

**Statement by the IMF Staff Representative on Albania**  
**February 20, 2015**

*This statement provides information that has become available since the issuance of the Staff Report. The information does not alter the thrust of the staff appraisal.*

1. **Albania's Parliament appointed a new Governor of the Bank of Albania (BoA) on February 5.** Mr. Gent Sejko secured broad cross-party support in parliament for his nomination.
2. **The BoA has continued its gradual monetary easing, most recently by lowering its policy rate by another 25 basis points on January 28.** The central bank has lowered its policy rate by a cumulative 325 basis points since mid-2011, in order to counter slack in the economy and, more recently, disinflationary pressures from abroad.
3. **The latest financial soundness data indicate that nonperforming loans have declined from 25 percent in September to just under 23 percent in December 2014.** The decline in the NPL ratio appears to be driven by a broad-based reduction in banks' NPL portfolios, as well as a pick-up in credit growth.



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### **IMF Executive Board Completes Second and Third Reviews under Extended Fund Facility Arrangement for Albania and Approves €58.8 Million Disbursement**

The Executive Board of the International Monetary Fund (IMF) today completed the second and third reviews of Albania's economic performance under a program supported by the Extended-Fund Facility (EFF). The completion of the review enables the authorities to draw an additional amount equivalent to SDR 47.1 million (about €58.8 million), bringing the total disbursements to SDR 94.2 million (about €117.7 million).

Following the Executive Board's discussion on Albania, Mr. Min Zhu, Deputy Managing Director and Acting Chair, stated:

"Albania's economic recovery appears to be on track even as downside risks persist. The authorities deserve credit for a broadly successful policy implementation during the first year of the arrangement under the Extended Fund Facility. Perseverance in implementing the structural reform agenda will be crucial in order to reduce macroeconomic imbalances and raise living standards.

"The authorities' commitment to strengthen debt sustainability, as reflected in their 2015 budget, is welcome. It will be important to address the fiscal risks stemming from property compensation claims and the large stock of unbudgeted investment projects.

"The authorities' initial steps to reform the power sector are encouraging. Sustained implementation of these reforms over the medium term will be needed, as they are vital for fiscal sustainability. The authorities' decision to compensate the most vulnerable social groups for electricity tariff adjustments is welcome.

"The authorities' policy of gradual monetary easing is appropriate in countering disinflation pressures while avoiding risks to financial stability. Ensuring the central bank's independence and strengthening its oversight will be important for safeguarding its credibility.