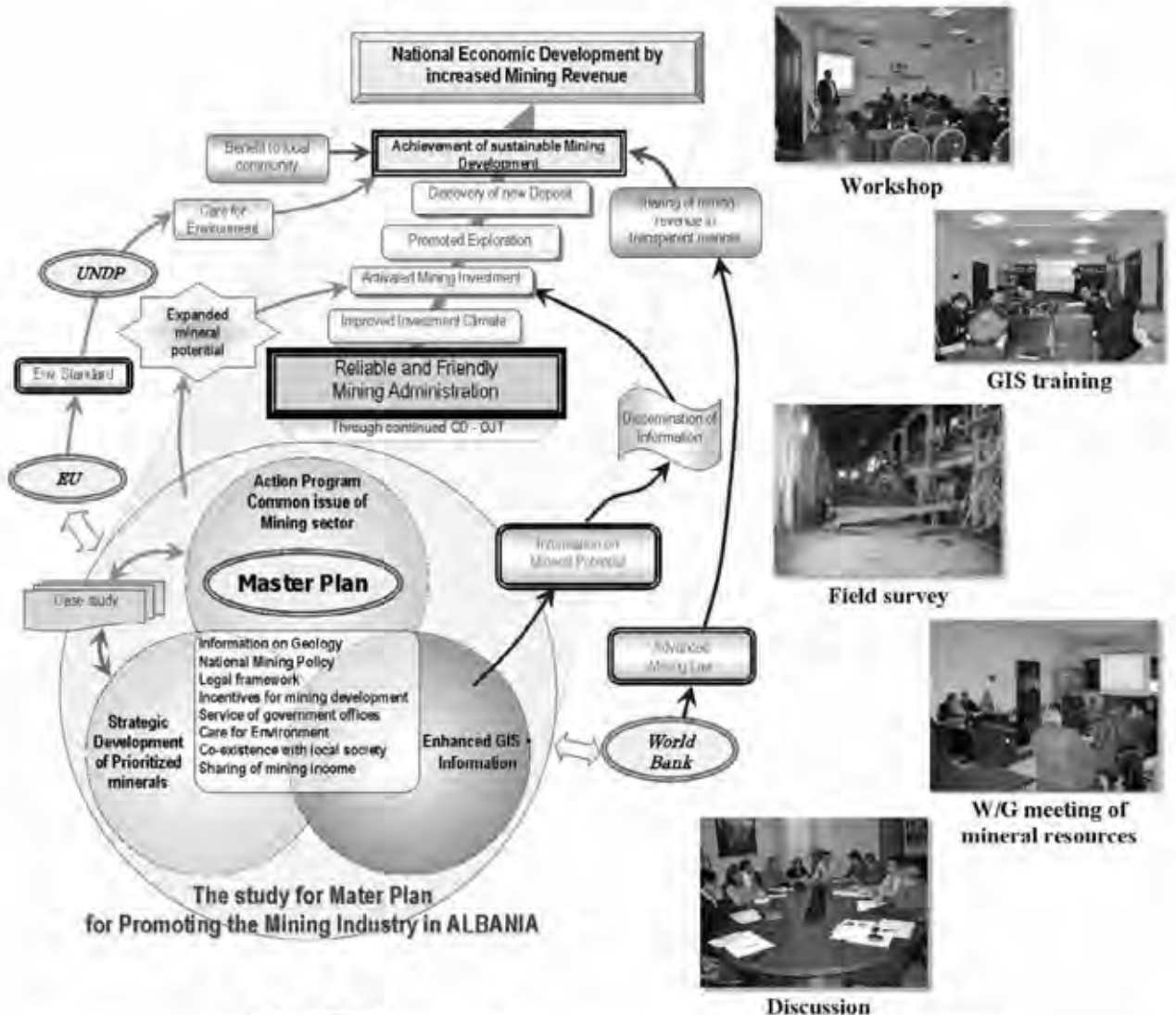
Albania booth

Objectives of the study

The main objective of the Study is to clarify a roadmap to realize sustainable development of mining industry under privatization and market-oriented economic reform.

