



Talking Points – Swiss Ambassador Adrian Maître

13th South-Eastern European Economic Research Workshop

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Dear Governor Sejko,

Dear experts, researchers and representatives of financial institutions,

First of all I want to express also in this occasion sorrow and compassion on behalf of Switzerland for the devastating earthquake as did the President of the Swiss Confederation to the President and Prime Minister of Albania.

It is an honour to be here today and to address some opening remarks to you, respected participants. Switzerland through its State Secretariat of Economic Affairs – SECO – is supporting the Bank of Albania since several years. This support is part of the overall Swiss cooperation program in Albania.

Similar to other European central banks, economic research at the Bank of Albania is given the proper attention. It is exactly in this area that Swiss support has been provided in the past 5 years. We are happy to have contributed to improvements and sophistication of research at the Bank of Albania. It enables the Bank to base its decision making on a body of robust knowledge of the Albanian economy.

Current technical assistance funded by the Swiss government is given in making research more useful and increasing collaboration of the Bank's research wing with other institutions in the country and abroad.

Ladies and gentlemen,

I will now focus on the topic of **effective institutions**.

Albania is implementing several important reforms, e.g. in the justice sector, in public and in territorial administration. Reforms are a means to an end. Those reforms very importantly aim at establishing effective institutions. Citizens, the private sector, but also Albania's international partners are demanding and supporting such effective institutions.

The Bank of Albania is a good example of an effective institution within the country. It is important to have such an example in Albania.

What are some of the marks of an effective institution in general?
(i) a clear mandate and independence while implementing it, (ii) professionalism and legitimate leadership; (iii) result based management, (iv) integrity and accountability towards parliament and the public (v) cooperation and capacity development;

The Bank of Albania to my view scores well in these aspects. And care should be taken in order that this stays like this and that any change to it would be an improvement only.

As said, independence is a property of an effective institution and I gladly refer to some thoughts given to this concept by the Swiss National Bank. A similar reflection might apply to the Bank of Albania.

Firstly, there seems to be good evidence that independence of a Central Bank contributes to better outcomes in monetary policies and economic development.

Secondly, trust of the public and of politics and their belief that independence clearly yields advantages are key for the ability of a Central Bank to operate independently in the long run. Accountability, good corporate governance and transparency are important here as well.

Thirdly, independence is ideally supported by a specific legal basis for the institution, by avoiding instructions from third parties, by staff continuity, by transparent and broadly supported appointment of key staff and by the institution having budgetary autonomy.

Finally, such independence is related to a clear mandate. Independence is a helping factor for good performance of a Central Bank. And something that can be learned for the establishment of effective institutions in other fields.

A clear mandate and independence are relevant also for Parliament, municipal councils and administrations, ministries, supervisory bodies, courts and many other institutions meant to become more effective.

Effective institutions are needed at all times, be it in normal times in order to establish a favorable environment for citizens' democratic initiatives and social wellbeing or for economy's sustainable growth. Be it in difficult times of natural hazards like earthquakes, e.g. by defining and enforcing standards in the construction of public and private buildings.

I think it is fascinating to discuss more the drivers and purpose of effective institutions as well as their properties and I am looking forward to learn from such discussions in an Albanian and regional context in the future.

Ladies and Gentlemen,

Let me conclude with some words on the event itself. Of course such a workshop relates to another of the properties of an effective institution, namely its capacity development and its being a learning organization.

I find the focus of today's workshop relevant and in line with current challenges that central banks in the Region face. The more we know about financial shocks the better we can prepare responses through solid policies.

Moreover, the best part of this event is the exchange: learning from each-other and benefiting from peer knowledge. This is an opportunity for decision-makers and experts to present research findings, to discuss – and hopefully agree on – best policies, and to establish long-term collaboration.

And let us also remember that research is more effective when it is also shared and understood by a wider, non-technical public.

I thank all of you for your valuable contribution to this annual meeting of researchers and wish you a successful and fruitful workshop!

Thank you for your attention.