

SPI Project on Improving Consumer Financial Education

Project Objective

To prepare a **national strategy on financial consumer education and a medium-term, structured and nation-wide financial education program** to be endorsed by all stakeholders – with specific actions to be launched within three months after the endorsement by SPI Committee.

Project Management Team

Project Owner (PO): Anila Jani, Market Surveillance Director, (METE)

Project Manager (PM): Mamica Dhamo (METE); Ina Kraja (BoA)

Deputy Project Manager (DPM): Brunilda Kostare, AAB; Rinald Guri, AMF.

Minutes

Third meeting

April 23, 2009—AAB premises

Attendees: Ina Kraja, BoA (PM)

Mamica Dhamo, METE, (PM)

Rinald Guri, AMF (DPM)

Fatmira Biçaku, SHKSH (member)

Anuela Ristani, SPI Albania, Director of Operations

Evis Gjebrea, SPI Albania, Consultant

SPI Albania Secretariat

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AGENDA

- I. Project Progress Briefing
- II. Presentation of Note on Alternative Funding Sources (Discussion and Approval)
- III. Strategy proposals for CFE in Albania (Discussions and solution proposals)
- IV. Medium-term CFE program (Discussions and Solution Proposals)
- V. Conclusions and Distribution of Tasks
- VI. Closing Remarks

I. Project Progress Briefing

- Following the observations made by the PWG members with regards to the scarce financial resources available for supporting consumer financial education initiatives, SPI Secretariat researched and drafted a note on Alternative funding sources.
- SPI Secretariat prepared the draft strategy and action plan for consumer financial education representing the fulfillment of the objectives set for the project. These two documents represent the basis of the PWG recommendations document.

II. Presentation of the Note on Alternative Funding Sources

As a follow up to the observations made from the PWG members on the substantial lack of resources available to institutions dealing with Consumer Financial Education, SPI Albania Secretariat took the initiative to seek information on alternative funding sources available in Albania.

The findings of the research were summarized in a document detailing the possibilities of institutions to apply for two separate programs such as TAIEX (Technical Assistance and Information Exchange) and/or IPA (Instrument for Pre-Accession Assistance).

TAIEX, or the Technical Assistance and Information Exchange, is an instrument of the Directorate-General Enlargement of the European Commission. TAIEX helps countries with regard to the approximation, application and enforcement of EU legislation. It is largely demand driven and channels requests for assistance and contributes to the delivery of appropriate tailor-made expertise to address problems at short notice.

TAIEX assistance can be channeled through:

- Expertise Assistance - to advise on legislative acts and interpretation of the acquis, or to provide guidance on administrative arrangements for its implementation and enforcement;

- Study Visit - providing opportunities for officials of beneficiary countries to understand how Member States deal with practical issues related to the implementation and enforcement of the acquis and issues related to the interaction with stakeholders;
- Request for Workshop – in order to present and explain issues related to the acquis to a wider audience. Such assistance can be focused on the needs of an individual country or of a group of countries facing similar challenges. The multi-country format also provides a valuable opportunity to network and to exchange experience between beneficiary countries.

All institutions involved in CFE could apply for TAIEX in order to get assistance for the following:

- Legislative acts – adopting EU requirements for Consumer Financial Education in the Albanian current legislation for Consumer Protection or introducing new regulations and proposals in order to improve the accountability for Consumer Financial Education
- Capacity Building - Institutions involved in CFE could use TAIEX assistance (study visits, expert missions, and workshops) in order to train and instruct their staff responsible for Consumer Financial Education.
- Problem Solving – Project Management. TAIEX being a demand driven assistance could help the institutions in other project-based initiatives the scope of which falls under the EU requirements for Consumer Financial Education and Consumer Protection in general.

Whereas IPA provides for a more substantial and long-term support that is potentially the most powerful type of assistance for Albanian institutions that aim at objectives highlighted by the Association and Stabilization Agreement.

IPA 2009, is now IPA Adriatic Cross-Border Cooperation Program which gives priority to the objectives of the EU pre-accession and cohesion policies. The program is based on cooperation between four candidate or potential candidate countries and three member states, and thus potentially meets the IPA's objectives by allowing participating countries to take actions together to develop their territories, under community rules and regulations, by developing as well the institutional capacity of aspiring EU members.

PWG members appreciated the note and, since some of them (BoA and AMF) have already experiences with IPA funds, they made some remarks with regards to the application:

- it would be best and increase the possibilities of funding if the applying entity would be a public institution also because they would have to work very closely with the Ministry of Integration;
- the lobbying process to the Ministry of Integration is more important than the actual content of the project proposal because the IPA priorities are set locally and regionally and they are independent from the quality of the project proposal. These priorities depend largely on the applicability of the ASA (Association and Stabilization Agreement) and on the governments' agendas.