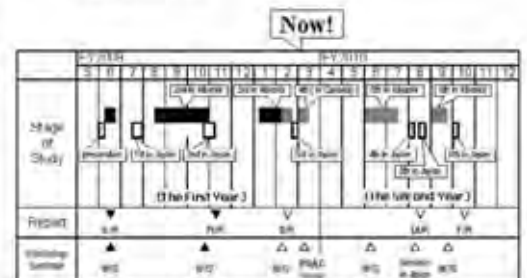
The main output of the Study is a project Final Report of the Project. The report contains Master Plan for sustainable development of mining sector that is composed of following items:

- ✓ Mineral-specific development strategies such as chromium, nickel, copper and others,
- ✓ Action plan on selected common issues in the mining industry such as legal framework, organization set-up, investment promotion, environmental protection and so on,
- ✓ Design of GIS based database on mineral resources



The study for the master plan for promoting the mining industry in Albania

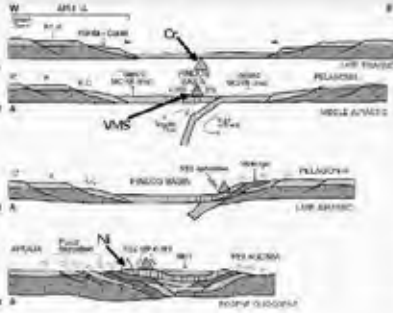
Action to be taken in near future by the Government of Albania



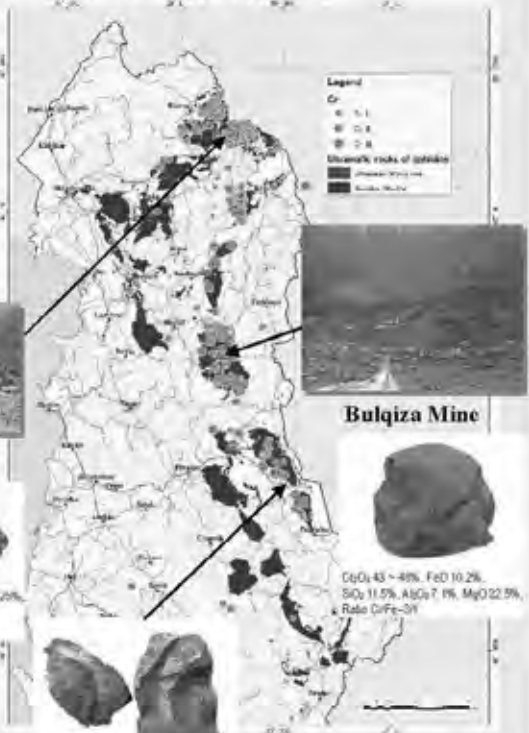
W/C: Working Summary, P/R: Preliminary Report, S/R: Study Report, P/R/C: Preliminary Report/Conclusion, W/C: Working Summary, R/C: Report/Conclusion



Chromium (Podiform Deposit)



Alternative models for the tectonic evolution and the root zones of the Albanian ophiolites (Dolci et al., 2007)



Zogaj Mine



Cr₂O₃ 21-28%, FeO 9%, SiO₂ 20%,
Al₂O₃ 6.9%, MgO 35-37%,
Ratio Cr/Fe=2.6/1



Bulqiza Mine



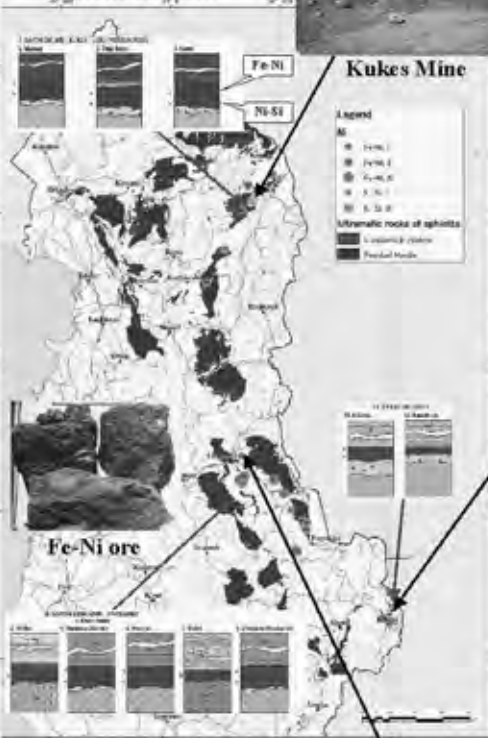
Cr₂O₃ 43-48%, FeO 10.2%,
SiO₂ 11.5%, Al₂O₃ 7.1%, MgO 32.5%,
Ratio Cr/Fe=3/1



