

Ardian Fullani: The development of economic information sources in Albania

Opening speech by Mr Ardian Fullani, Governor of the Bank of Albania, at the seminar “Development and implementation of business and consumer confidence indices in Albania”, Tirana, 2 July 2006.

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The information on the markets and the most recent economic developments may be considered as the key to success for businesses in the modern times of rapid information technology developments (it is enough taking a glance at the numerous pages of the Reuters or the space the business news take to understand such developments). Although, at first, it may not seem to represent the most critical problem the Albanian businesses are currently facing, such as electricity, informality etc., not far from now there will be the need of recognizing and analyzing the market in real time, in order to cope with the challenges of globalization. Considered from a wider aspect, one’s country economy may not attain the international levels if the development policies are founded on a weak real information basis.

The information on the most recent economic developments and expectations is crucial to the monetary policy decision-making process of the Bank of Albania. For long, it has been made clear that the process of maintaining price stability – our main objective – should be a forward-looking one. Considering the current situation of national statistics, which at times become available with a time-lag of two years, it is understandable that our duty becomes extremely difficult.

Progress in the field of statistics and in other related fields may take a relatively long time. In the mean time, our decisions need to be based on sound basis. Under this information gap, one of our solutions was the conduction of surveys of various economic agents. Four years ago, the Bank of Albania began the assessment of business confidence index and consumer confidence index. These surveys are held quarterly with the assistance of INSTAT and involve over 600 businesses of production, construction and services sectors and more than 1500 consumers. The collected information relates to the performance of prices, consumption, income, production, employment, investment and many other indicators, which assist significantly in the monetary policy decision-making process.

Many important steps have been made in this context, aiming at continuous methodological improvements of indices. To this purpose, the Bank of Albania, with the participation of foreign experts, has organized various meetings and discussions at a technical level, wherein the surveys results and analyses, as well as the related issues were presented. Moreover, the Bank has organized training workshops with INSTAT and their interviewers, with a view to reaching to a high confidence degree in such key indicators.

Since the beginning, the Bank of Albania has been assisted in this significant process by experts of the IFO German Institute for Economic Research, one of the leading economic research institutes in the field of business confidence indices. This assistance was provided by the GTZ office in Tirana, which has mediated and supported the visit of a number of German experts at the Bank of Albania, as is the present occasion when we have the pleasure to have among us Mr. Gernot Nerb (IFO), one of the top experts of IFO institute, for the calculation of business confidence indices in Germany. He will be holding some presentations related to the use of indices calculated through the conducted surveys, which help to analyze the real economic and financial developments.

Although so far, the results of our surveys were presented indirectly in our periodical analyses and reports, as well as in various bank studies, very soon the Bank will publish such results regularly. In this context, an important preliminary step would be the consolidation of applied methodology in the calculation of such indices through a professional expertise, as it is the case of IFO. In a second phase, in close cooperation with the respective chambers of commerce and universities, we are going to organize several meetings with businesses and academics, wherein we could get suggestions on the usefulness of these surveys.

Along the same line of enhancing the economic information sources, another initiative undertaken by us relates to the involvement of the Bank of Albania branches in the collection and analysis of economic developments in various Albanian regions. So far, there have been conducted several surveys which have provided very interesting results. Unlike business confidence index, these surveys aim at getting more complete and continuous timely quantitative information on the situation of labour market, prices performance, production and on the relationship between businesses and banks. Such

information will be used in the calculation of some important indicators, such as productivity, cost per work unit, etc., which are often extremely essential to the Bank of Albania work study. Currently, these indicators are not provided by actual formal statistics.

I wish you a very productive day,

Thank you.