



convergence



The Head of Special Projects Initiative

**A CONTRIBUTION TO MARKET-BASED
FINANCIAL SECTOR DEVELOPMENT
IN ROMANIA**

Bucharest, February 2006

TABLE OF CONTENT

FOREWORD

PROPOSED NEWSPAPER ADVERTISEMENT

HEAD OF SPECIAL PROJECTS INITIATIVE – MAIN FEATURES

HEAD OF SPECIAL PROJECTS – TERMS OF REFERENCE

TIMELINE OF ACTIONS

EFFECTIVE BANKERS' ASSOCIATIONS

CONVERGENCE MISSION

CONTACT

Foreword

I am pleased to introduce in this brochure a most innovative project sponsored by Convergence: the Head of Special Projects (HSP) Initiative.

Through it we intend to assist the Romanian Banking Association (RBA) to strengthen its analytical capabilities and transform itself into a highly technical voice and a trustful dialogue partner with Romanian financial authorities.

Last summer, I spent some time with my Convergence colleagues visiting several EU banking associations to be acquainted with the multitude and the quality of functions and tasks they perform for their members' interest – and for the efficiency of the banking sector at large. Because of their professionalism and responsible behavior, these associations have gained the authorities' trust and respect.

Going back to their history, I would say that this process did not happen overnight. On the contrary, one could obviously attribute the achievements of most associations to decades of relentless visionary efforts, organizational reengineering, refinement of governance principles and strategic adjustments to respond to the challenging structure of the financial system and the specific demands of their members. To use the model of these associations in recasting the RBA today would certainly require a considerable amount of time.

To shorten the time for spearheading banking micro-reforms in Romania with the contribution and coordinated efforts of all stakeholders, Convergence has launched the HSP Initiative. The core of this initiative consists in sponsoring the creation of a HSP position, domiciled in the RBA, which will undertake, with the support of local and international experts, analytical studies of possible micro-reforms to improve the efficiency of financial intermediation.

The eligible projects would be filtered through a high-level public-private Steering Committee that will represent the foundations of a truly orchestrated industry consultation process on policies and regulatory reforms affecting the banking sector.

I wish the readers will share the same visionary feeling of working for the future of the Romanian banking system.

Shkelqim Cani
Country Senior Advisor

Proposed Newspaper Advertisement

Romanian Banking Association

National Bank of Romania

With the support of:



Job Title:

**Head of Special Projects
Convergence Program**

Job Location:
Bucharest, Romania

Starting date of position:
June, 15th 2006

The Convergence Program is looking for a **Head of Special Projects (HSP)** to collaborate with industry working groups set up by the Romanian Banking Association, in collaboration with the National Bank of Romania. The HSP will work under the aegis of a **public-private Steering Committee** composed of senior NBR, RBA and Convergence representatives.

The "Convergence" Program has been set up to promote the build-up of analytical capabilities in financial economics, banking and finance and legal and regulatory matters within the civil society of its seven countries of operations in South-East Europe. Convergence operates from its regional office in Rome and co-ordinates its program activities in the various SEE countries, including Romania.

I. Description of Core Responsibilities:

The HSP will report to the Convergence Country Senior Advisor (CSA) and be supported by Convergence Operations Manager (COM). In his/her day-to-day work, the HSP will liaise with the RBA President. He/she will have the following main responsibilities:

- To identify the most critical issues faced by the RBA that need a resolution in collaboration with authorities and submits proposals for analytical studies to the Steering Committee; to assist the COM in designing, launching and executing the country bottom-up financial sector regulatory assessment.
- To prepare the ToR for each specific analytical assignment/technical proposal after reaching the agreement with the Steering Committee; to identify and make hiring proposals for international experts to COM and for local experts to the designated RBA official.
- To organize specific working group meetings and prepare/collect and distribute materials to group members.
- To manage the day-to-day project work, interfacing with local counterparts and ensuring that assignments are run on time and output is of adequate quality.

II. Requirements:

- MBA or Masters in Finance/Economics, or other relevant graduate degree
- Knowledge and experience of development work, multi-sectoral policies and Romanian financial sector (no less than 7 years).
- Excellent written and verbal communication skills; Familiar with demand-driven and participatory approaches.
- Excellent communication and facilitator skills, able to address the institutional complexity and multi-disciplinary environment of the Project and to work under tight deadlines to meet objectives.
- Fluency in English and Romanian. Knowledge of Italian will be an asset.

III. Benefits: Compensation package will be competitive. The interested candidates can submit their CV-s with a cover letter sent by e-mail no later than March 31, 2006, at the e-mail address: hsp@hotmail.com. Please note that only short-listed candidates will be accepted for an interview.

