



**Fifth SPI Committee Meeting
December 17, 2009
Minutes Summary**

Topics	Discussions/ Decisions December 2009	Main Follow-Up Actions
SPI Albania Activities Overview		
SPI Albania Project Status Report	SPI Albania presented operational and analytical activities in the last six months, resulting in the completion of 2 additional projects, remarkable progress on 5 projects, out of which 3 newly started projects since October 2009. SPI Committee members recognize the value added of this work and it's useful impact in resolving concrete issues	By February 2010 SPI Secretariat will finalize the recommendations on five projects , namely Debt Procurement Procedures, Capital adequacy regulation, FX Open Positions, Execution of Bank accounts and the Feasibility Study on a Central Depository.
Analysis of SPI Albania Operational Activities	SPI Albania gave an overview of the work done in coordination activities that led to nearly 50 project working group meetings, gathering nearly 150 professionals from more than 45 different institutions. SPI Committee recognizes that the SPI Secretariat has made a key contribution to the introduction of new culture of participation and consensus building among public and private financial actors, which provides a very useful ground for implementation of new projects in the context of Albania's EU membership accession process.	SPI Committee congratulates SPI Secretariat and advises to post this report both on the SPI Albania website and on the websites of other SPI Albania stakeholders for public acknowledgement.
Draft SPI Albania 2009 Annual Report	SPI Committee approves the draft Annual Report as presented and congratulates SPI Albania for its achievements.	SPI Committee invites SPI Secretariat to post the SPI Albania Annual Report 2009 on the website and distribute it to the SPI Albania Community. SPI Secretariat will check if SPI Committee wishes to host a public seminar by February 2010 to highlight the SPI Albania achievements.
Convergence Program Handover Report	SPI Committee appreciates the comprehensive assistance the Convergence Program has been granting to the establishment, functioning and sustainability efforts of SPI Albania as a key instrument of financial sector modernization.	SPI Secretariat will draft an SPI Committee thank-you letter to be sent to World Bank Management, Italy's Ministry of Economy and Finance and Apulia Region (who financed the SPI Albania activities) before the completion of the Convergence Program's mandate.
SPI Albania 2010 – 2012 Outlook (executive session)		
Round –of –the–Table Discussion	SPI Committee acknowledged that SPI Albania has successfully completed its probationary period by orchestrating the preparation of a wide range of key high-quality reform proposals. As to its future, it recognizes the efforts made by AAB and Convergence Program in ensuring its financial sustainability, Consistently with the views represented by the European Commission in its Civil Society Facility, and the SPI Committee looks forward to private stakeholders' support for bridge financing between the expiration of current funding and the eventual EBF Grant.	AAB (with the support of Convergence Program and SPI Albania) explore the possibility to join the consortium being formed by the European Banking Federation and, after all details are cleared, to apply for a grant under the EU Civil Society Facility. In parallel AAB Chairman will present the bridge funding proposal to the AAB competent Bodies for evaluation, considering the forthcoming conclusion of existing cooperation agreement. The SPI Secretariat will help AAB to prepare the proposal, based on the document discussed in the SPI Committee meeting.

Fifth SPI Committee Meeting
Thursday, December 17th, 2009
Location: Albanian Association of Banks

Participant SPI Committee Members and Permanent Observers:

Mr. Libero Catalano	Chairman, Association of Albanian Banks
Ms. Elvis Cibuku	Advisor to the Governor, Bank of Albania
Mr. Xhentil Demiraj	General Debt Director, Ministry of Finance
Mr. Pierfrancesco Gaggi	Italian Banking Association
Ms. Luljeta Minxhozi	Dean of Economics Faculty, European University of Tirana

Mrs. Greta Minxhozi	Sr. Country Operations Officer, World Bank Tirana Office SPI Albania General Manager
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Apologies:

Ms. Flora Musta	Head of Licensing Directorate, Financial Supervisory Authority
Mr. Luigi Passamonti	Head of Convergence Program, The World Bank

