

Model of Albanian Treasury and Reforms



REPUBLIC OF ALBANIA
MINISTRY OF FINANCE

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Geographic location

Albania is located in the West Europe

Neighboring countries are:

- Montenegro
- Serbia
- Macedonia
- Greece
- Italy

The territory is 28,748 square km

Has vast access to the sea:

- Adriatic Sea
- Ionian Sea

Population ≈ **3 mil. inhabitants**
Density ≈ **104.36 inhabitants/km²**

**The capital is Tirana & financial capital
There are 36 districts**

Currency is LEK

(1USD ≈ 113 LEK)

(1EUR ≈ 140 LEK)

GDP/Capita = 4.597 USD/capita

Inflation = 1.6% (year 2014)

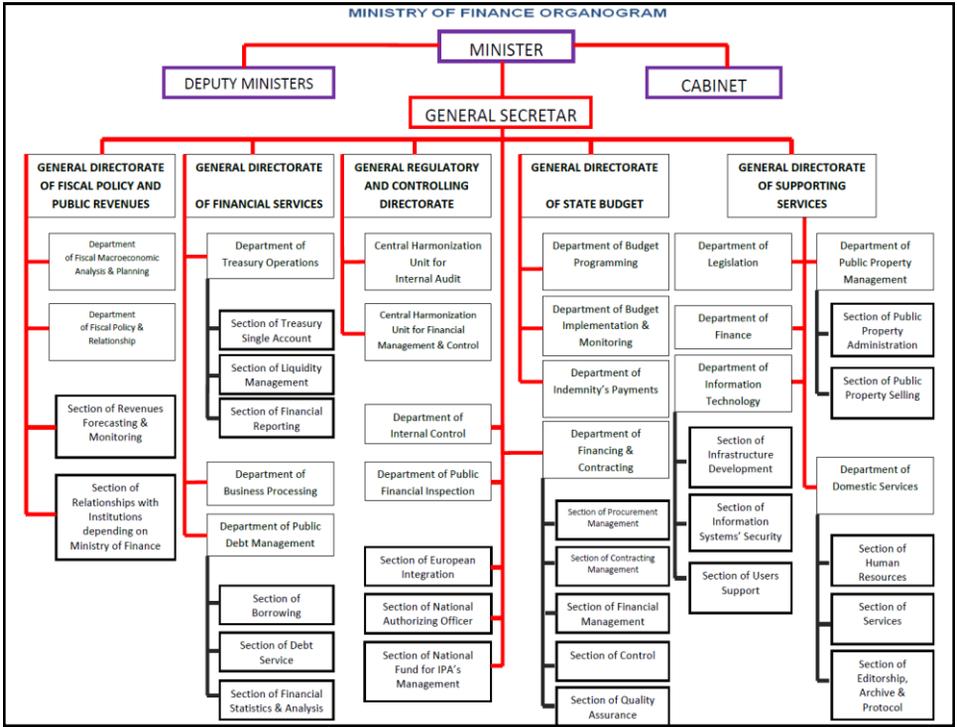
**Albania is the unitary
parliamentary constitutional
Republic.**

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Background of Albanian Treasury

- Established Treasury System on 16th APRIL 1993,
- It's necessary because of:
 - ↓ market economy model,
 - ↓ expenditures control ,
 - ↓ the use of standard documents ,
 - ↓ information,
 - ↓ issuing securities and other debt instruments,
 - ↓ there were no system of cash management,
 - ↓ there were no government accounting system.

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The unit responsible for liquidity management is the General Directorate of Financial Services, which consists in three departments:

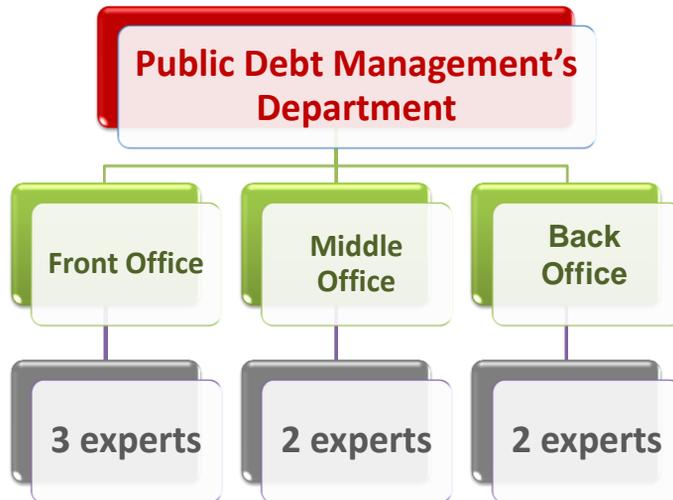
- 1-Treasury Operations' Department
- 2-Public Debt Management's Department
- 3-Bisness Processing's Department

Organization Chart

1-Treasury Operations' Department



2-Public Debt Management's Department



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Ongoing,

3-Business Processing's Department



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Mission

Effective management of the process of execution of general government budget, the administration of Treasury Single Account, the financial forecasting and the consolidated financial statements preparation according to international standards in the context of realizing the mission of the Ministry of Finance.

