

CONVERGENCE PRE-OPERATIONAL PHASE

Report written by Mr. Shkelqim Cani

January-February 2005 activities:

I. Trip to Budapest, Jan.28-29 First Convergence team meeting

Create a platform of discussions on how to interact with country authorities and market participants (emphasizing our independence, unbiased operations, access to policy and decision-makers). Identified our natural partners within international organizations (EU, World Bank, IMF, EBRD, IFC) and ways how to approach them in meetings, how to arouse their interest and get their support, while preserving our integrity and profile. Discussed on what might be the best approach on getting the acceptance of IFIs (large foreign banks) about Convergence role as a player in the market - meeting with Surinay, representative of large Convergence group banks for the region; Our concluding remarks were underpinning Convergence position in the marketplace as an impartial intermediary. Defined the vision on project development, organizational issues, advisory board, timeframe, staffing policies, meeting with potential Advisory Board Member (Lajos Bokros), etc. Pinpointed the next steps to be pursued. Regular VCRs would take place during the first months to coordinate actions.

II. Other monthly activities

1. A draft letter of invitation to be sent from Mr. Isarescu to Mr. Padoa-Schioppa to join the Advisory Committee as Chairman was prepared by Mihai.
2. A two-page document about the issues and challenges Convergence might deal with while engaging the local authorities and market participants has been drafted by Mihai and Cimi and revised by Luigi
3. A two-month program for Country Advisors was designed and approved
4. Two sets of Convergence (internal and external) goals were pinned down
5. Pre-operational action plan agreed on the two-month period
6. CSA prepared a list of questions and issues to be addressed during the trip to Rome and London reviewed by Program Director.

III. Trip to Rome

Feb. 7-12

1. Meeting in Rome with Lorenzo Bini Smaghi (Luigi) and top officials from the Italian Ministry of Economy and Foreign Affairs Ministry (Mihai, Cimi, Luigi) to get them acquainted with our program and draw feedback to add value to our vision, explore possibility of implementing in Convergence countries of operations what is advanced in Italy.
2. Introductory visit to the Italian Bankers Association (ABI), meeting with Zadra (Executive Director) and Gen. Sec. of ABI and all key departmental staff. Presentations by ABI's staff on ABI's organization, functions, activities, interventions, methods of intervention, partnerships, engagement and lobbying with the authorities and market participants, successes and potential for assistance. Received publications and materials to become fully familiar with ABI's work.
3. Potential cooperation with IFC to add value to their program "Access to Finance" (meeting with Peer Stein in Italy - Mihai, Cimi)
4. ABI findings and implications for Convergence were later discussed thoroughly among the Convergence members with the view to use ABI as a model for strengthening the role of BAs in the SEE countries and shaping Convergence after ABI's example.
5. The need for Convergence brochure emerged due to program presentation to donors and country authorities in the coming months. Brochure outline has been sketched by the end of the month.

IV. A plan to have a first Convergence **intervention in Bulgaria** has been much debated, then abandoned, as the initial limited resources of Convergence would probably not have warranted a successful intervention. Also, the idea of asking major banks present in the region to provide us with a

list of issues their subsidiaries were faced in Convergence's countries of operations was lost. They did not follow up on our request to give us a list of issues by 28 February.

V. The letter to TPS was sent by Mugur on February 14.

VI. Luigi acquired the web-site www.convergence.eu

March Activities

I. Finalization and print out of Convergence Brochure (Luigi, Mihai, Cimi) - first days of March.

Letters were sent by Cimi and Mihai to WB, IFC and EBRD directors to inform them about the Convergence and to propose coordination of efforts to mutual benefit

II. Trip to London, March 5-7

Meetings with Saccomani, Vice President of the EBRD, Kurt Geiger (Business Group Director of FIs), Nussbaumer (Legal Transition Team), E. Quattrocioche (EBRD Director for Italy), etc. on creating program awareness, delve into fundraising and coordination issues, discuss on sharing project ownership and exploring ways of mutual cooperation.