Other Participants:

Ms. Endrita Xhaferaj	Secretary General, Albanian Association of Banks
Mrs. Anuela Ristani	SPI Albania, Director of Operations
Ms. Evis Gjebrea	SPI Albania, Financial Modernization Program
Ms. Holta Kotheria	SPI Albania, Financial Modernization Program

AGENDA

Welcome address – Hosting Chair

SPI Albania Activities Overview

- Project Status Report
- Analysis of SPI Albania Operational Activities
- Draft SPI Albania 2009 Annual Report
- Convergence Program Handover Report

SPI Albania 2010-2012 Outlook (executive session)

- Round-of-the-Table discussion
 - Oral presentation on [EU Civil Society Facility](#)
 - Proposed interim arrangements

End of Meeting

MINUTES

I. Welcome Note

The Hosting Chairman welcomes the participants and introduces Mr. Xhentil Demiraj, General Debt Director, and Ministry of Finance. Together with Ms. Flora Musta, Head of Licensing Sector, Financial Supervisory Authority, are the newest SPI Committee members, replacing respectively Mr. Nezir Haldeda and Mr. Keler Gjika.

The Hosting Chairman regrets the absence of Mr. Passamonti, Head of Convergence, due to unavoidable work obligations.

II. SPI Albania Activities Overview

1. Project Status Report

SPI Secretariat presented an overview of the current projects' progress briefly explaining the importance of each of the objectives and the substantive impact they are going to introduce to the Albanian financial sector.

In addition to Bank of Albania regulation-based projects such as the new Regulation on Improving Capital Adequacy and the Regulation on Foreign Exchange Open Positions. The SPI Committee appreciated particularly the considerable progress made with the project on Improving Debt Procurement Regulatory Framework. Mr. Demiraj, being the Project Leader, commented that the successful completion of this project (after receiving TAIEX Assistance facilitated through SPI Secretariat) would be to render procurement procedures for debt and associated financial services more agile and efficient in terms of time and costs.

Furthermore, SPI Committee members congratulated SPI Secretariat for undertaking a project such as the Feasibility Study on Central Depository services. The PWG member benefiting also from FSVC assistance will consider the practicability and feasibility of the establishment of an Albanian Central Depository, but what is more important identify the most cost-efficient alternative to deliver these services. The SPI Committee endorses the need to bring this topic on the tables of the decision makers and attract financial professionals' opinions in such an important matter for the future investment market in Albania. ABI permanent observer expressed his institution's willingness to technically assist the PWG through liaising with institutions such as Montetitoli or others in order to provide useful information from accumulated experience from an EU member country in issues related to the building and sustainability of Central Depositories.

SPI Committee appreciates the large number of SPI Secretariat activities to produce the abovementioned outputs for the period of June-December 2009. SPI Committee warmly congratulates remarkable progress of 3 new projects, and the nearly concluded phase of the other 2 active projects. SPI Secretariat will work on finalizing, by February 2010, the recommendations on the all five projects, namely Debt Procurement Procedures, Capital adequacy regulation, FX Open Positions, Execution of Bank accounts and the Feasibility Study on a Central Depository.

2. Analysis of SPI Albania Operational Activities

SPI Secretariat presented a thorough analysis of the operational activities throughout the SPI existence from May 2008 to date. A key element of the SPI Albania accomplishments consists of intense coordination activities that led to nearly 50 project working group meetings, gathering nearly 150 professionals from more than 45 different institutions. SPI Committee recognizes that the SPI Secretariat has made a key contribution to the introduction of new culture of participation and consensus building among public and private financial actors, which will help Albania in its EU membership accession process.

SPI Committee congratulates SPI Secretariat and advises to post this report both on the SPI Albania website and on the websites of other SPI Albania stakeholders for public acknowledgement.

