



Washington DC, April 24, 2008

Mr. Ardian Fullani
Governor
Bank of Albania
Tirana, ALBANIA

Mr. Edvin Libohova
Chairman
Association of Albanian Banks
Tirana, ALBANIA

Dear Governor and Dear Chairman,

The first meeting of the SPI Albania founding members that took place last month has marked the end of the launch phase of SPI Albania.

In the three months since my first visit to Tirana of mid-December, when I met authorities, donors and market participants, the Convergence Program has turned a concept into operational reality. The Bank of Albania and the Association of Albanian Banks have provided exemplary support and collaboration.

In January, we launched SPI Albania and SPI Adriatic in a high visibility press event chaired by the President of Regione Puglia Vendola in Bari, at the margin of the Italy's Annual Banking Convention. We had discussions with the EBRD to seek funding support from their Western Balkans Fund. In Tirana, we immediately started broad-based consultations with the banking community that has led to the identification of some thirty modernization projects. We launched the recruitment for the SPI Albania Secretariat staff, by posting the advertisement on the local press and the Bank of Albania website. We started the Regulatory Impact Assessment Knowledge Transfer Program for Bank of Albania staff, with participation of experts from other public institutions and market participants. Bank of Albania framed its welcome speech, announcing its adoption of Better Regulation practices.

In February, we started the interviews of some fifteen candidates for the SPI Secretariat positions, with help from a senior HR expert. We had a public consultation session with market participants to identify priority modernization projects. We provided analytical and methodological assistance to Bank of Albania staff in conducting Regulatory Impact Assessment analyses. We organized and facilitated a two-day RIA-based market consultation session. We continued close consultations with Regione Puglia officials to secure long-term EU funding to support SPI Albania. To offer SPI Albania stakeholders and SPI Secretariat staff a medium-term perspective, the Convergence Program reorganized its activities to allocate to SPI Albania the funding needed to operate for two years even in the absence of the proposed Regione Puglia's EU funding. We engaged with the Faculty of Economics of the University of Tirana in an attempt to persuade them to design a compatible interface between the Tirana branch of the Italy-Albania Center for Economic and Social Research—sponsored by the Regione Puglia—and SPI Albania.

In March, we concluded the interviews to fill the SPI Secretariat positions. To provide Albania with the critical mass of resources to start the modernization program, we decided to hire an additional third person and to free up about 50% of the SPI Romania Director time to provide mentoring and operational support to the team, thus transferring the successful SPI Romania experience of running a large modernization program. We prepared the first meeting of the SPI Albania founding members with detailed material on mandate, governance and program. We paid special attention to issues of governance, trying to balance representation constraints and operational needs. We continued working with the Regione Puglia to raise EU long term funding.

After this launch preparation, conducted in a compressed time period, SPI Albania now enters its second phase: operations. Its main engine shifts from the Convergence Program to the SPI Secretariat. The SPI Secretariat, with direct support from SPI Romania and remote guidance from the Head of the Convergence Program, will be responsible to prepare the first SPI Committee Meeting. The main objective of the meeting will be to agree on the 2008 SPI Program, consisting of issues contributed by the Bank of Albania (e.g., proposed regulations to be processed with the RIA methodology) and by the Association of Albanian Banks (a priority list has already been assembled), as well as issues arising from the recent Finance Forum.

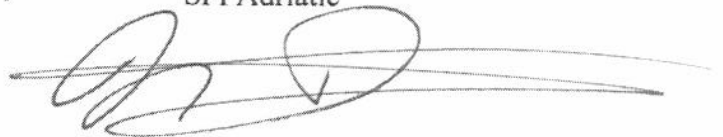
Upon agreement of the SPI Albania 2008 Program, the SPI Secretariat will start organizing the public-private working groups, with participation of experts from the Bank of Albania, other public institutions and Ministries, and market participants. It will support their analytical and consensus-building activities with background notes, international benchmarking and support from other donors as necessary.

For my part, it has been a privilege to have helped Albania build this public-private financial sector modernization infrastructure, which I had been promoting since my tenure as World Bank Executive Director for Albania. I have enjoyed a wonderful cooperation from authorities and market participants – and from both of you in particular. I will continue to work with you in the context of SPI Adriatic. I will focus my efforts on helping create a credible consortium of local institutions that, together, could support the financial sector modernization agenda consistently with the EU territorial cooperation program criteria.

As my direct assignment on SPI Albania comes to its conclusion, I trust that the Bank of Albania and the Association of Albanian Banks will continue to collaborate with the greatest diligence, as stated in their joint letter to the World Bank's Convergence Program of 9 January 2008, to make SPI Albania an important institution that will further Albania's convergence process to European Union membership.

With my best regards,

Yours sincerely,
Biagio Bossone
SPI Adriatic



cc: Mr. Giovanni Majnoni, Executive Director for Albania; Mr. Michael U. Klein, Vice President and IFC Chief Economist, Financial and Private Sector Development, World Bank Group; Ms. Camille Lampart Nuamah, WB Albania Country Manager; Mr. Luigi Passamonti, Head Convergence Program.