Proposal to EBRD to have a first joint mission Convergence – EBRD, not accepted

III. Trip to Frankfurt, March 7-9

Presentation of Convergence program in the "SUERF" Conference (Luigi). Sensibilisation of large European banks CEOs and ABI's president, Sela on Convergence role, exchange of views and support. Meeting with T. Padoa Schioppa to introduce Convergence and invite him to join Convergence Advisory Board.

Luigi launched the idea of **cross-border securitization** in the SUERF Conference and then in letters to bankers (so far no follow-up). The proposed Croatia Securitization Law project builds on this very idea!

IV. Trip to Belgrade, March 9-13 Cimi's participation in the WBI seminar on RIA to become familiar with RIA and check options to organize a similar workshop on financial sector development issues in Convergence countries. The benefit of the seminar was that RIA methodology was recognized as an important tool to prioritize regulatory reforms, create "ownership" with the idea to implement this assessment with working groups of local banks and authorities in Convergence countries. Exchange of views with Qimiao Fan. Reflection on seminar application prepared by Cimi.

V. Defining the need to have a study on "Financial Sector Development in Italy and ABI's Contribution". Discussing and agreeing on study's main objectives, qualifications of the researchers, amount, deadline, target groups (who will benefit from this study) and ways to present it. **Concluding ABI study TOR - March 11.**

VI. Outline TOR on Advisory Board, by defining the duties, policies and procedures, selection criteria, etc. of Advisory Board Members that will oversee the execution of Convergence activities - end of March.

VII. Meeting in Trieste with CEI. Agreement in principle to cooperate, but no practical follow-up (our fault here)

April Activities

I. Trip to Italy and Slovenia March 29 - April 4

Convergence team meeting with the **CEF Executive Director**, Mira Dobovisek in Ljubljana on the Draft Agreement between CEF and the World Bank, as CEF was originally thought to be running the administrative interface for Convergence and perform operational tasks from its Ljubljana-based

headquarters. Discussions on future coordination and potential projects came to a crossroads due to significant tax burdens that would be imposed from the Slovenian Government on Convergence funds, made available from the Italian Government in the form of grants. Contract constraints from the time perspective were also raised. Correspondence on CEF Contract continued during April.

Follow-on visits with **ABI** to get a clear picture on its operational performance and especially to discuss Convergence tracks of collaboration and the possibility of technical assistance from ABI. Meeting with Zadra and Prof. Cesarini, who would be in charge of ABI study. Briefing them both on the purpose of the study: Recommendations drawn from the ABI experience for the definition and execution of Convergence's strategy in the Balkans, particularly focusing on the possible financial system-wide impacts and consequences for the design of the regulatory framework. Drawing upon ABI's experience, worked out the main pillars of Convergence focus in the 6-12 months (Zadra, Brogi and Convergence team).

Held meetings with the **Italian Ministry of Economy** to provide information on Convergence pipeline, status, progress and strategy, issues with Slovenia on taxation policy, the way funds would be utilized and how to raise funds in the next stage.

Meeting in Piran with **Velimir Sonje**, Director of Arhivanalitika, an economic analysis firm and former Chief-Economist of the Croatian Central Bank, to discuss possibilities of pairing his macro-analysis capacities and market knowledge with ABI's technical expertise to promote and later replicate the development of analytical capabilities on regulatory changes (RIA assessment, etc.) in Convergence countries of operations.

Convergence Management team gathers to discuss in details Convergence priorities in the next 6-12 months and Budget Allocation during the remaining Pre-Operational Stage until end-August. Participating in an "exercise" with Mr. Brogi from ABI on Convergence potential to develop an assessment template, drawing on ABI's extensive regulatory change database and empirical experience to assist local BAs in their restructuring efforts to become more pro-active and efficient in their work, in changing mentality on regulations and set priorities based on RIA, etc.

Mihai proposes to step into **the issue of the Romanian DIF pricing**, a critical juncture for all market participants and authorities in Romania. Decision on Convergence intervention was to be made immediately. Reaction was prompt. Convergence team meets with the Italian DIF (R. Moretti, Gen. Sec.) to establish future cooperation with Convergence on Deposit Insurance in general and RDIF in particular. Mihai and Cimi planned a trip to Romania to introduce Convergence and discuss on RDIF.

