



USAID
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VEGA
Volunteers for Economic Growth Alliance



SUPPORT FOR FINANCIAL SECTOR DEVELOPMENT

Albania has a growing banking sector dominated by multinational banks. Although not as severely impacted by the recent economic crisis, Albania's GDP growth has stagnated; there has been a significant slowdown in lending and a strong increase in the value of non-performing loans—peaking at 24 percent. A lower stimulus to the economy due to the risk-averse attitude of banks, and the dependence on the operations of EU banks underlines the need for the Bank of Albania to focus more closely on restoring a healthy flow of credit to the economy while maintaining the stability of the banking system.

USAID seeks to strengthen Albania's financial sector stability and increase public confidence in the banking system in order to stimulate private sector growth, foreign direct investment, and job creation. Through this project, USAID activities build the Bank's capacity to manage risks in the financial sector and within financial institutions, and enable the Financial Supervisory Authority to build capital markets as a source of non-bank finance for the private sector.

PROGRAM AREAS

BUILDING BANK OF ALBANIA RISK MANAGEMENT CAPACITIES

The project seeks to expand the capacity of Bank's staff, and especially Supervisory Department examiners, to evaluate core risks that threaten the stability of the financial system, as well as to promote healthy lending procedures via banks and NBFIs in support of economic growth.

FINANCIAL SUPERVISORY AUTHORITY INSURANCE SUPERVISION

VEGA/FSVC assists the Authority in building an effective risk-based supervisory framework for insurance, including by training staff, advising on regulation, and supporting the continued development of the actuarial profession.

SUPPORT NATIONAL TAX ADMINISTRATION AND COLLECTION

In February 2016, USAID launched a new technical assistance program that will work with Albania's General Directorate of Taxation (GDT) to increase the efficiency of tax collection in Albania, improve the business environment, and promote greater transparency and efficiency. Through a series of short-term visits, senior-level volunteer experts from the US, EU, and other countries will work with GDT staff to improve performance in key functional areas. The experts will focus on increasing the efficiency of tax collection, adopting a risk-based approach to tax audits, improving intelligence gathering for tax fraud investigations, and building capacity to enforce tax compliance.

MOBILE PAYMENT DEVELOPMENT

VEGA/FSVC is helping to establish an IT platform that will connect municipalities, utility companies, banks, consumers, telecommunication companies to a mobile payment system. The platform will include explanations on the management information system process, required software and hardware component, and propose an implementation timeline, including all steps leading to the launch of the service, providing guidelines for anti-money laundering measures.

RESULTS

- Provided prompt assistance on crisis management with a focus on public communication in times of crisis immediately after the arrest of the Governor of the Bank of Albania;
- After the detection of a major theft in the Bank of Albania's vaults in the summer of 2014, USAID strengthened their internal auditing, overall internal controls and governance framework; and streamlined the functioning of the Internal Audit Department;
- Improved the Bank of Albania's resolution framework based on the latest EU directives;
- Assisted the Financial Supervisory Authority in implementing the risk-based supervision of insurance companies, including finalizing its Early Warning System to detect risks in the insurance sector;
- Developed an Anti-Money Laundering Manual to support the efforts of the Authority's to combat money laundering in the insurance market;
- Assisted ADIA in adapting its Deposit Insurance Premium Verification System to the latest legal amendments, developed an IT strategy, and built its disaster recovery capabilities; and
- Finalized strategy on a mobile payments platform to help modernize the financial system.

CURRENT PROJECT

Name: Financial Sector Development Program

Duration: September 2011 – December 2018

Budget: \$5,670,000

Implementer: Volunteers for Economic Growth Alliance

Contact: Zhaneta Shatri, USAID Deputy General Development Officer | zshatri@usaid.gov | +355 4 229 3537