



BANCA D'ITALIA
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EU funded Programme for Strengthening the Central Bank Capacities in the Western Balkans with a view to the integration to the European System of Central Banks

On 26 March 2019 the European Union (EU), 18 national central banks (NCBs) from the European System of Central Banks (ESCB)¹ and the European Central Bank (ECB) launched a programme in favour of six Western Balkans countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia).

The purpose of the programme is to enhance the institutional capacity of the recipient institutions, notably by strengthening their analytical and policy tools and by transferring the best international and European standards into national practices.²

The EU has allocated € 2 million to the programme from its Instrument for Pre-Accession Assistance (IPA II).

The Bundesbank coordinates the activities of the programme; Banca d'Italia is one of the donor NCBs.

The programme has two components:

- Component I (24 months), based on regional activities, namely 20 training events on key central banking and supervisory issues and two high-level policy workshops;

¹ Namely, the central banks of Austria, Belgium, Bulgaria, Croatia, the Czech Republic, France, Germany, Greece, Hungary, Italy, Lithuania, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.

² The recipient institutions are: the Bank of Albania, the Central Bank of Bosnia and Herzegovina, the Agency of the Federation of Bosnia and Herzegovina, the Banking Agency of Republika Srpska, the Central Bank of the Republic of Kosovo, the Central Bank of Montenegro, the National Bank of the Republic of North Macedonia, and the National Bank of Serbia.

- Component II (18 months), starting six months after the beginning of the implementation of the programme and consisting of a small pack of bilateral measures, namely missions, study visits, and, when possible, internships.

A Programme Steering Committee (PSC), comprising donors and beneficiaries, will review progress, give guidance and take decisions whenever required.

As part of Component I, Banca d'Italia hosted the first training event on banking supervision in cooperation with the Bank of Slovenia. It was held in Rome from 10 to 12 April.

The event provided a general overview of the banking supervision framework after the creation of the Single Supervisory Mechanism (SSM), when the supervision of Significant Institutions (SIs) was transferred to European level, while National Competent Authorities (NCAs) remained responsible for the supervision of Less Significant Institutions (LSIs).

During the event, the main interventions focused on:

- the structure of the European banking system, the national implementation of the European regulatory framework for prudential supervision, the current review of the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) and the functioning of the SSM;
- the National Supervisory Manual concerning supervisory activities and risk analysis in relation to LSIs, the methodology for assessing their governance, operational, credit and liquidity risks, including the IT tools used for their supervision;
- the methodology for assessing the internal liquidity management (ILAAP) of SIs, as well as interest rate risk in the banking book (IRRBB), non-performing loan (NPL) management, capital adequacy and business models.

A total of 17 experts from Western Balkans' central banks and supervisory authorities participated in the event.

Banca d'Italia will arrange two further training events in 2019, one on payment systems and one on monetary policy.

As part of Component II, Banca d'Italia will also be responsible for two bilateral measures, on banking supervision and monetary policy, to be held in 2020.





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