

Welcome address by **Erik BERGLOF**, Director, LSE Institute of Global Affairs\*

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\* Transcript from the video recording

Good morning,

I am absolutely delighted to be back here in Tirana and see old friends and get to know some new talent here in Albania.

In my previous life, when I was with the EBRD, my office had to work with more than 30 countries. I had to choose where to focus, and after 2013 I chose to spend a lot of time on Albania. The reason was that I saw real commitment to reform in the new government under the leadership of the incoming Prime Minister Edi Rama and his team, including the current Finance Minister Arben Ahmetaj. There was a real desire to get things done. Of course, there was also the prospect of achieving candidate status and eventually become a member of the European Union. The stars were well aligned for the country to make progress from a very difficult situation.

The picture today compared to then couldn't be more different. That was a time of massive macroeconomic imbalances, huge fiscal holes, massive lack of payment in the system, corruption etc. When you look at Albania today, it is a very different place. It has become a model for how to do macroeconomic stabilisation, how to implement structural reforms, and how to tackle non-payment in the system. All this is a great tribute to the Prime Minister and his team.

I am now back in the academic world and delighted to be at the *London School of Economics and Political Science*. I was tasked with building up from scratch the LSE's Institute of Global Affairs, and its Global Policy Lab. Our mission is to address global challenges by encouraging locally rooted solutions. Locally rooted solutions can be found only through partnerships with local institutions. It is in this spirit that we have entered in this partnership with the Bank of Albania.

Local ownership is critical for reforms to be successful. Over the last year, I have been involved in an international G20 exercise, the G20 Eminent Persons Group, set up to review the system of international financial institutions in order to try to address the global challenges. The fundamental building block in the Group's proposal is local

ownership. This is why an institution like the Bank of Albania is so important. It has competent staff and a lot of experience in its walls - over time it has also built trust and established independence. As a result it can help the government's objective of generating inclusive economic growth and stabilising the financial system. We are developing this conference together, and we look forward to many future collaborations as well. Governor Sejko is a great partner and we are absolutely delighted to work with his team.

One of the core challenges that we see globally is financial resilience. We have improved the health of the financial sector, but we also see massive buildups of debt, not least in the emerging and developing countries. Looking at what Albania has achieved, comparing it to six-seven years ago when I first got involved, is truly remarkable. Again credit to the central bank of the country, the Bank of Albania.

I want to thank everyone involved – it has truly been a team effort. On the Bank of Albania side, in particular, Donald Duraj, Altin Tanku and Enri Herri. They have been working with our team, Mario Blejer and Piroska Nagy-Mohacsi. Massive thanks to all of you for making this possible.

I also want to mention that this is not the first such conference organised by Bank of Albania. It has been going on for many years. We are really building on that tradition and I am very delighted to see that the past partner, SEESOX and PEFM from Oxford and its new head, Charles Enoch, is here today. We very much want to build on the foundations laid by them.

Thanks again for having us here and we are looking forward to a very exciting day.

**Thank you!**