



## SPI Albania Monthly Activity Report September 2009

### I. SPI Albania Activity Highlights

The most important September achievements are:

- **Liquidity Risk Management** – The PWG approved the final recommendations, which will serve to the Bank of Albania Supervisory Department for the final drafting of the new regulation on Banks' Liquidity Risk Management.
- **Debt Procurement** – The PWG members will benefit from European Union assistance through TAIEX program. The expert will elaborate on the issues related to the definition of financial advisory services in the public procurement context.
- **Bank-Enterprise Adriatic Observatory**- SPI Secretariat hosted a technical discussion among AAB, Bank of Albania, Convergence Program and Regione Puglia experts on the preparation of a project proposal to receive EU funding for the continuation of the SPI Albania activities.

### II. Detailed Analytical and Operational Activities

#### **1. New SPI Project: Execution of Bank Accounts**

Banks often face numerous difficulties when executing judicial orders, especially when accounts of budgetary institutions are involved. Bank of Albania's current regulation on the implementation of execution of amounts on bank accounts is lacking appropriate legal provisions regarding public institutions' accounts or consolidated accounts.

This project's objective is to review and improve the regulatory framework on execution on bank accounts related to executive titles concerning budgetary institutions, consolidated accounts or other executive titles issued by public institutions. In particular, to review the BoA's Guideline "On the modalities of execution of obligations on amounts in bank accounts".

SPI Secretariat started to recruit the PWG members that, in addition to Bank of Albania and banks' Legal Department heads, will include legal representatives from public institutions such as Ministry of Finance, Ministry of Justice, Bailiff Office, Ombudsman, Tax Authority and Customs Authority.

SPI Secretariat has already drafted the [Terms of References](#) and is finalizing the first drafts of the Scoping of the Problem Document as well as the Note on International Experience. This first group of analytical outputs will be discussed in the first PWG meeting that will take place in October. Ms. Holta Kotherja is responsible to coordinate this project for the SPI Secretariat.

#### **2. New Project: Central Depository Feasibility Study**

Proposed by Albanian Financial Supervisory Authority, SPI Albania is starting a new project to assess the feasibility of offering Central Securities Depository services in the country. Currently, individual banks act as custodians for securities of different type, but there is not a central depository. This institutional gap prevents the development of the securities market and of the treasury bills market in particular (as the most advanced securities market).

The main objective of the PWG will be to produce a feasibility study that should contain a thorough analysis of the viability of offering Central Depository services in Albania, conducted after stakeholders participating in the Working Group have discussed possible scenarios.

#### **SPI Albania Secretariat**

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### **3. Funding Opportunities: Bank-Enterprise Adriatic Observatory**

As a direct result of the last year discussions and several communication between the Governor of Bank of Albania and the President of Regione Puglia, a new project was developed, with support from the Convergence Program, to ensure continuity of SPI Albania activities. This project could be eligible for significant EU funding for the 2010-2012 period.

Regione Puglia is proposing a project designed around the main objective to identify the main causes of inefficient financial intermediation, particularly to local Small Medium Enterprises (SMEs) and to propose practical solutions that would facilitate both banks' business and access to finance by enterprises. It will consist of three components: (a) analytical studies (of main interest to Bank of Albania); (b) preparation of financial modernization proposals (i.e., the current SPI Albania activity); (c) a banking training center (of main interest to the Association of Albanian Banks).

In addition to assisting Regione Puglia in organizing a first discussion with the Albanian partners concerning the project proposal, SPI Secretariat issued a [project briefing](#) for the Albanian partners, as well as assisted with the organizational requirements for the follow-up technical meeting to be taking place in October.

### **IV. SPI Secretariat Analytical Activities**

For the upcoming months SPI Analytical Activities will be focused on 6 projects, out of which 4 are new and 2 are ongoing projects. Prof. Gjebrea will coordinate projects involving economic expertise, namely: (i) [Capital Adequacy](#); (ii) [Debt Procurement](#); (ii) FX Open Positions. Ms. Kotherja will be responsible for projects requiring legal expertise, namely: (i) [Execution of Bank Accounts](#); (ii) Central Depository; (iii) Credit Bureau.

### **V. SPI Secretariat Operations**

The main focus of SPI Secretariat operations will be the institutional outreach in order to mobilize the enactment energy forward. This will be extremely important and necessary for a tangible and successful impact of the analytical outcomes for two already completed SPI Albania projects: [Reducing Cash Transactions](#) and [Consumer Financial Education](#) .

### **VI. Other SPI Activities**

- **CIPE Funding Opportunities:** AAB Chairman and SPI Committee member Mr. Libero Catalano, together with SPI Secretariat, met with CIPE Regional Program Officer Ms. Natalia Otel Belan to discuss funding opportunities. CIPE is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 1,000 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems.

- **SPI Albania Secretariat participates in the Regional Conference on "Public Policies and Political Decision-Making" Zagreb, Croatia:** Ms. Evis Gjebrea, SPI Secretariat, made a presentation on Theoretical Concepts of Policy Analysis and illustrated them through the SPI Albania Case Study as practical application of the policy analysis methodology.

• **SPI Secretariat staff updates:** Ms. Endrita Xhaferaj, Director of Financial Modernization Program and Analytics, has accepted the position of AAB Secretary General. Ms. Xhaferaj, will however continue to supervise SPI Albania analytical activities on a part-time basis. In addition, SPI Secretariat has expanded its team of analytical experts with Ms. Holta Kotherja, LLM. Ms. Kotherja brings an excellent background of academic and practical skills in the legal field. She will be in charge for the analytics of SPI Albania projects involving legal expertise. Prof. Evis Gjebrea continues to be involved with the SPI Secretariat. She is in currently charge of the project on public procurement of financial advisory services in connection with official debt issuance.

## VII. Highlights of Expected October Activities

- **Execution of Bank Accounts.** The newly recruited PWG members will gather for their first PWG meeting.
- **Central Depository:** SPI Secretariat will start recruiting the PWG members from the public and private stakeholder institutions.
- **Liquidity Risk Management.** SPI Secretariat will release the Evaluation summary of findings for the Project derived from individual PWG member's evaluation feedback.
- **Bank-Enterprise Adriatic Observatory.** In collaboration with Regione Puglia and the Albanian Partners SPI Secretariat will organize a technical meeting for the final drafting of the project proposal to be submitted for EU funding.