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Swiss Confederation

Federal Departement of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

POSITION PAPER

Switzerland's Macroeconomic Support to the Western Balkans

For years, the Swiss State Secretariat for Economic Affairs (SECO) has been supporting Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Kosovo and Serbia in strengthening their fiscal and financial governance to further align with European Union standards

SECO Division
Macroeconomic support (WEMU)

Key partner agency
International Monetary Fund, World Bank, The Geneva Graduate Institute

WEMU global programs
Global Debt and Risk Management (GDRM), Bilateral Assistance and Capacity Building for Central Banks (BCC)

SECO contribution
USD 30'000'000

THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

INTERNATIONAL MONETARY FUND

GENEVA GRADUATE INSTITUTE
INSTITUT DE HAUTES ÉTUDES INTERNATIONALES ET DU DÉVELOPPEMENT
GRADUATE INSTITUTE OF INTERNATIONAL AND DEVELOPMENT STUDIES

Background
After the end of the Yugoslav Wars, countries from the region embarked on a series of ambitious reforms to transition from socialist economies to market-oriented systems. Those reforms gradually opened the region to foreign investment, promoted economic integration and stabilized macroeconomic conditions.

While those reforms brought about decent growth in recent years, GDP per capita remains at just 40% of the European Union (EU) average across the region. Important macroeconomic gaps, such as inadequate infrastructure, weak fiscal risk management and insufficient tax collection, hamper further progress towards alignment with EU standards.

SECO as a partner for growth-promoting macroeconomic reforms
Working with a variety of development partners and through multiple modalities, SECO assists Western Balkans countries in addressing these challenges and strengthening their framework conditions to allow private sector-led growth to flourish. The Swiss-funded interventions are designed to complement the extensive support already provided by the EU and leverage Swiss expertise, notably in fiscal decentralization.

While SECO support primarily focuses on Albania and Serbia, it also extends to other countries in the region:

- In **Albania**, SECO assists the authorities in strengthening financial management practices at both central and local level, with a focus on debt management, public sector accounting, revenue mobilization and medium-term budgeting. Support is also extended to institutions such as the Bank of Albania and the Albanian Financial Supervisory Authority to strengthen their oversight capacities and safeguard financial sector stability.

- In **Bosnia and Herzegovina**, SECO supports the development of more efficient tax administration and public investment management practices. In addition, it partners with the Central Bank to strengthen reserve and human resource management.
- In **North Macedonia**, SECO works alongside the authorities to enhance financial programming and strengthen key public financial management functions, like debt and investment management, as well as control of fiscal risks.
- In **Montenegro**, SECO focuses on strengthening the oversight of state-owned enterprises, improve tax policy analysis and consolidate tax administration.
- In **Kosovo**, SECO partners with the authorities to advance key financial management reforms to improve investment management, oversight of fiscal risks and cash management.
- In **Serbia**, SECO is a long-standing partner on central and local public financial management and supports the authorities in strengthening local governance, improving fiscal risk monitoring and enhancing public investment and asset management. Another intervention area is capital market development and laying the groundwork for green finance.

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Growth-promoting economic policy

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Annex 1: Overview of SECO's macroeconomic portfolio in the Western Balkans

GENERAL **The Bilateral Assistance and Capacity Building for Central Banks (BCC) Program** supports partner central banks in building-up technical and institutional capacities to perform their mandate and contribute effectively to macroeconomic stability. BCC helps building the analytical and technical expertise to conduct effective monetary policy, promote stable and efficient financial sector, and be more operationally sustainable. **Active in:** Albania, Bosnia and Herzegovina	**Implementing partner:** The Geneva Graduate Institute (IHEID) **Project name:** Bilateral Capacity Building for Central Banks (BCC)
The Government Debt and Risk Management (GDRM) Program provides tailored and long-term technical assistance to build capacity in middle-income countries and particularly SECO partner countries. The GDRM Program offers a comprehensive support to countries, ranging from analysis, to strategy development and implementation support through on-site missions, peer-to-peer events, workshops, and continuous remote support. **Active in:** Albania, North Macedonia	**Implementing partner:** World Bank **Project name:** Government Debt and Risk Management Program (GDRM)
REGIONAL **The Fiscal Reforms in South-Eastern Europe (SEE) Program** supports partner countries in developing more transparent, effective, and resilient institutions in key areas of public financial management, revenue administration and tax policy, leading to better framework conditions for sustainable growth and high-quality public service delivery. The Program is co-financed with the European Union. **Active in:** all countries	**Implementing partner:** International Monetary Fund **Project name:** Fiscal Reforms in South-Eastern Europe (SEE)
The Public Sector Accounting and Reporting (PULSAR) Program promotes the adoption and implementation of national public sector accounting, financial and sustainability reporting practices that are aligned with international standards and meet national development and sustainability needs. High-quality and comprehensive public accounting standards strengthen government accountability, as well as fiscal transparency and credibility. **Active in:** all countries	**Implementing partner:** World Bank **Project name:** Public Sector Accounting and Reporting (PULSAR)
BILATERAL **The Local Government Finance Reforms (RELOF) Program** supports the public sector in Serbia in becoming more effective and accountable, manage public resources more efficiently and allocate resources more strategically. In its current Phase, RELOF closely works with municipalities and the central government to improve managerial accountability and better measure the performance of local municipality staff. **Active in:** Serbia	**Implementing partner:** foreign consultants **Project name:** Local Government Finance Reforms
The Strengthening Subnational Public Financial Management Program supports Albania in strengthening financial discipline, making the use of public resources more efficient and improving local public service delivery. Following a flagship territorial reform in 2024, the Program is designed to bring public services closer to citizens and improve the accountability of public bodies at different levels of government. **Active in:** Albania	**Implementing partner:** foreign consultants **Project name:** Strengthening Subnational Public Financial Management