Head of Special Projects Initiative

Main Features

Context

Enhancing the financial sector contribution to growth in Romania requires a large scale assessment of micro-regulations that affect the efficiency of financial sector intermediation. This assessment has to take place in close cooperation with both the banking industry and financial authorities. As a contribution to starting this process, Convergence proposes to support the creation of a public-private steering committee that will decide the initiation of analytical projects that hold the greatest potential for their contribution to financial sector deepening. Convergence proposes to make a Romanian national available for 18 months as the executive that will coordinate the execution of these analytical projects.

Recruitment

Convergence will start the recruitment process after having received the endorsement for the Head of Special Projects Initiative, as described in this document, from both the First Vice Governor of the National Bank of Romania and the President of the Romanian Banking Association.

As a first step, Convergence will place an advertisement in financial newspapers. The RBA and the NBR will circulate the advertisement within the banking community and the NBR respectively by means of internal circulars.

Secondly, Convergence will promote the establishment of a Selection Committee (details are given in the following paragraph). After reviewing all the applications received on the basis of the requisites stated in the Terms of Reference, the Committee will make a final choice for the Head of Special Projects (HSP). Convergence will proceed with the issuance of a work contract, on the basis of World Bank guidelines.

Selection and Appointment

The Head of Special Projects will be selected by a **Selection Committee** composed as follows:

- i) 1 person on behalf of the Executive Board of the Romanian Banking Association;
- ii) 1 person on behalf of the National Bank of Romania;
- iii) 1 person on behalf of the Convergence Management.

The Selection Committee will be supported by a Secretary, appointed by Convergence subject to approval by the other members.

Embedment in the Romanian Banking Association

Upon appointment, the HSP will work at the Romanian Banking Association. He/she will be responsible for the following tasks:

- To identify and manage analytical projects,
- To lead any banking working group established on purpose for the project;
- To act in a proactive manner promoting a private-public dialogue useful and fruitful to the implementation of each project at experts' levels.

Project Selection - Steering Committee

The selection of analytical projects will be made by a **Public-Private Steering Committee**, whose membership will be as follows:

- i) RBA President
- ii) NBR First Deputy Governor
- iii) Secretary of State of Ministry of Finance
- iv) Convergence Country Senior Advisor.

The selected projects will be described with an extensive Letter, where all needed detail will be given to guidelines, constraints and method suggested by the Steering Committee. For an effective action of this initiative, the Letter will contain a tentative action plan of steps and deadlines which will be revised in the making. The Steering Committee will monitor progress of projects undertaken on a quarterly basis. It will finally review the conclusions before circulation of the report to the relevant counterparts. **It is expected that the principal members will regularly attend the Steering Committee meetings to underline a high-level commitment to public-private dialogue on financial sector development.**

Supporting advice

The HSP and his/her working groups will be supported through a combination of:

- a) Senior experts from the local banks (both as membership of the working groups and on *ad hoc* basis as special request according to specific items);
- b) Some specialist "attached" to the project from the RBA and/or seconded by the banking community;
- c) Local experts who will be paid by the RBA;
- d) Access to technical staff of the National Bank of Romania and other relevant authorities and commercial banks, facilitated by the members of the Steering Committee;
- e) International experts who will be paid by Convergence;
- f) Italian Banking Association;
- g) Permanent backup by the Operational Office of Convergence.

Output

The HSP is expected to produce the following outputs:

- i) technical proposals to be construed as the RBA voice for discussion with the Authorities for regulatory dialogue and finalization;
- ii) research inquires (e.g. competitive disadvantages, regulatory burden due to the reporting system to the central bank) which can represent a solid ground for regulatory changes;
- iii) draft laws and regulations as a supportive part along with the authorities;

Reporting & Governance

The HSP will act as a highly qualified advisor to the RBA top management in order to foster the dialogue between RBA and authorities on a more grounded expertise and wide endorsement.

The main HSP personal interface with Authorities will be through the Convergence Country Senior Advisor.

On an ongoing basis, the HSP will take instructions from Convergence and possible advice from RBA top management.

The HSP will report on a monthly basis:

- to the RBA Executive Board
- to the Convergence Country Senior Advisor.

The HSP will report on a quarterly basis to the Steering Committee.

Additional Operational Impact

The work of HSP will facilitate the development of a business planning and control procedure within the RBA.

Head of Special Projects Terms of Reference

Context

The “Convergence” Program has been set up to promote the build-up of analytical capabilities in financial economics, banking and finance and legal and regulatory matters within the civil society of its seven countries of operations in South-East Europe¹.

