



Memorandum of Understanding

This Memorandum of Understanding (MoU) is between the Albanian Association of Banks (AAB) and the Convergence Program (Convergence), a public-private financial sector development program administered by the World Bank.

The purpose of this MoU is to set out the main parameters of the relationship between AAB and Convergence in the framework of the Special Projects Initiative (SPI) Albania, which consists of Convergence's sponsoring the creation of two SPI Albania Secretariat positions with the aim to undertake, with the support of local and international experts, analytical studies of possible micro-reforms to improve the efficiency of financial intermediation in Albania.

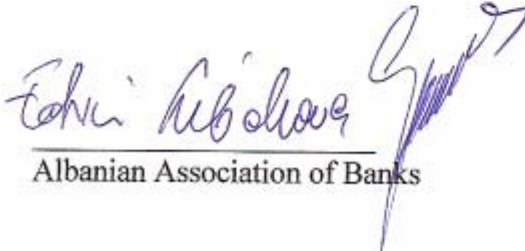
The parties have agreed as below:

1. Convergence will hire two Albanian banking experts for the duration of up to about two years, upon the indication of the Selection Committee consisting of Bank of Albania (BoA) and AAB representatives and with the concurrence of the Steering Committee. Convergence reserves the right to request the substitution of one or both experts if the SPI is not progressing as intended. The selection of the replacement(s) will follow the same procedure as for the appointment of the initial experts. The terms and conditions of these appointments will reflect the World Bank standards for temporary contracts in Albania.
2. Convergence anticipates the two SPI positions to be identified as follows: (a) Director of Bank Products and Services and (b) Director of Analytics and Policy.
3. The SPIs will report to the Convergence's Regional SPI Operations Manager. They will be supported by the Convergence Rome Operations Unit.
4. SPI staff will be hosted and accommodated in AAB premises or in its immediate proximity free of charge. Office accommodation, equipped with proper office furniture (desk, chair, workable telephone and high-speed internet line, fax machine, PC, printer, photocopy machine) will be put at the disposal of SPI staff during their mandate. The AAB will supply to SPIs the PCs, printer, fax and photocopy machines and their daily office supply.
5. SPI Directors will rely on the professional, administrative and secretarial staff of the AAB.
6. Convergence agrees to pay the SPIs travel expenses in connection with their duties pursuant to this MoU. Convergence will be also responsible for organizing and sponsoring the SPI training during the pre-operational stage.

7. SPI staff is entitled to have full access to AAB information necessary to perform its daily work, but is barred from using, disclosing or making this information public, without the permission of AAB, for purposes other than those defined in its TOR. SPI staff is allowed to collect, directly or indirectly, information from the banks, if this is consistent and functional to their work. Information gathering will be done on a strictly confidential basis and data will be used only on aggregated manner. SPI staff has to abide by the Banking Secrecy Laws applicable in Albania.
8. To the extent that this is proper to the accomplishment of their tasks effectively, SPIs are entitled to work with the working groups already existing within the AAB and set up new ones if needed, with AAB support.
9. With regard to external expertise, Convergence agrees to cover the costs for short-term international experts outsourced during the duration of SPI Initiative, while AAB will cover the cost of local experts. The hiring of local experts will be requested by the SPI through the Convergence's Regional SPI Operations Manager to the AAB President.
10. SPIs are expected to start work in the AAB or equivalent premises on April 15, 2008.
11. Upon termination of the SPI mandate, AAB reserves the right to retain the two SPI staff for its own needs as AAB staff.
12. The SPIs will report monthly to the AAB Executive Board and on a quarterly basis to the Steering Committee. The detailed SPI assignments will be defined in their specific ToR/work contract.
13. To facilitate the daily work of SPIs as defined by their ToRs/contracts, the parties agree to perform the following supportive services:
 - a) Convergence will:
 - Provide at its cost technical expertise, assistance, counseling, back-up from its management team and Rome Operations Unit staff;
 - Intermediate, ensure and pay for hiring international experts for conducting specific services as required for the execution of special projects;
 - Connect with EU Bankers' Associations to ensure delivery of special assistance and services to the benefit of SPI initiative;
 - Organize SPI training at its Rome Operations Unit and at EU Bankers' Associations premises and meet any other ad-hoc SPI training needs;
 - Reimburse the two SPIs operational costs during their Convergence-supported mandate (apart from the costs borne directly by AAB);
 - b) AAB will:
 - Support the SPIs work with senior experts from local banks, as part of ad-hoc working groups and also with its own specialists;
 - Provide local expertise from academia, financial sector, law, etc under conditions outlined in article 9 hereabove.

- Arrange the free occupancy of the SPI Albania office. Make sure that SPI work facilities (telephone line, energy, heating, high-speed internet connection) at their offices are normally functioning for the whole duration of their contract.
- Consider SPIs as its own staff by making information available to them and granting full access as their own staff;
- Support the SPIs to have access to Bank of Albania and other Authorities' technical staff

Agreed to and accepted by:


Albanian Association of Banks

Convergence Program

Date: 03 APRIL 2008

Copy for Information:

Other members of the Steering Committee (Bank of Albania and Ministry of Finance)