II. Trip to Bucharest

April 7 - 9

Introducing Convergence to a broad range of Romanian constituencies (Mihai and Cimi)

Meetings with Governor Isarescu and Marko Skreb to introduce Convergence, goals, role, functions, etc. Agreeing in principle with Isarescu on Convergence first project with RDIF. Approaching Marko to join efforts with Convergence team and getting his preliminary positive reaction after leaving IMF in October.

Meetings with A. Matei, Gen. Director of RDIF. The outcome was clarifying type of Convergence intervention and value adding in the process of changing the law on DIF in a way to be accepted by all market participants, and the rules of engagement. Matei requested officially Convergence assistance to perform the DIF study.

Presentations and cooperation with the Romanian Bankers' Association (President, Mr. Ghetea and later with the RBA Board by Mihai), and the Supervision Authority of Insurance Companies.

III. Trip to Washington D.C.

April 14-19

Participation in a one-day **workshop by the WBI's Rapid Result Initiative Team** (Iva Illieva) to achieve an accelerated performance of Convergence.

World Bank and IFC meetings:

Meeting with Country Directors, Ms. O Kalantzopoulos (SEE) and Mr. A. Seth (SCE), Mr. J. Koskelo and Mr. K. Zamani (IFC) to keep them informed on Convergence vision as a collaborative effort of all constituencies for financial sector development in the region, its mission as “honest broker”, its range of activities from the micro-perspective and examine ways how Convergence could compliment WB’s broad financial development reforms and create synergies with IFC’s ongoing programs in the financial area such as “Access to Finance”. Future meetings with Stability Pact in the EU and Bank of Greece were encouraged by Ms. Kalantzopoulos. IFC appointed Peer Stein and Nataliya Milenko to keep close contacts and cooperate with Convergence in the future. Tips were given by Zamani and Koskelo on choosing first a relatively easy project for success and a pilot country where the support of Governor would be secured.

Meeting with G. Corrochano (WB) reviewed how Convergence could best support and create synergies at no cost with his department work in the financial sector development area. Identified the possible areas for developing a joint action under adjustment facility operations to reach the WB benchmarks by using Convergence strategic instruments: analytical capacities and funding and enhanced participatory process for market consultations on policy fine-tuning to remove impediments to financial intermediation. Information sharing and use of Convergence analytical capacities as a consulting firm were perceived as important during the meeting especially in the WB work with Serbia and Macedonia.

Briefing in details **Cesare and Bossone (WB)** on Convergence team spring meetings with WB departments. Explaining details on Convergence tentative activities and its organization. Discussions on Convergence intervention with RDIF.

Convergence presentation to **Martinez (WB)**. He suggested Convergence to help Bulgarian BA to strengthen their capabilities and in Croatia to assist the BA to adopt a market strategy and act in compliance with the standards and norms of European BAs. Links between Convergence and other financial market associations were deemed necessary as well. He welcomed the idea of using RIA in Convergence work.

Meetings with some Authorities:

Meeting with State Secretary of the Romanian Ministry of Finance on Convergence initiative and collaboration in the securities and capital markets.

Meeting with Deputy Governor of Croatia **Boris Vujcic** on Velimir’s study. He was briefed on Convergence intermediary role and its participatory approach in policy dialogue. He liked Convergence idea of helping conduct the bottom up assessment of regulatory impediments by the help of Velimir. He suggested that we approach formally the HNB on our projects.

IV. Trip to Belgium, Brussels April 27-29,

Meeting with **strategic bank investors in South-East Europe (Convergence Group)** and making presentations (Luigi, Mihai, Riccardo and Cimi) on Convergence structure, goals and modus operandi. Taking a proactive approach by letting the participant banks know that the initiative set up by WB and EBRD was up, hearing their views and gathering their ideas on Convergence role in becoming their primary interface for their needs and policy dialogue with both private and public sectors in these countries. Result: Convergence was well received by the banks.