3. Draft SPI Albania 2009 Annual Report

SPI Secretariat presented the Draft SPI Albania 2009 Annual Report. Similarly to the 2008 Annual Report, SPI Albania clearly reflects the analytical, operational, outreach and managerial efforts resulting in the completion of 3 projects and the start of another 4.

SPI Committee approved the draft Annual Report as presented and invited SPI Secretariat to post the SPI Albania Annual Report 2009 on the website and distribute it to the SPI Albania Community.

4. Convergence Program Handover Report

SPI Committee appreciates the Handover Report summarizing the activities performed by the World Bank's Convergence Program to assist BoA and AAB to set-up the SPI Albania public-private partnership for financial sector modernization and to operate it for the initial period through February 2010.

Moreover, SPI Committee recognizes the Convergence Program efforts, in close collaboration with and substantial contribution from AAB, to try to ensure funding for the continuation of SPI Albania's activities after February 2010. Some of the main sources explored have been: IPA Adriatic, FIRST Initiative, and lastly eventually the EU Commission proposal through European Banking Federation.

SPI Committee agrees with the Convergence Program that the SPI Albania platform has catalyzed the ability of the Albanian financial community to run a large-scale financial modernization program, relying on local expertise for both project management and solution searching, with very limited reliance on foreign experts, and encourages for all efforts to be made in keeping the SPI Albania activities going.

III. SPI Albania 2010-2012 Outlook

ABI Permanent Observer and AAB Secretary General reported on their participation in the EBF meeting held in Brussels early December 2009. SPI Committee was delighted to learn that the SPI Platform was taken as a proven effective instrument to catalyze public-private collaboration on financial efficiency matters. The key result to this meeting and to the consideration of SPI model

lead to the introduction of an EU Commission grant initiative designed to empower the Eastern European Countries' Banking Associations through regional and interregional cooperation to process a large-scale financial modernization. This project could promote, among others, the establishment of SPI Platforms in several Eastern European countries in collaboration with European member Countries (through the participation of a least one EU member country association).

Given the large amount of resources spent to initiate SPI Albania and its successes, SPI Committee praised AAB Chairmanship for his effort in pursuing all external opportunities to fund the continuation of SPI activities.

However, as Convergence Program funding is available through February 2010 and possible funding through the EU Commission could only become available in the second half of 2010, it opens a funding gap of duration of six months or more. Under these circumstances, the SPI Albania General Manager illustrating the proposed interim financing scheme prepared by the Convergence Program, expressed once more the importance for the private sector to consider covering the symbolic costs required for the preservation of the current SPI Albania structure as a key resource to an efficient longer term implementation of its platform under EU funding. Her statement was based on the results achieved so far by SPI Albania (confirmed also by the SPI Committee members), as well as the recent survey on SPI Albania relevance to the banking community experts.

ABI Permanent Observer encouraged SPI Committee, especially in its Private component, to pursue all the possible solutions to finance the gap in order to avoid a risky discontinuity of activities. The closure of activities by SPI Albania (even as a temporary solution) could be interpreted by the European banking community as a sign of failure of the initiative itself, coming in a moment when the EU Commission has decided to fund initiatives very close to SPI model. Also the Italian Government, as co-financing partner in the Convergence Program, would be disappointed in learning that Italian taxpayers have helped to put in place such a successful model, which has registered good performances (see the previous agenda items), but that due to the lack of a "bridge funding" is going to be dismantled.

In the ensuing discussion, SPI Committee members expressed no objection on the SPI Albania General Manager's proposal for bridge funding to be provided by the private sector and, in response to it, the AAB Chairman agreed to present this proposal to the AAB competent Bodies for evaluation.

SPI Committee welcomed the commitment of its Hosting Chair and AAB Chairman

IV. End of Meeting

SPI Committee congratulates the SPI Secretariat for the work conducted to date and is thankful to Bank of Albania, Association of Albanian Banks and Convergence Program for their continuous support and management guidance on the efficient and timely achievements of SPI Albania Activities.

The meeting adjourned at 16.10.