

COMPLIMENTS FOR THE CONFERENCE

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**Ilir Meta**

**Prime Minister of Republic of Albania**

**Honorable friends and guests,**

**Ladies and gentlemen,**

Ten years ago, the irreversible separation of the Albanian society from the autarchy and the totalitarian regime was made under the most explicit political motto, maybe more explicit than those of all the other countries experiencing similar overthrowing: "We want Albania like the rest of Europe!" Those moments and the next steps taken showed that the citizens of this country, even though tired to a physical and spiritual deformation by one of the most cruel dictatorships known by the world, had cherished intact their inherent European faith and vocation.

But on the other hand, not everyone was fully conscious ten years ago about the harshness and the complexity of the reforms they

had to undertake, about the responsibilities to be taken by everyone and the sacrifices lying ahead.

This was absolutely the best choice in Albania's history. The Albanian society would not have gone very far if it would have not gotten over the first illusions of the immediate consumer's paradise and the mechanical joining of the developed world, and if it would not have been prepared spiritually for the challenges of a long and difficult path, full of uncertainties.

It was exactly this passage from the wishes and the vision for Europe, the people's beliefs and ideals, to the concrete mechanism and instruments of the transition period, to that complex mechanism that would completely transform the institutions and the inter-institutional relations, the legislature and the administrative model, the opening to the world and the emergence from the poverty; this was the biggest and most difficult challenge we faced 10 years ago. Within a short period of time it was transformed from a matter of beliefs and political verdict into a matter of knowledge and capacities, experience and resources.

It is beyond doubt that this gigantic effort could not be successful without the historic event, the signing of the agreement with the International Monetary Fund and the World Bank exactly 10 years ago. It was the signature for a free society, open and democratic, based on the competition of values and the market economy.

The sealing of this long-term partnership became the key of the reforms' successes; it remains the fundamental guarantee of the irreversibility of the modernization of Albania in the future.

Certainly, our cooperation with the institutions of the Bretton Woods has not been something easy.

On the day of the entrance, on October 15, 1991, we came into these institutions after several decades of total isolation and ideological attack against their image, with no prior experience about the rules and instruments of the market economy, and when the country, as a result of the radical transformation had entered a climate of huge social tensions, not mentioning the historical ones pertaining the regional atmosphere.

Any retrospective look on the way covered during these ten years, despite the costs of mistakes made by governments - costs which are still being paid through omnipresent shortcomings in the

everyday life – is a confirmation that our objective has been rightly chosen, and that our aspirations for democracy and integration continue to enjoy the widest consensus of all the Albanian society.

First of all this attests for the effectiveness of the government's work, that we have made the right choices concerning the policies and the proper managing instruments and that we are constantly trying to perfect them. But it also serves to show that the cooperation with our international partners, not only with the International Monetary Fund and the World Bank but with the European Union, the United States of America and other governments of helping countries and international institutions has been effective as well.

From October 15, 1991, the day when Albania officially became a member of the IMF, until now, our cooperation has passed through three 3-year programs designed to address the situations the country was going through in the given reforms' stage. Thus, the first "stand-by" agreement extending until July 1993 contributed noticeably in the halting of the recession and the avoidance of the collapse after an immediate change of the system. It was accompanied by two consequent ESAF (Enhanced Structural Adjustment Facility) agreements, which formed the platform for the basic structural reforms in the economy and the institutional strengthening, opening the path to the World Bank financing and the engagement of many other donors.

Since that day Albania, according to the evaluations of our partners, has been trying to take and face all responsibilities deriving from our agreements.

The closure of hundreds of unprofitable factories, the quick privatization, the strict control over pensions and salaries, the control of the budget deficit and international debts, the application of the taxation scheme and weight, etc are important milestones in the social-economic consolidation, and not-so-small sacrifices for the governments and especially the people's lives.

The biggest shock that the Albanian society and you, honorable partners, experienced during these 10 years has been the collapse of the pyramid schemes in 1997.

But the bigger the impact of this crisis and the chaos accompanying the breakdown of the state, the more evaluated is our joint work during these years in order to get over that situation,

and to make the transition from an abyss into a exemplary consolidation.