EU - Organized meetings with Bernard Snoy, director of the Stability Pact's working table II, and his associates from the European Commission, Office for Southeast Europe, in charge of the Western Balkans, incl. CARDS program and country desks of the five non-EU accession countries of Convergence operations. Main target - to establish channels of communication, build up acknowledgement on Convergence intermediary role and explore the possibility of future CARD financing.

V. The first official Convergence activity - the ABI study - starts

May Activities

I. Luigi visits Bucharest and has meetings with DIF (Matei), the Stock Exchange (Farmache), and the Commission of Insurance Supervision, accompanied by Mihai, to identify areas of possible Convergence involvement

DIF sends an official letter asking for Convergence's assistance. This marks the first request from market participants to Convergence. Also, the DIF study marks the first Convergence activity performed upon a country of operations' request.

Identification of factoring as another area of potential Convergence involvement in Romania

II. Trip to Italy, Rome and Milan May 4 - 6

1) Participated in a **meeting with Prof. Cesarini and ABI management (Zadra)** on the outline, main fundamentals of ABI study, the collected materials and individual assignments. Received detailed information from ABI management on the road a study goes through, ABI's relationship with third parties, like central bank, Ministries, Stock Exchange, etc. to have a perception on how Convergence could adopt and replicate its experience for its own benchmarking under its specific circumstances. Possible scenarios on Convergence role in the future were designed. Minutes of Milan meeting were circulated to participants by Cimi.

2) **Preparatory meeting** between Convergence team and Arhivanalitika **on RDIF** study strategies, procedures, type of data gathering and the institutions responsible for providing them. It was agreed that Cimi and an analyst (Djurdjica) should go to Bucharest to meet not only with the RDIF, but also with the authorities and market participants. Convergence studies in addition will tend to inform, educate them and secure active participation in the project.

3) Discussions among management team and Arhivanalitika on the possibility of pushing the study of Velimir **on Country Regulatory Map**. The idea of extending the study for the whole region was launched and its viability was examined.

4) Meeting with A. Stoppani from the IFC concerning a **credit bureau study**. The feasibility of the study, benefits of the review and beneficiaries, countries of analysis, type of information required, perceived strength and weaknesses of public and private registries, identification of the existing operational and infrastructural frame, economic and lending implications from the perspective of market participants and bank supervision and model case studies were thoroughly analyzed. It was decided that the main purpose of the study was to provide in-depth analysis of public and private credit bureaus recently established in Romania, Bulgaria and Italy, assess the level of complementarity or competition between public and private registries and the benefits or shortfalls for the respective lending communities/economies. Since Albania did not have a credit registry yet, it was agreed to be the other country of analysis to find out what would be the optimal choice to go for developing its credit reporting institutional framework.

5) General discussions and exchange of views with Prof. Bruni and Luigi and Cimi on **conceptualizing the cross-border supervision study**, critical issues to be covered, main countries the procedures to be followed during the study, etc.

III. ToR for Cross-border Supervision Study (Mihai, Luigi, Cimi) was finalized with the scope to promote an effective and efficient information-sharing routine between host and home country authorities and encourage host country authorities to harmonize reporting and supervisory practices.

IV. Luigi makes a **presentation** (a keynote speech after the one by the BoA Governor) **in Albania to the Inter-Balkan Forum of Bankers' Associations** (where Luigi met Gortsos) and two other presentations with Irakli to promote **Convergence in Armenia and Georgia**.

V. Trip to Zagreb, Bucharest, Milan May 26 - June 1

1) Preliminary discussions **on RDIF strategy in Zagreb**: set up a platform how to proceed with the study, whom to meet in Romania and what to stress out, overall knowledge of pertinent Romanian legislation, evaluating the cooperation between RDIF and the NBR to give DIF a pro-active approach,

defining the role and collaboration of FITD in our study. Agreeing on the basic technical parameters to be requested by authorities. The outline of discussions during the next visit in Romania and slides were prepared ahead of the meetings.

2) Visit in Bucharest - (Cimi, Djurdjica) meeting authorities and market participants on RDIF to implement our RDIF strategy. Met with the CEO's of RDIF, Romanian Savings Bank, Unicredit to hear the opinion of the banks at the beginning of our project. Meeting with Romanian Vice Governor, Mr. Georgescu: Got information that the law had already been enacted and Convergence could do nothing to change it for the moment. Instead, our study would serve to prompt changes in the existing law (expected impacts from 2006 onward).

