



Conference on Donor Co-ordination in the Western Balkans and Turkey

Talking Points for SPI Albania Committee's intervention

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SPI ALBANIA – AN INITIATIVE FOR ALBANIA FINANCIAL SECTOR MODERNIZATION

Bank of Albania and the Albanian Association of Banks joined forces in January 2008 to create the SPI Albania public-private partnership to address financial sector modernization opportunities through closer local stakeholder collaboration and coordination.

The partnership is led by an SPI Committee, where are represented top level officials of its partner institutions, Bank of Albania, Albanian Association of Banks, Financial Supervision Authority, Ministry of Finance and Ministry of Economy, Trade and Energy. The partnership is being supported by World Bank-administered Convergence Program, on a Build-Operate-Transfer mode. Starting from March 2010 SPI Albania is projected to operate under full local responsibility.

Our operating principles are 1) local ownership; 2) programmatic focus, based on broad market and donor consultations; 3) mobilization of local expertise to the extent possible; 4) involvement of foreign experts to fill local knowledge gaps; 5) disciplined program management; 6) evidence-based analytical methods to search for solutions, based on the EU Better Regulation model; 7) full transparency of our work; 8) strong practical impact orientation.

I will briefly describe the meaning of each of these principles.

Local ownership

By local ownership we mean that local stakeholders a) decide the SPI Albania program after broad consultations with the banking & financial community and b) endorse the specific project recommendations first at the expert level and then at the SPI Committee level before transmission to the relevant authorities as an input in their decision-making activities. It also means that, the local banking & financial community contributes to the activity through large mobilization of their experts and by covering an increasing share of its operating expenses.

Programmatic focus

The SPI Committee approves an annual financial modernization program, prepared by the SPI Secretariat after extensive consultations with local stakeholders. In the context of the policy priorities of the Albanian Banking system, discussed in BoA's Banking Forum and other professional meetings, the program reflects the local stakeholders' priorities for reducing asymmetric information, for completing the market, for increasing opportunities to engage in financial transactions, for reducing transaction costs, and for enhancing competition. These principles are drawn from the European Central Bank taxonomy to measure progress on financial integration.



Mobilization of local expertise

The program is executed by public-private working groups of local experts, led by a Project Management Group. The Project Management Group consists of a Project Owner who appoints the Project Manager, representing the main stakeholder of the project, and a Co-Project Manager on behalf of the other main stakeholder.

Involvement of foreign experts to fill local knowledge gaps

The Project Working Groups carry out analyses and prepare proposals for regulatory or self-regulatory changes. When necessary, Project Working Groups invite international experts to provide complementary perspectives to their expertise.

Disciplined program management

In order to reach the objectives in an effective way, Project Working Groups run the projects according to specific and very detailed Terms of Reference prepared by the SPI Secretariat. The project steps are based on the standard documentation, based on the EU Better Regulation methodology, to be prepared and discussed in 4 Project Working Group meetings within about 3 months. Project Working Group recommendations are signed off by the Project Management Group and eventually endorsed by the SPI Committee before being transmitted to relevant authorities for their consideration.

Evidence-based analytical methods to search for solutions

Each project follows closely the EU Better Regulations methodology whose main principles are the consultations on policy options with stakeholders and use of Regulatory Impact Assessment as a tool for providing supporting evidence for regulatory proposals.

Full transparency of our work

SPI Albania made its governance framework, its activities, projects and documents available to the public through its website and that of AAB, through events and bilateral meetings, as well as through other communication channels.

Strong practical impact orientation

SPI Albania results are measured not in studies or proposals, but in enacted regulatory or self-regulatory changes. SPI Albania registered by the end of last year, after about 7 months of operations, 2 laws enacted in the Parliament (one in order to amend the Civil Procedure Code on auction procedures for immovable collateral under foreclosure and the other one to promote the private bailiff service) and preparatory work in order to enable Bank of Albania's revisions of the banking regulations for IFRS implementation. Other 3 projects, initiated in 2008, will be finalized soon.

I turn now to our plans for 2009. The SPI Albania 2009 activity program comprises 10 projects, focused on risk recognition and management and completeness of the market and aligned with the policy priorities, set by the entire banking industry.

Looking further into the future, the SPI Committee recognizes that SPI Albania has developed the infrastructure and processes:

- to run extensive consultations with stakeholders,
- to mobilize local expertise,
- to assess the impact of proposed laws and regulations to help their enactment under a robust transparency framework.



With this platform in place, our vision is that SPI Albania has the opportunity to establish itself as financial modernization hub, facilitating coordination and involvement of the donor community around a financial modernization program that truly reflects the local development needs.

Projects under SPI Albania's aegis will benefit from important cost and knowledge benefits, due to growing scale and network effects. At the same time, SPI Committee could use its collective authority to support the enactment of regulatory proposals with the relevant authorities.

SPI Committee has decided to approach the donor community to seek support to execute some of the other 30 priority modernization projects identified through the 2009 consultations with local stakeholders, that are exceeding the present SPI Albania capacity. More precisely, SPI Committee envisages having technical assistance sponsored by donors for performing analytical work for the Project Working Groups undertaking these projects and that will be supported by SPI Secretariat.

We believe that SPI Albania offers to the donor community a tremendously cost-effective instrument to achieve high impact on Albania's financial modernization – and preparation for EU integration.

We are committed to work diligently to bring about synergies and complementarities in the context of a programmatic approach.

Thank you for your attention.