



MEMO

SPI Romania Secretariat Visit to Serbia and Slovenia September 10-14, 2007

In the week of September 10-14, 2007, Ms. Oana Nedelescu, SPI Director of Analytics and Policy visited Serbia and Slovenia, with the Head of Convergence.

During the visit to Belgrade on September 10, Ms. Nedelescu met with representatives of the Ministry of Trade and Services, National Bank of Serbia, and of commercial banks in order to help them consider launching the Special Projects Initiative in Serbia, based on the SPI Romania success story.

On September 12-14, Ms. Nedelescu participated at the Convergence – Center of Excellence in Finance seminar on “Better Financial Regulation”, based on impact assessment tools, in order to share the SPI Romania experience on the matter throughout the seminar. Mr. Stefan Nanu, Alternate SPI Committee member, delivered a keynote speech on the SPI Romania experience during the first day of the seminar.

I. Meetings with SPI Serbia stakeholders

Accompanied by Mr. Philip Condon, Head of IFC Regional Advisory Services Department, the SPI Secretariat and Convergence had separate meetings with:

- 1. The Serbian Ministry of Trade and Services representatives:** Mr. Milenko Nikic, State Secretary and Mr. Mihailo Vesovic, Assistant Minister.

The visit has been facilitated by the Serbian Ministry of Finance representative, Mr. Igor Momcilovic, Assistant Minister, with whom the SPI Secretariat and Convergence have met during their previous visit to Belgrade, on July 27, 2007.

The ministry’s representatives outlined that the institution should become one of the SPI Serbia stakeholders as it has broad responsibilities over financial services industry and manages a dedicated department dealing with consumer protection issues.

The ministry’s representatives were interested to learn about the SPI Romania experience. In particular, they were interested to learn about the Romanian experience with setting up the SPI Committee and with selecting the SPI projects.

The ministry’s representatives believe that many of the SPI Romania projects could be undertaken in Serbia as they represent topics of interest for the Serbian stakeholders (i.e. creating the bank ombudsman, promoting consumer education, etc.).

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In this context, it was stressed the importance of launching the SPI Serbia with a full program, encompassing several projects, in order to be able to benefit from the synergies created among the various projects. The SPI Serbia program could be supported by IFC with technical expertise when needed.

The ministry believes that the next step towards initiating the SPI Serbia would be to arrange a meeting with all public and private Serbian stakeholders, where Convergence and SPI Romania would participate in order to support them reaching the formal decision. The ministry will take steps towards mobilizing the relevant stakeholders.

2. The National Bank of Serbia representatives: Ms. Mira Eric-Jovic, Vice Governor in charge with bank regulation and supervision, and Mr. Kristian Vukojcic, Senior Associate in the Governor's Office.

The National Bank of Serbia representatives expressed their satisfaction with the proposed SPI initiative. The public-private SPI approach is in line with the latest central bank's approach, which encourages a closer dialogue between the regulator/supervisor and the financial industry.

The NBS Vice Governor was interested to learn more about the SPI Romania project methodology and ways of building the consensus among the various stakeholders. Also, the central bank representatives were interested to learn about the major SPI Romania achievements.

The SPI Secretariat presented the SPI project methodology and governance with a particular emphasis on the role of the public-private consultations and on the analytical tools aimed at supporting consensus building (i.e. regulatory impact assessment and international benchmarking).

Also, the SPI Secretariat made a presentation of the concrete project-related achievements (approved legal and institutional changes), and stressed that the SPI platform has proven to be a very good platform for structuring the public-private cooperation on financial sector modernization issues and promoting evidence-based policy making.

The NBS Vice Governor outlined the synergies that could be created among the two SPI country initiatives, given that many of the financial sector modernization needs are common. The SPI Secretariat has offered to share its experience in Romania and to remain in touch with the Serbian stakeholders.

The NBS Vice Governor will inform the Governor accordingly. Also, concrete steps will be taken in order to have the relevant Serbian stakeholders initiate the SPI Serbia as soon as possible.

3. Banking sector representatives: Mr. Zoran Petrovic, Deputy Chairman of the Managing Board and Ms. Ljiljana Turopoljac, Head of Financial Institutions Department, Raiffeisen Bank and Ms. Sonja Miladinovski, Member of the Executive Board, Societe Generale Bank.

The meetings held with the Raiffeisen and Societe Generale representatives constituted a follow up of previous discussions held between the Convergence Head and the respective banks' management.

The banking sector representatives outlined their commitment to support the implementation of the SPI Serbia. In their view, the SPI can constitute a very useful tool to promote an active dialogue with authorities and have the industry voice weight more in the policy making process.

The bankers were interested to learn about the SPI Romania experience with selecting relevant projects and also with enacting the solutions. The SPI Secretariat made a description of the project selection (which has to embed an analysis of the public and private benefits) and stressed that the solution enactment is secured by the high-level public and private representation in the SPI Committee and their members' up-front commitment to support implementation.

The Serbian banking sector representatives outlined that many of the SPI Romania projects represent topics of interest for them (anti-money laundering legislation, IFRS provisioning, rural lending, bank security legislation, etc.). At the same time, the Serbian bankers outlined some topics that could be potentially of interest for the Romanian SPI (overcoming the barriers to financial derivatives development, developing international cash pooling, stimulating securitization, etc.).

It was stressed that the SPI is carried out in parallel with the banking association functions and that it can contribute towards strengthening the latter. The individual Serbian bankers are willing to support the SPI initiative individually (as project owners and mobilizing their banks' expertise) and through the banking association. In this regard, they welcome the presentation scheduled to be made by SPI Romania on its experience to the Banking Association Board in early October.

II. Participation at the Convergence-CEF Workshop on “How to Design Better Financial Regulation – Regulatory Impact Assessment: A Key Policy Analysis Tool”

On September 12-14, the SPI Secretariat participated at the Convergence-CEF workshop on better regulation, which gathered twenty three participants from public authorities coming from ten South East European countries and eleven speakers from several European institutions (EU Commission, the UK Ministry for Business Environment and Entrepreneurship, two EU financial regulators (CESR and CEIOPS), the Irish and UK Financial Service Authorities, two leading analytical firms (Oxera and Ramboll Management) and a Croatian expert (Arhivanalitika)).

The event aimed at supporting participants in strengthening their understanding and knowledge of the importance of evidence-based policy making and its supporting tools (public consultations and regulatory impact assessment - RIA). It concluded with a plenary session where participants presented their group analyses on three case studies drawn from EU regulatory work. The final session was also attended by senior Bank of Slovenia and Ministry of Finance officials and the Chief Legal Counsel of a local large bank. The observers were highly appreciative of the methodology used and the richness of the analyses prepared by the participants. They considered the work pioneered by SPI Romania as being a benchmark for similar approaches in the region.

The representatives of the SPI Committee and of the SPI Secretariat had an opportunity to present the SPI Romania public-private partnership set-up, to explain the project methodology, the involvement and contributions of the stakeholders, and the role of RIA and consultations in the SPI process.

The participants considered that the SPI Romania represents a framework that enhances the quality of the public-private dialogue and thus effectively promotes evidence-based policy making. Therefore, many of them would welcome such an initiative in their countries.

Likewise, it was stressed that it would be beneficial to develop a regional financial sector RIA network and to collaborate on analytics and consultations in the spirit of “better regulation”, a possible “hub” for such an initiative being the Ljubljana Center of Excellence in Finance.