3) Discussions to hire Irakli in the management team and Lajos as Member of Advisory Board.

VI. Discussion in the management team on the way to proceed for visiting some distinguished European BAs and draw upon their experiences. Planned visits and split assignments. **Drafted a Benchmarking Review of Key EU Bankers' Associations visits** covering areas such as strategy and operations, potential support to convergence's activities. (Luigi, Mihai, Cimi).

June Activities

I. Preparing letters and arranging visits to meet with some reputable European BAs (Mihai, Cimi) - early June to understand how these EU banking associations have built and run their business to further the interests of the banking industry and how they have created a long-term relationship of mutual trust with authorities. We also intended to explore areas for potential co-operation with a view to assess their technical capabilities and readiness to extend technical assistance to Convergence and the BAs in the Convergence countries.

II. Trip to London, Berlin June 10-12 and 18-21

(Visiting First Initiative, the British Bankers Association and two German BAs - Mihai, Cimi)

Introduced Convergence, our intention to support the development and strengthening of local BAs, checked them out in terms of analytics (both macro and RIA), regulatory work, and market-building experience and asked what kind of assistance they could be able to offer us.

First Initiative was a consultative group to assist the poorest, with a similar organization as Convergence, i.e. administered by WB through two Trust Funds. Experience was shared with respect to its way of securing funding support, program selection for possible interventions, organization and governance issues, etc.

III. Trip to Athens, June 27 - 28

Met with the General Secretary of Hellenic Bankers' Association, Mr. Gortsos and Vice Governor of Bank of Greece, Mr. Paleocrasas, Mr. G. Stubos, Director of BG, etc..

IV. Participation in the SPIN 2005 Conference in Rome, organized by ABI on June 13 -14 (Cimi) on the future of Europe and the financial and payment system's roles.

V. Completed TOR on analysis of credit information agencies in South-Eastern Europe (team)

VI. Trip to Bucharest June 28 - 29

Follow-on visits with market participants and authorities to identify issues (Cimi):

1) Bucharest Stock Exchange, meeting Stere Farmache (CEO)

A list of priorities were brought on table by the CEO and reviewed, calling upon Convergence expertise: a) Technical and legal/regulatory expertise on derivatives products, b) Training and education; c) Building up a proper new structure for BSE (after merger/acquisition process); d) Creating the secondary market for government securities in BSE. More materials were procured to

create a better understanding of the issues and to be discussed among Convergence team members for potential involvement. Convergence team picked up the last issue to be examined with the idea to involve EBRD and the expertise of another international securities expert selected by Convergence.

2) Ms. Veronica Raducanescu, Director of Regulations and Licensing Dept., NBR

She raised the issue of factoring regulations, as a non-banking financial instrument, calling for the need of establishing an improved legal and market environment to facilitate a more effective development of Factoring and other Commercial Finance Services in Romania. Major Romanian banks have been long asking the Romanian authorities to consider seriously the ratification of the international conventions on factoring. As agreed during the meeting, Convergence position will evolve after discussing this idea with acting market participants in the next trip to Romania.

3) Meeting the WB Officer in Bucharest, Mr. Teodoru and discussing on the areas of possible Convergence involvement in Romania that could tie with WB's program.

4) Meeting with the NBR deputy Governor, Mr. Georgescu

Informed Georgescu on the progress made with RDIF study. Asked Cinteza to provide some additional data on our RDIF study, as requested by our analysts. Discussed with the Governor on the new project of Convergence "Cross-border Supervision", asking for NBR assistance in replying to some of our main issues resulting from the meeting with P. Nichol and Prof. Bruni. The responses were sent in written by the NBR. In addition, the Governor received information on Convergence potential involvement in some other areas like BSE and Factoring. He was supportive and welcomed our engagement with Romania.

VII. Sending out letters to the European BAs - End of June (Mihai, Cimi) to present their experiences in a study conducted by Convergence aiming at disseminating their best practice and experiences to local BAs in Convergence countries of operations. A template has been provided to be completed and returned.