To achieve this objective, it will use two instruments: 1) to undertake analytical studies of micro-structural issues that, if properly regulated, could impact the growth of financial sector intermediation; 2) to bring the results of these studies and other sponsored by other institutions, supported by a specific “Convergence” opinion, to the attention of authorities for decision-making after open public consultations.

Convergence is aware that the traditional mission of “representation” of the interests of the banking industry, focused on responding to public actions, is inadequate to promote an enabling regulatory environment in support of new business strategies. Time has shown that rapid changes in financial services make it now possible for market participants to pursue a more ambitious mission by *becoming active players* in:

- helping shape the definition and application of rules;
- producing solutions to enhance the system’s competitiveness and synergies.

Convergence has found common understanding and willingness among the Romanian financial industry stakeholders to start shaping the process of transformation of its banking association into a joint, well-articulated and highly qualified voice to be heard from the authorities.

To help encourage the process of reorganization and transformation of the Romanian Banker’s Association (RBA) into a modern organization, Convergence wishes to promote the creation of the position of RBA-based Head of Special Projects (HSP) who will play the role of coordinator between the RBA and authorities on an honest broker basis. This professional, who will be hired by Convergence, will serve as a liaison among Convergence management team, the RBA and the Romanian authorities. He/she will be able to rely on technical support from the Italian Bankers’ Association (ABI) and similar associations from other European countries. The Head of Special Projects will coordinate working groups with banking sector representatives, relevant authorities and other local and international experts that will be set up in order to share and discuss views on specific industry issues that need resolution.

¹ The countries are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro.

The position

The HSP will report to the Convergence Country Senior Advisor (CSA). He/she will be supported by the Convergence Operations Manager (COM). The HSP will take active part in the meetings of the **Public-Private Steering Committee**, which represents a high-level commitment to public-private dialogue on financial sector development. The Committee will be leading the process of analytical projects selection, the project progress monitoring and conclusions review before report circulation to the relevant counterparts. The main HSP personal interface with the Authorities will be through the Convergence CSA. During his/her day-to-day work, the HSP will take instructions from Convergence and will liaise with the RBA President.

His/her role consists of the following responsibilities:

- To identify the most critical issues faced by the RBA that need a resolution in collaboration with authorities and submits proposals to Steering Committee;
- To assist the COM in designing, launching and executing the country bottom-up financial sector regulatory assessment that will be a pipeline of quantified micro-regulatory issues that need fine-tuning. Regulatory impact assessment is a crucial tool that allow market participants and authorities to undertake, in open consultation, analytical studies of micro-structural issues that, if properly regulated, could increase growth and efficiency of financial sector intermediation;
- To prepare the ToR for each specific analytical assignment/technical proposal after reaching the agreement with the Steering Committee; to identify and make hiring proposals for international experts to COM and for local experts to the designated RBA official.
- To organize specific working group meetings and prepare/collect and distribute materials to group members. Responsible for proper circulation of minutes to participants.
- To manage the day-to-day project work, interfacing with local counterparts and ensuring that assignments are run on time and output is of adequate quality.
- To take active part in meetings of Steering Committee.
- To draft in coordination with RBA management, CSA and COM the quarterly/annual work plans and budgets;
- To request support of international expertise for special projects, after having taken the approval from CSA and COM.
- To make suggestions to RBA according to ABI's model.
- To help the CSA and COM create the regional expert network project after the project is completed.

Requirements

This position requires managerial and organizational skills to be effective in an unstructured and evolving work environment. It also requires an ability to

interface with tact and decisiveness with senior authorities, the local banking community and international organizations.

It is unlikely that a work experience of less than 7 years would have exposed the candidate to the variety of situations that are necessary to gain maturity and judgment soundness. The candidate should also have demonstrated aptitude to work with public authorities, business counterparts and academics.

Additional requirements are as follows:

- MBA or Masters in Finance/Economics, or other relevant graduate degree
- Knowledge and experience of development work, multi-sectoral policies and Romanian financial sector
- Some familiarity with regulatory impact assessment or quantitative techniques;
- Excellent written and verbal communication skills
- Familiar with demand-driven and participatory approaches.
- Excellent communication and facilitator skills, able to address the institutional complexity and multi-disciplinary environment of the Project.
- Excellent interpersonal and teamwork skills, with the ability to establish and develop relationships and work under tight deadlines to meet objectives
- Fluency in English and Romanian. Knowledge of Italian will be an asset.