The applying institution should be the main stakeholder for CFE and so far only METE fulfills these requirements. Since METE has had previous experiences with CARDS (now incorporated within the IPA Adriatic), the chances for a successful application on their behalf are significantly positive.

The note was very welcomed by the PWG members who confirmed at the best of their knowledge that these two funding sources are currently the most reliable and applicable programs available in Albania and approved the Note on Alternative funding sources.

III. Strategy Proposal for CFE in Albania

During the PWG meetings, the PWG members rightly observed that one of the most important aspect missing in consumer financial education in Albania is the coordination between institutions. Coordinated

actions needed for the improvement of financial education in Albania require not only commitment from the participating institutions but also a ‘guardian’ that has both the capacity and the mandate to coordinate public –private initiatives as well as manage information on what is being done by different actors and with regards to which consumer target group. A proposed national strategy represents the government’s statement on the highest priority that consumer financial education has for ensuring the sustainable development of Albania. Such strategy is especially important given the context of the recent financial crisis and globalization and is necessary in order to set up the standards for consumer financial education initiatives. This would translate itself through principles to be followed for coherent, comprehensive and effective activities, as well as coordination of all efforts and responsibilities shared between stakeholders. This document is also important for prompting an active stance of the public institutions that have responsibilities in sustaining the consumer financial education as a public good..

As a consequence, the strategy would facilitate the allocation of the state budget funds for the fulfillment of the public institutions’ responsibilities. At the same time, benchmarking private initiatives with the directions set forth by the strategy could be used as a selection criterion for funding requests to the public budget or EU.

The main objective of the national strategy on consumer financial education is to increase the level of financial education and awareness among the large population with a timeframe of 5 years covering the period from 2009 to 2014.

The proposed strategy highlights the role of the public authorities (METE and MoF in cooperation with the Donor Coordination Department at the Council of Ministers) as the main promoters and coordinators of its implementation. Other stockholding institutions include Ministry of Education and Science, Ministry of Labor, Social Affairs and Equal Opportunities, Financial Supervisory Authority and Bank of Albania are also involved according to the scope of their work. In addition, public institutions will serve as observers for the proposed strategy and will participate in the implementation of the individual programs.

Welcoming this comprehensive proposal, the PWG members representing public institutions noted that the proposed strategy should be considered as a strategic plan instead, since the Government of Albania is the only institution that may issue ‘strategies’. In fact CFE is part of consumer rights as highlighted by the Strategy for Consumer Protection that has been issued by the Government. Consequently this proposal is an important add-on that together with the medium-term action plan provides for a practical guideline to CFE involved institutions to follow.

IV. Medium-Term Action Plan

SPI Secretariat has drafted a set of planned actions consisting of consumer information, instruction (education) and advice. This mix of actions requires various distribution channels that will have a two fold purpose to both reach as many consumers as possible and to transmit the information that meets consumers need s and that is understandable.

In order to do so, the distribution channels for financial education should be tailored to the action type. In addition, SPI secretariat has outlined the importance of multi-institutional financial involvement that includes public, private and EU funding.

The proposed action plan is organized in sub-actions for each of the three aspects (information, instruction and advice), and for each of them is associated to the relevant stakeholders, responsible institution, timeline and descriptive explanations.

The PWG welcomed the action plan but expressed their concern on the joint actions where all the institutions were responsible for implementation. The PWG suggested that in addition to the actions, the final PWG recommendations should include the proposal for the creation of a new institute (public) responsible for Consumer Education (could be larger than merely financial education and include training capacities). For the Albanian context, it is important that the institution is public since this way it will be included in the state budget.

All the PWG members generally agreed with their individual institution's responsibilities as they are compatible with their management plans but will provide feedback to SPI Secretariat after a deeper review of this document. The received feedback will be reflected by the SPI Secretariat in the final PWG recommendations.

VI. Conclusions and distribution of tasks

- SPI Secretariat will send the meeting minutes and the PWG recommendations draft to the PWG for approval.
- PMs and DPMs will meet and discuss with PO on the PWG proposed recommendations. Based on PO suggestions, PMT might have a series of bilateral meetings with persons in the public authorities involved in CFE according to the proposed strategic plan, in order to build support for the proposals
- PWG members will prepare and send to SPI Secretariat their suggestions and recommendations for the PWG recommendations.
- SPI Secretariat will follow up with all the PWG members to obtain their feedback and approval for the PWG recommendations before transmitting them to the SPI Committee for endorsement.
- The PWG will complete the SPI Secretariat Evaluation Form and send it to the SPI Regional Operations Director, Ramona Bratu (ramona.bratu@convergence-see.eu)

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VII. Closing Remarks

SPI Secretariat thanks the PWG members for their remarkable contributions for this project and for their feedback through the evaluation forms or individual contacts. .

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