Also to secure the necessary financing in accordance with the government's budget requirements through a combination of financial instruments that include foreign project or general budgetary financing, domestic borrowing, and state guarantees. This is to be achieved with the clear objective of minimizing the overall effective cost and risk of the debt portfolio, ensuring timely debt service, and developing the financial instrument base in compliance with the legal and regulatory framework.

Development of Albanian Government financial information System- AGFIS (Oracle E-Business Suite) to a modern system for processing of general government transactions based on international standards and practices of the financial reporting, the use of liquidity and general government property with economy, efficiency, effectiveness and transparency.

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Functional Jobs

1. Rigorous implementation of budget and cash management to secure in time the financing of the general government units.
2. Financial planning and cash management to determine the optimal limits for spending limits in collaboration with line ministries and general government units.
3. Treasury Single Account Management and special accounts at the Bank of Albania and those relating to special funds: SSI, HII, and PRCA
4. Consolidation of Financial Statements generated by the AGFIS (Albanian Government Financial Information System).
5. Managing the process of enhancement that public accounting systems and the gradual adaptation of the international ones.
6. Improving management and internal financial control with reference model of the European Community PIFC in the Treasury system by the adaptation of the legal framework, regulations and professional manuals.
7. Communicating constantly with the Bank of Albania, regarding the issue of executing the budget, borrowing, special accounts, etc.
8. Communicating constantly with the general government units for budget execution issues, laws and regulations, guidelines and procedures of the Treasury System.
9. Coordination of work between different departments as the users of the AGFIS system in the role of the main coordinator.
10. Establish rules and accesses needed for normal functioning of the treasury AGFIS.
11. Monitoring of safety rules in AGFIS with the aim of enhancing the accuracy and reliability of information provided by it.

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Ongoing,

- 12.Meets government's borrowing needs
- 13.Manages public debt according to the debt strategy parameters aiming at minimizing the cost of borrowing
- 14.Develops the domestic debt market
- 15.Monitors international financial markets with the intention to issue in these markets in compliance with the budget law provisions
- 16.Coordinates debt management activities with the fiscal and monetary policy
- 17.Prepare the Mid-term Debt Strategy which serves as anchor for the debt management objectives, and updates the strategy every year
- 18.Focuses on reducing the debt management operational risk
- 19.Manages credit risk and issuance of loan guarantees in compliance with the legislation for local borrowing
- 20.Approves and monitors on-lending
- 21.Manages the public debt database and records of guarantees and on-lending
- 22.Ensures timely debt payments
- 23.Prepare and publishes the debt statistics reports and bulletin
- 24.Prepare reports of a statutory and contractual nature for international and domestic financial institutions on behalf of the government
- 25.Maintains a database of foreign financing agreements

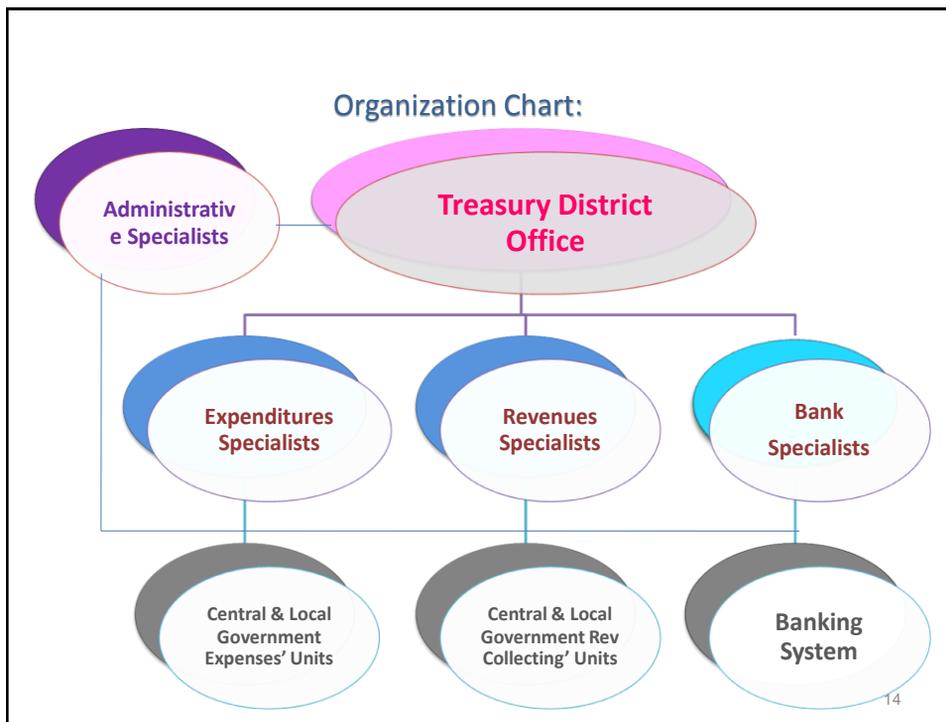
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Functions of TDO's:

- ↘ Checking bills from budget institutions and authorizing payments.
- ↘ Maintained detailed (7 digits code) classified accounts.
- ↘ Carrying out daily reconciliation with banks
- ↘ Compiling and submitted monthly classified accounts to Central Treasury
- ↘ Generating management report by AGFIS

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THANK YOU