July Activities

I. Exchange of correspondence between Convergence management, Irakli and Dutch authorities on a draft proposal to extend Convergence operations in the South Caucasus.

II. Trip to Italy, Switzerland July 4-10

2) Follow-on the **credit bureau project** with the consultant team explaining details in the respective terms of reference and discussing on Convergence expectations and procedures to conduct the study. They promised to submit the outline of the study by July 20th. It was made clear that as part of the study, round tables with country constituencies would be organized by the consultants.

3) Follow-on with Cesarini on **ABI study**. Discussion of ABI's Convergence framework, i.e. ABI's potential contribution with its technical capacities to Convergence operations and projects. Review of the existing deliverables. It was agreed that Mihai and Cimi provide their contributions in the study besides Prof. Cesarini. Individual assignments were given.

4) Brainstorming session of Management team. Future Convergence steps in the short and long term were analyzed, etc. Discussions were focused on the way of communication with authorities, market participants and outsiders. Coaching by Alberto on strategy building and leadership role.

III. A Procurement Memo was drafted by Mihai and Cimi with their key findings and assessment of several areas of BAs capabilities referring to: macro- and microeconomic analysis, regulatory impact analysis, relationship with stakeholders and members, capacity building for member banks, legal and regulatory analysis and proposals, financial market infrastructure, international role and consumer protection. Recommendations to conclude technical assistance contracts between Convergence and specific BAs were made (ABI in terms of RIA and micro-regulatory, etc.).

IV. Trip to Olivone

July 27-31

Brainstorming sessions between management team on business plan preparation, discussion of methodology and strategy. Presentation by Mihai on country BAs Business Plan.

The outcome was **drafting Convergence Business Plan for the first 18 months** of operations.

Discussed thoroughly on the rationale of several potential projects, costs, benefits and resources that

Convergence could be involved in and selected with consensus 11 projects by topics and countries.

Assigned individual responsibilities by projects. The emerging **pipeline of projects** to be launched and executed by Convergence in the future were:

- 1) RDIF
- 2) Balkan region cross-border supervision
- 3) Romanian NBFi regulatory framework
- 4) Albania, Bulgaria, Romania private-public credit registries
- 5) Regional consumer protection
- 6) Romania factoring
- 7) Croatia securitization law
- 8) BAs development
- 9) Banking product gaps
- 10) Regional financial structure data
- 11) Romania post-EU accession FSD Conference

Allocation of endowment was completed after project selection.

Discussed the Role of Country Senior Advisors (CSA) with Alberto.

Reviewed BAs memo with Luigi making the final touches.

Based on the materials delivered by Prof. Bruni and P. Nichol discussed with Prof. Bruni the host-home supervision project and other logistical adjustments.

Extensive analysis of RDIF first presentation between Arhivanalitika and management team. It was agreed that comments and feedback of this session would be reflected in the revised material and a second review was scheduled at the end of August in Crikvenica.

August Activities

I. Trip to Crikvenica

August 24-28 (RDIF analysis)

Examination of the three papers (Policy Analysis for Banks and Authorities and Main Facts about RDIF and Common Analytical Platform) produced by Arhivanalitika on RDIF. Outcome: preparation of slides for each presentation (RBA, RDIF, NBR) and timeframe for presentation and final study submission were agreed. Presentations were scheduled on Sept. 20-22. Individual responsibilities were allocated.

II. Keeping regular correspondence with Romanian authorities and market participants on the progress of Convergence projects (Mihai, Cimi)

III. Gave opinion (Cimi) on the **Financial Sector Institutional Building** Technical Assistance Project in Albania prepared by GMA Capital Markets Ltd. about Tirana Stock Exchange.

IV. Prepared a summary with key observations and recommendations from the **latest FSAP Report on Albania and some information** received by the Bank of Albania sources to look for possible matching and complementarity of our projects with those of the WB and IMF or **feasible applicability of Convergence projects in Albania**.

V. Follow-up correspondence with **BSE**, regarding government securities secondary market, asking for more clarifications by the new law on the designated institution for performing depository

functions for government securities and the responsibilities of NBR during this vacuum in the market. Contacting EBRD (Geiger) to ask for their potential support and collaboration.

