

I am delighted to see this large turnout of so many distinguished guests and mortgage finance experts from so many institutions and countries.

I am also very happy that USAID has selected Sofia as the site of this event.

First of all, as a result of public and private sector synergies, Bulgaria has been making remarkable progress over the last few years in strengthening its financial sector, including in the area of mortgage finance. I am hopeful that this workshop will focus on some of the "lessons learned" from Bulgaria's experience.

Secondly, Bulgaria has a well-established tradition of, and appreciation for, home ownership. Although mortgage finance is a fairly new and not very widespread concept here, I am convinced that it will become an important vehicle stimulating economic growth here.

I suppose I should first explain why my government, through USAID, is supporting this event and other efforts to strengthen mortgage finance.

It is not only because the U.S. is a world leader - if not THE world leader - in mortgage finance. By way of illustration, I would wager to say that almost every American in this room is a mortgage-holder, for instance.

More importantly, strengthening the financial sectors of the countries of this region supports a fundamental US goal. Quite simply, it is in the interest of my country, as well as of the countries represented here today, to build prosperity and stability in the Balkans. And promoting mortgage finance is an important tool with which we can help achieve this goal. Why do I say that?

Limited access to credit in this region is a major impediment to economic growth. We are convinced that as more and more people gain access to long-term credit facilities - such as mortgages - there will be an inevitable stimulus to the region's economies.

Secondly, as more and more people take out mortgages, there will be a direct, beneficial impact on important sectors of the economy - including the construction and other industries. Many new jobs will be created -- a key factor underpinning stability and prosperity

Thirdly, the expansion of primary and secondary mortgage markets will buttress other areas of the economy, including the banking sector, investment companies, insurance companies, and pension funds.

Fourthly, as new players enter mortgage finance, consumers will benefit from increased competition among lenders.

Ultimately, higher levels of home ownership will also improve standards of living for Bulgarians as the housing stock improves and as new demographic groups - such as young working couples -- are able to realize the dream of owning their own home.

During this conference, I am sure you will analyze thoroughly the factors behind successful mortgage finance strategies. Let me say a word or two about the situation in Bulgaria.

In the last two years, mortgage loans in this country - virtually unheard of a few years ago -- have grown to almost \$300 million. They now represent one of the fastest growing components of lending to the private sector. The number of players is also increasing - there are now at least 9 banks offering mortgages, compared to just one lending institution 2 years ago.

Moreover, the primary market, while still in its infancy, is nonetheless growing rapidly. The first bond issue was issued just a year and a half ago by the Bulgarian American Credit Bank -- a subsidiary of the

USG-funded Bulgarian American Enterprise Fund. Since that time, almost Euro 25 Million in mortgage-backed bonds have been issued.

Bulgaria's success so far can be attributed to many factors, but a key ingredient has been the cooperation between the public and private sectors. They have worked hard together to create a more fertile legal and economic environment for a private mortgage finance system to thrive. My colleagues from USAID will share with you the many, many ways in which my government has supported this process. I very much hope that you will take a look at the Bulgarian model in more detail in the course of the conference.