Today we undoubtedly have a society, a state and a government much more emancipated and consolidated than several years ago. Albania has its own constitution, a developed judicial system and institutions responsible for their role.

The macroeconomic and macro-fiscal stability that we have achieved, the constant increase of the GDP, the increase in the budget incomes and of the self-financing capabilities of the economy, the acceleration and effectiveness of the privatization, the constant improvement in the public order, in the infrastructure and the business climate, education, public health and social care show that our program is not oriented by abstract ideological objectives, but that our basic objective remains the Albanians' standard of living through the adaptation of the most advanced Euro- Atlantic standards and values.

Today we have a very balanced budget, which is now composed on a medium-term basis. The General Deficit only these last three years has decreased from 10.5% of the GDP to 9.2% (expected for 2001). The fiscal incomes increased from 12 % GDP into 16%, doubling their absolute amount within only 3 years.

Our road infrastructure, national and urban, despite the known shortcomings, can not be compared to the one of only a couple of years ago. The privatization pace has accelerated and, quickly expanded over the strategic sectors, is being accompanied by very high financial effects. The work of the Public Administration is now based on a modern legal frame, "The Law for The Social Service".

Much more important than the physical infrastructure improvements is the huge change in the mentality of the people, making possible for the individual and the community to assume more responsibilities and that the social behavior be developed in the same line with the requirements of the reforms and the political-economic model we aspire for. This is very well supported by the devolution reform we are pursuing and the local government law.

Ladies and gentlemen; certainly, not everything is perfect in our work. We are aware of the problems encountered in and the

consequences stemming from the shortcomings of the electricity sector. Considering as the main cause for this the 15-year negligence towards this sector, the extraordinary drought and the multiplied consuming, we have not remained passive.

The serious study and our medium-term action plan gave the green light to the unblocking of the financial pack of the donors in this sector, whom I take the chance to once again show my sincere gratefulness for their contribution. The continuous monitoring of this sector and the efforts for a quick normalization are maybe our biggest priority in our everyday work.

These efforts include all-round measures: from perfecting the Albanian Electro-energetic Corporate management, to the encouragement of alternative energy uses by the consumers. The electricity price boosting we lately applied is an indispensable measure, even though with a high social-political cost we are determined to face. Nevertheless, as a whole, the accomplished indexes give us more confidence and motivation to pursue our way towards the reforms and the integration with a quicker pace and even more determination, and to leave no possibilities to any movement seeking destabilization or to any political irresponsibility wherever that is coming from, for they are a real threat to the stage we have achieved. This is guaranteed by our joint efforts to give the country's development a more consolidated strategy. One month ago the Economic Policy Committee of the Albanian government ratified the National Strategy for the Social and Economic Development, arranged with the direct contribution of our international partners. This strategy finally ensures the total concordance of the strategies of various sectors we have arranged, such as those for the agriculture, tourism and environment, education and public health, electricity and water supply, the support to the SMEs, the devolution etc. . We are fully aware that this is only the first step taken towards the development perspective in long-term strategic visions.

But the most important guarantee of the continuity of the reforms remains undoubtedly the process of the Stabilization-Association, in the path of our European integration. The ratification we expect to take place within the coming days of the draft for the opening of the negotiations about the signing before the end of the next year of the Stabilization-Association Agreement with the EU finalizes the European aspiration of the Albanians, and will be the biggest encouragement for the acceleration of our reforms in every sector.

We are determined to pursue this path till the end, fulfilling all our duties outlined by this agreement. Our steps in the overcoming of the prejudices and the strengthening of the regional cooperation with our neighboring countries, the role we have played fighting against the regional tensions and crisis testify very well about the European stance Albania has already taken for this question.

I take the opportunity to express our acknowledgement and gratefulness for all the resident representatives of the IMF and the World Bank, as well as their staff, who have worked with great dedication to meet our common objectives.

As Albania's Prime Minister in the last two consecutive mandates I respect the principle that our mandate should not be seen as separate, but they should preserve the continuity of the agreements with our partners. This is exactly my view concerning the attitude towards the stability, and never as a threat towards a certain portfolio or post. This is the reason why the words of Albania's friend, the actual EU president Romano Prodi, said in Tirana one week ago were so easily understood and are still repeated by every Albanian citizen: "If it maintains stability, Albania will make miracles".