Appointment

The candidate will be selected from a short list of experts by a Selection Committee. His/Her appointment will be a one-year appointment renewable for a second year, according to WB guidelines.

Timeline of actions

<i>Deadline</i>	<i>Actions</i>	<i>Output</i>
March 13 th -24 th , 2006	Advertisement on 2 newspapers and circulars within NBR and the banking community	
March 31 st , 2006	Closing date for application	
April 1 st -10 th , 2006	First screening of all the applications received	Long list of about 10-15 candidates
April 11 th -25 th , 2006	Second screening with interviews	Short list of 3-5 candidates which will be sent to the Selection Committee
May 1 st -10 th , 2006	The meeting of the Selection Committee takes place in one of these days	The Head of Special Projects is selected
June 15 th , 2006		The Head of Special Projects starts activities.
July 1 st , 2006	The Public-Private Steering Committee meets	Document listing some project to start with and defining possible action plans

Effective Bankers' Associations

1. Highly professional BAs are recognized by authorities as full, reliable, technical partners in supplementing their efforts to underpin the industry intervention areas, while promoting a more progressive and resilient banking system.
2. Besides interacting with authorities, a well-organized, highly qualified, credible and accountable BAs perform a wide variety of services to their members:
 - identify critical issues for the industry and set priorities
 - initiate and undertake reforms
 - coordinate with third parties (producers, consumers and trade associations) and authorities
 - draft, negotiate and prepare position papers
 - implement regulatory changes
 - conduct economic analysis and juridical research
 - measure the regulatory economic impacts for the industry, economy and society at large
 - provide other various services to members.
3. Effective BAs interventions are of direct relevance to BA members and generally take the following forms:
 - Industry opinions submitted on specific issues to various *ad hoc* consultative committees at the government, legislative and regulatory level;
 - Close cooperation with regulatory authorities to set an *ex ante* definition of rules and on an *ex post* basis to ease administrative compliance;
 - Professional, multi-disciplinary staff assisting various industry working groups with their analytical work.
4. Dynamic and sophisticated BAs are endowed with sound technical competence and an industry-wide vision. They have built up a banking sector database on micro-indicators not collected otherwise by authorities (Central Bank, Deposit Insurance, etc.), essential to conduct comprehensive analyses and substantiate their position papers.
5. BAs may put in place modern management control methods to quantify, on an *ex ante* and an *ex-post* basis, the net benefits accruing to their members from the variety of services they perform, through the Regulatory Impact Analysis (RIA).
6. Representative BAs have established proper corporate governance system, adopting an entrepreneurial mindset, which allows stakeholders to measure performance against their resources. They have ensured adequate governance arrangements to act as the legitimate representative of all members, in terms of representing both the large and small banks, articulating the common member concerns and achieving a fair allotment of the budget.

CONVERGENCE Mission

“Convergence” is a program aiming at invigorating financial sector intermediation and accelerating the process of EU financial integration by promoting a better cooperation between financial authorities and market participants in South-Eastern Europe.

Sponsored by the World Bank, and supported by a grant from Italy’s Ministry of Economy, the financial sector development program, “Convergence”, aims at fostering micro-structural market-building reforms conducted in consultation with market participants in seven South-East European countries.

The ultimate mission of Convergence is to stimulate sustainable growth of financial intermediation in the countries of operation, expediting the catch-up process on the Western European economies.

The “Convergence” Program has been set up to promote the build-up of analytical capabilities in financial economics, banking and finance and legal and regulatory matters within the civil society of its seven countries of operations in South-East Europe².

To achieve this objective, it uses two instruments: 1) to undertake analytical studies of micro-structural issues that, if properly regulated, could impact the growth of financial sector intermediation; 2) to bring the results of these studies and other sponsored by other institutions, supported by a specific “Convergence” opinion, to the attention of authorities for decision-making after open public consultations. It is expected that, by fostering public-private dialogue on the basis of professionally-prepared technical proposals, “Convergence” will create the incentives for eventual private sector investment in collective analytical capabilities.

² The countries are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro.

Contacts

Mr. Shkelqim Cani, Convergence Country Senior Advisor, is pleased to answer any question you may have on this Initiative. He can be contacted at shkelqimcani@yahoo.com. His phone number is: +355-69-202 3436.

Mr. Riccardo Brogi, Convergence Operations Manager, is also available. He can be contacted at rbrogi@worldbank.org. His phone number is: +39-06-7771 0205.

Convergence Operations Unit – c/o World Bank Rome Office

Via Labicana 110

00184 Roma – ITALY

Fax: +39-06-77 7101