September Activities

1. **Preliminary study findings on RDIF** are compiled after several revisions by Luigi and Arhivanalitika. Mihai and Cimi give their comments on the RDIF.
2. Feedback on **Credit Registry Proposal** is given by Stefano, Cimi, and Riccardo. Summary of comments to credit bureau proposal sent to Alberto Bennardo for being reflected in the TOR.
3. **Meeting preparations** for Bucharest (Cimi sends letters out to market participants and authorities and arranges schedule of meetings), Mihai provides logistic support and important information on the market. Final slides have been sent ahead of the meetings to Romanian authorities (RDIF, NBR and RBA).
4. Luigi coordinates with Montano and Abijan on the issue of **Romanian Debt Development market**, particularly on the issues raised by BSE's Ms. Marchidann on Gov. Securities Secondary Market
5. Luigi submits the **Convergence proposal for the Caucasus to the Dutch Government** and positive reaction is generated.
6. Velimir submits his proposal on the **Croatian securitization project**.
7. **First stage of RDIF:** Visit to Bucharest by Convergence team and Arhivanalitika. Presentations made to decision-makers of NBR (Mr. Georgescu, Cinteza), RBA Board, Matei and RDIF Board. Expert meeting takes place with the presence of NBR, RDIF. The presentation was successfully received by all levels of policy-makers and market pps. and Vice Governor Georgescu agreed to gather soon the opinion of NBR, RDIF and RBA on the RDIF and submit that officially to Convergence for proceeding with the next stage.
8. **Cimi held other meetings in Bucharest:**
 - a) **with BSE** (Marchidann), Advisor to the Sec. of State of **MPF** (Nanu), who received extensive information on Convergence work, unfortunately the State sec. was replaced two day ago and another meeting was to be arranged with the new one to define the position; MPF has requested the support of WB for the development of gov. debt market; MPF position up to the point was to have first a merger of BSE with RASDAQ and the new entity with MPF to create a Central Depository, while Marchidann thinks that it could be operated in the secondary market w/o the merger and if so, BSE would not prefer the MPF as a shareholder.
 - b) **with the NBR on NBFIs, factoring** and Gov. Securities secondary market (Vice Governor Dijmarescu, Raducanescu, Dragulin). It was agreed that Convergence could assist NBR on both RIA issues and market consultations. In addition, NBR requested from Convergence to help them especially with two particular issues: to define the adequate minimum capital for the NBFIs and the level of the documentation and supervision of NBFIs to ensure a proper and balanced work of the NBFIs.
9. Mihai starts meeting with a small bank in the framework of the BAs project for small banks.

Some reflections:

1. Going back in time along the path we have fared together, I think we get a clear picture of a very well devised and carefully masterminded concept to "lay and add the bricks to the thick wall" of Convergence. Certainly, Luigi deserves the credits for the vision and restless mind. Program development flow has evolved naturally as a learning process for all of us and I have grown myself professionally through the contacts, meetings, exchange of ideas. Networking efforts from Convergence to create alliances and form partnerships have been commendable.
2. In these almost 70 days of Convergence traveling (Feb. - August) either for management meetings/business retreats, expert meetings, or visits and networking with country authorities

and market participants in the region I think we have succeeded in making Convergence a “brand name” in financial development consulting, creating awareness among authorities and at a lesser extend among market participants especially in Romania. This is also attributable to good relationship previously forged with Romanian authorities. We envisage to have the same reception by other countries of operation as well.

3. A very good strategic move to boost our program performance was hiring of the two macro-analysts, Velimir and Riccardo.
4. Probably it would have been better to enable recruiting the Operation Manager/Officer earlier to provide better logistic support to the CSAs, though this was conditioned upon funding.
5. I wish to have seen more support and concrete cooperation from some of the WB departments and EBRD. Many correspondences have been exchanged between Luigi (especially), sometimes even Mihai and Cimi with the EBRD, but their response was either lacking or insufficient. Same atmosphere has been felt even within the WB, where Convergence support was not immediately accepted.