Katjeli Mine

Cr₂O₃ 30-40%, FeO 11.6%, SiO₂ 12.7%,
Al₂O₃ 7.4%, MgO 23.2%,
Ratio Cr/Fe=2.8/1

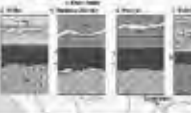
Nickel (Laterite Deposit)



Kukes Mine



Fe-Ni ore



Laterite zone

**Bilisht Mine
(Laterite Ni ore bed)**

Copper (VMS Deposit)



Munella Mine



Cu 1.67%, Zn 1.40%, Au 1.42 g/t,
Ag 15.88 g/t, S 24.5%, Pb 0.044%,
As 0.52%



Ni 1.02%, Fe 46.6%, Co 0.04%,
SiO₂ 6.7%, Cr₂O₃ 4.2%



Prrenjasi Mine



Legislation

Mining Law of Albania is approved on 1994. The new draft mining law is waiting for approval from government. The only tax which is special for mining activity is royalty 4 ~ 10% of the sales and depend on the kind of mineral. There are approved seven regulation for:

- Form of the prospecting permit of minerals
- Form of the exploration permit of minerals
- Form of the exploitation license of minerals
- Royalty
- Reports and Information
- Safety in mining activity
- Instruction and sub laws acts for Environment Protection in the mining areas of Albania

Strategy "Minerals and energy for a sustainable development"



General Objective

- Positioned of the state as inalienable proprietor of mineral wealth
- Preparation of development and integration policy of mining activity in the overall country economy
- Re-evaluation of mineral potential and its promotion, in order to put into operation with economic efficiency of traditional minerals and new ones
- Challenges to be faced the administrative and technical institutions
- Strategies and programmed measures of the state for sustainable, long-term developments and presence of the success of policies of employment

EXPLORATION



EXPLOITATION



ENVIRONMENT



Appendix 8 : Investment Promotion Seminar for Mining Industry at Tokyo

Investment Promotion Seminar for Mining Industry in Albania

Date : 28th September, 2010

Location : Tokyo Conference Room, Japan Oil, Gas and Metals National Corporation (JOGMEC)

Sponsored by : Japan International Cooperation Agency (JICA)

Supported by : Embassy of the Republic of Albania

Program

- 14:00 – 14:10 **Opening Remarks**
H.E. Dr. Bujar DIDA, Ambassador of the Republic of Albania to Japan
- 14:10 – 14:20 **JICA's Commitment in the Mining Sector and the Purpose of this Seminar**
Ms. Kyoko KUWAJIMA , Director General, Industrial Development Department,
JICA
- 14:20 – 15:00 **Mining Industry in Albania and New Mining Law**
Prof. Sokol MATI, Director, Ministry of Economy, Trade and Energy, the Republic
of Albania
- 15:00 – 15:20 **Introduction of Albania**
Mr. Lulind BUSHATI, First Secretary, Embassy of the Republic of Albania to Japan
- 15:20 – 15:40 Coffee Break
- 15:40 – 16:10 **Investment Climate in Albania**
Prof. Sokol MATI, Director, Ministry of Economy, Trade and Energy, the Republic
of Albania
- 16:10 – 16:40 **Cr Resources and Mining in Albania**
Mr. Masatsugu OKAZAKI, JICA Study Team
- 16:40 – 17:10 **Ni and Cu Resources and Mining in Albania**
Mr. Ken NAKAYAMA, JICA Study Team
- 17:10 – 17:25 **Questions & Answers**
- 17:25 – 17:30 **Closing Remarks**



Appendix 9 : References

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AGS web site <http://www.gsa.gov.al/anglisht.htm>

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Abbreviation

JORC	: The Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscience and Mineral Council of Australia
USBM	: United State Bureau of Mines
USGS	: United State Geological Survey
UNECE	: United Nations Economic Commission for Europe
UNFC	: United Nation Framework Classification for Resources/Reserves

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Abbreviation

ITNPM Mining and Processing Technology Institute (presently AKBN)

PGE Platinum Group Elements

4.3 Copper, 4.4 Nickel

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