



SPI Albania Monthly Activity Report December 2008

I. SPI Activity Highlights

The last month of the eventful year 2008 had the following achievements:

- **Auction Procedures**: The Draft Law on Private Bailiff was approved by the Parliament during the plenary session on 11 December, 2008. The Law is sent to the President's office for final decree.
- **Cash Transactions**: PWG approved the **cost-benefit questionnaire** that was delivered to banks through AAB. At PWG suggestion, SPI Secretariat prepared also similar questionnaires for utility companies (landline, water, energy), mobile communication operators, retail shops.
- **Capital Adequacy**: PWG gathered for its **first meeting** on 5 December, 2008, with the objective of getting an understanding of the issue, the project objectives and the international experience.
- **IFRS**: After the collection of the SPI Secretariat evaluation forms filled by the PWG members, SPI Regional Director of Operations released the **Secretariat Evaluation Results** document that was distributed to all PWG members participating in the IFRS project and was posted on the project **webpage**.

II. Project Activities

1. Reducing Cash Transactions

The Project Progress for December has marked the following achievements:

- Together with the **cost-benefit questionnaire** the PWG approved the **Note on International Experience**.
- Project Owner, Mr. Whittle, sent a request for collaboration to Mr. Durim Kraja, Ministry of Economy, Trade and Energy Secretary General. Mr. Whittle asked for Mr. Kraja's support in facilitating the communication with the representatives of the Operator for the Transmission System, in order to have them involved in the PWG work and their views reflected in project outputs.

2. Reviewing the Capital Adequacy Regulation

SPI Secretariat delivered a presentation on SPI Albania framework, procedures and methodologies in order to facilitate PWG's members' understanding on their specific roles and responsibilities. During the **first PWG meeting**, the PWG members validated the **Terms of Reference** and approved:

- the **Note on International Experience**
- the **Scoping of the Problem Document** and
- the **Cost-Benefit Qualitative Analysis**.

According to PWG's request, SPI Secretariat forwarded to all the banks, through AAB, an invitation to participate in the PWG. Bank of Albania's representatives consider it very important to have all banks participate in this PWG due to the importance of the project objective. In the near future, the process of Basel II implementation will require constant consultations with the entire banking community, therefore gathering a large PWG would create the foundation for a long lasting dialogue.

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3. Consumer Financial Education

- SPI Committee Permanent Observer and Project Owner Ms. Anila Jani, sent invitation letters to all PWG members.
- The first PWG meeting is preliminarily scheduled to take place in January 2009.

III. Other SPI Activities

- Mr. Malcolm Toland, IFC consultant, visited SPI Albania early this month for one week. The purpose of this visit was to assess SPI Albania's financial sector modernization impact. Mr. Toland held 22 meetings with SPI Committee Members and Permanent Observers, Project Management Teams and PWG members as well as other SPI Albania partners (EBRD, World Bank, etc).
- During their visit in Albania, SPI Committee member and Head of Convergence Program Mr. Luigi Passamonti and Ms. Ramona Bratu, SPI Regional Operations, meet with Mr. Ardian Civici, Rector of the European University of Tirana (EUT), and Professor Ermela Kripa. The subject of the meeting was the main areas of interest for collaboration between the two entities. Mr. Civici welcomed the idea of organizing an SPI Albania seminar for the Banking/ Finance students and academic staff. The seminar is going to take place in January, where the Rector and SPI Regional Operations Director will sign the Memorandum of Understanding that outlines the terms of agreement between EUT and SPI Albania.

IV. Highlights of Expected January Activities

- Cash Transactions: Main findings of the cost-benefit questionnaire to be validated by PWG and delivered to the banks.
- Consumer Financial Education: First PWG meeting. The PWG members will have the opportunity to learn on the international experience, on BoA actions taken so far in respect of consumer financial education and will analyze the proposed strategy to achieve the project objectives.
- Capital Adequacy: Second PWG meeting with the larger constituency of PWG will analyze how to assess the impact on banks of the envisaged changes in the regulations.
- SPI Albania and AAB Seminar for the presentation of SPI Albania Project outcomes to the banking community.
- SPI Albania Seminar in the European University of Tirana.
- Release of SPI Albania 2008 Annual Report.