



February 23, 2007

Mr. Florin Georgescu
First-Deputy Governor
National Bank of Romania
Bucharest
ROMANIA

Mr. Bogdan Dragoi
Secretary of State
Ministry of Public Finance
Bucharest
ROMANIA

Dear Mr. Georgescu and Dear Mr. Dragoi,

Proposal for knowledge transfer of Regulatory Impact Assessment techniques

An important side-effect of the SPI Program for Financial Sector Modernization is the development of local analytical skills to sustain continuous financial sector fine-tuning reforms. It is also the main area of the Convergence Program's involvement in support of SPI Secretariat activities.

We have been transferring to the SPI Secretariat and the Project Working Groups a set of analytical methodologies, such as regulatory impact assessment (RIA), to help prepare evidence-based regulatory change proposals. Public-private Working Groups make now routine use of RIA techniques in their analytical work.

While an evidence-based culture is the necessary foundation for an effective public-private regulatory dialogue, it is important to bear in mind that regulatory making is the authorities' responsibility and that, according to European Union recommendations, they should base their decisions on an adequate analytical cost-benefit framework.

It seems therefore important that National Bank of Romania and Ministry of Public Finance have the necessary RIA capabilities to provide intellectual leadership to the public-private regulatory design work that Romania has committed to promote. Through the RIA tool, authorities will also be able to monitor the existing regulatory framework to ensure that its benefits justify the costs they create.

It is in response to this challenge, and based on extensive conversations that our SPI Secretariat colleagues have had with several of your respective staff, that the Convergence Program is pleased to bring to your attention a RIA knowledge transfer program. The program, which could run from the spring through the end of 2007, is independent from the decision that Romanian stakeholders will take about the proposed second phase of the SPI Program itself.

Managed by Riccardo Brogi, our Senior Regulatory Economist, the proposed program would consist of the following four phases:

- i) Building a RIA Team: to familiarize a small team of designated RIA experts (the RIA team) nominated by the relevant departments of your institutions (regulatory, supervisory or legal departments) with the RIA approach;
- ii) Applying RIA to an ongoing regulatory proposal: to make the RIA team execute RIA on an already enacted regulation;
- iii) Introducing RIA in the official regulatory process: to support the RIA team in performing RIA on a draft regulation.
- iv) RIA capacity building: to help establish a specialized unit within your institution, responsible for, and capable of, undertaking RIA.

At the completion of this program, we expect that your institutions will be able to rely on a small group of specialists ready to support with evidence-based policy analyses those departments dealing with regulatory measures.

Given the importance of the RIA approach for improving financial sector regulatory quality, we intend to roll-out the program designed for the National Bank of Romania and the Ministry of Public Finance to other interested institutions in the region, in association with the Ljubljana-based Center of Excellence in Finance.

I would be grateful if you could direct your designated colleagues to contact Ms. Oana Nedelescu and Mr. Riccardo Brogi who will be delighted to discuss this concept further and finalize the program based on your needs and priorities.

Sincerely,



Luigi Passamonti

Senior Advisor World Bank and Head Convergence Program

Attachment: Draft RIA Program

cc: SPI Committee members; SPI Secretariat.