

The World Bank

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September 25, 2006

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Fernando,

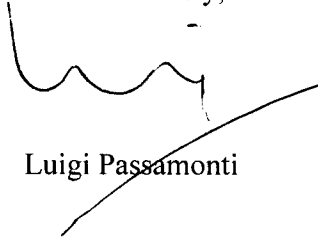
I am pleased to share with you the first Convergence output reflecting its core mandate to promote a public-private micro-regulatory analytical culture in South-East Europe. It took a long gestation period to understand how best to negotiate this challenging new terrain!

Following our awareness-building campaign (you happened to witness one session in Tirana), Romanian financial sector public and private stakeholders have come together in a forum that considers proposals for financial sector modernization before regulatory action is initiated. As a result of our recent consumer protection seminar, the authorities are now considering inviting the consumer protection agency to join the forum, based on the EU regulatory consultation model. Similar structures are being put in place in Albania and Croatia.

Convergence funds a two-person local Secretariat that helps orchestrate the analytical activities undertaken by public-private working groups, led either by authorities or market participants, which are responsible to prepare the proposals to be discussed in the forum. The Convergence Rome Office supports operationally the Secretariat (regulatory impact assessment analyses and identification of international expertise to supplement local resources). It will also help mobilize specific Bank technical expertise, based on needs identified by the working groups.

It will take about six to nine months before we can assess the effectiveness of this forum to deal with the micro-regulatory change agenda. If authorities are satisfied, it may be worth thinking how to roll this concept out in other suitable contexts. Given its high built-in cost leverage, this new instrument could strengthen our financial sector activities (also vis-à-vis the IMF), especially if it can feed useful material into a possible market-based WB policy lending program. I will keep you posted regularly of progress, now that the program has finally emerged from its gestation period.

Yours sincerely,



Luigi Passamonti

cc: Gerardo Corrochano