

Closing Conference of EU-funded project

STRENGTHENING INSTITUTIONAL CAPACITIES OF THE NATIONAL BANK OF SERBIA

Speaking points for the Head of Delegation – H.E. Michael Davenport
12 December 2013

Dear Governor Tabakovic, Mr. Asmussen, your excellences, vice governors, representatives of European Central Banks, ladies and gentlemen,

It is a pleasure for me to be with you today at the final event of this important and successful EU project for the National Bank of Serbia, implemented in close partnership with our colleagues from the European Central Bank.

This project finishes at a key moment in the relations between Serbia and the EU, in the eve of the European Council which is about to adopt the framework for negotiations for Serbia's EU accession and to call the first intergovernmental conference which will mark the beginning of the technical negotiations for EU accession.

I hope that it has given you the right mix of new knowledge, skills and contacts to prepare you for your upcoming role in this new phase of EU-Serbia relations. May I remind you that a reliable and functionally efficient Central Bank is one of the pillars of macroeconomic stability of a country and plays a key role in the EU in certain chapters of negotiations.

In chapter 4 - Free movement of capital - for instance, Serbia is expected to remove all restrictions on capital movement and payments with the EU. In chapter 9 - financial services - rules will have to be implemented on authorisation, operation

and supervision of financial institutions in the areas of banking, insurance, pensions and financial market infrastructure. In the upcoming period the focus should especially be on chapters these two chapters. The SAA prescribes the gradual liberalisation of capital and opening of establishment of financial services.

Further, let me also mention chapter 17 - Monetary and economic policy - where EU rules require the independence of the central bank and prohibit both direct financing of the public sector by the central bank and privileged access for the public sector to financial institutions. Finally on chapter 32 – Financial control – along with the Ministry of Interior, the central bank plays a key role when it comes to the protection of EURO against counterfeiting.

In addition to your preparation for the upcoming accession negotiations, it goes without saying that the dynamic global and technological trends have put additional pressure on you to change and adapt. Central banks nowadays need to apply new and improved technical skills to perform their roles, but also improve institutional management to deliver those skills effectively and efficiently. It is imperative for central banks to constantly work on their effectiveness, which in turn impact on their credibility and accountability. I think it is sound to say that the effectiveness of a central bank relies on the quality of people it engages and the quality of what they do.

The National Bank of Serbia is no exception. Given the complexity of its activities and the challenges it faces, the NBS realised the need to invest additional efforts in promoting its knowledge, skills and capacities, especially in the light of Serbia's process of EU accession.

The EU is glad to be the NBS core partner and to support your efforts to improve, reform and modernise in order to offer better services to your clients and citizens. This is why during the last five years European Union has through its assistance programs for Serbia supported three projects for the National Bank of Serbia amounting to more than 3 million Euros, 2.5 million Euros for the project we are celebrating here today.

This particular project, as you have heard, covered 13 main areas under the competence of NBS identified as strategic priorities that need to be fulfilled in order to maintain a stable and sustainable financial sector.

Particularly impressive was the fact that this extremely complex and demanding exercise that included efforts of big expert team progressed smoothly, efficiently and accurately. The fact that 21 national central banks were partners in the implementation is a clear signal of professional image NBS has with its counterparts. Equally, it is a clear signal of commitment of Member States central banks towards supporting Serbia's integration efforts.

Today, I am happy to inform you that the project has not only achieved defined results but has exceeded them in some areas, and hence has fully served its purpose of strengthening institutional capacities, activities and efficiency of the NBS.

This is not only my impression it is a fact outlined also by the independent Monitoring report that scored this project with highest marks. Such achievement, I can assure you, is not common for project rating not only regionally but very much globally. EU Delegation has itself, throughout the implementation, witnessed not only full commitment, but a lot of good will and enthusiasm on all levels.

Ladies and gentlemen, let me express my great pleasure to have the opportunity to greet here the representatives of the most important banking institutions of Serbia and the EU and to congratulate you all on the successful completion of the joint work on this very important project:

- Let me thank the NBS, whose staff professionalism, capacity and quality is already well known to us in the EU Commission so that this project's success comes as no surprise.
- Equally let me thank our dear friends from the European Central Bank and participating MS central banks who have confirmed their reputation of institutions of highest international standing with excellent staff resources that are very knowledgeable, experienced and committed.

You have all jointly set a very high standard which I am certain will be maintained in the future cooperation, as this project gives a good example how European Commission and NBS can closely cooperate in the framework of Serbia's EU integration.

Also, I am confident that the already strong partnerships between the NBS and the counterpart EU institutions have further strengthened through development of good personal relations among the participating staff from all the involved parties. I invite you all to actively use these links in the accelerated process of closer alignment with EU operating standards and practice.

Thank you all and I wish you a lot of success in your future work.