

TERMS OF REFERENCE

CEF RIA Workshop

VELIMIR ŠONJE

I. Activities

Consultant will undertake the following tasks:

- i) To prepare, by August 28 2007, a presentation about *Impact Assessment and the regulatory design of Securitization in Croatia* to be illustrated at the “Case Study Session”.
- ii) On September 13, to present the IA exercise on securitization in Croatia and foster a debate and discussion with participants;
- iii) On September 14, to act as facilitator of a WG which will exercise on RIA by applying CEBS-CESR-CEIOPS Impact Assessment guidelines to case studies presented the day before.

In Annex 1 is attached the draft agenda of the Course.

The Consultant will report to Mr. Riccardo Brogi, Senior Regulatory Economist, Convergence Program and South-East Europe Regional RIA Program Director.

II. Activity Budget

The Consultant will be allowed to bill for his services for 4 days and will be paid travel costs and hotel arrangements.

III. Fee payment

Upon delivery of the expected activity.

IV. Background

The course is designed to help authorities improve regulatory process by using a solid methodology based on two main tools:

1. A well defined and effective procedure to be used in a regulatory design;
2. The cost/benefit analysis enabling to assess the final impact of current and alternative policy choices.

The course also highlights the crucial role of the consultation of interested parties as a key step in impact assessment and, bottom-line, in policy design. Regulators can extract

large value by properly involving market participants through the drafting process. Impact assessment and public consultation are both part of the EU good regulatory making practices. The course is application-oriented and participants are stimulated to have an active role in discussing practical cases.

What is RIA:

Regulatory Impact Assessment (RIA) consists of a systematic analysis of the likely impact of a proposed policy intervention and of discussion of a range of alternative policy options.

Topics covered:

The first day of the course consists of an overview of RIA as a tool to make regulation more effective. Participants will be taken through procedural steps used by the European Commission, the UK, and other EU countries in performing RIA. Participants will be presented existing approaches, methodologies and ex-ante/ex-post assessment. They will also be asked to interact with the instructors to discuss the various topics.

During the second day several case studies of micro-regulatory impact assessment pertaining to European Union and some EU countries will be analyzed. Case studies will touch on several aspects of economic impact assessment: simplifying regulation, red-tape and compliance, industry reputation, business development, and industry competitiveness. Participants will be invited to undertake role-playing based on case studies presented.

The third day focuses on the concrete application of RIA methodology on case studies illustrated and discussed the day before.

Contributions from participants:

Participants will be asked to prepare short case studies based on their own experiences for presentation in the third day of the course.

Presentations from:

- Mr. Riccardo Brogi, Senior Regulatory Economist, Convergence Program and South-East Europe Regional RIA Program Director;
- Mr. Velimir Šonje, Arhivanalitika, Zagreb and South-East Europe Regional RIA Program Deputy Director;
- Experts from:
 - The RIA Unit of European Commission;
 - Better Regulation (Ireland);
 - Department for Business Enterprise and Regulatory Reform, UK Government;
 - UK Financial Services Authority;
 - Oxera (Oxford-based international independent RIA analysis company);
 - CESR;
 - Italian Banking Association;
 - Rambøll Management;

- Romania's Special Projects Initiative.

Annex 1: CEF RIA Workshop Agenda

ANNEX 1 – CEF RIA Workshop Draft Agenda



How to Design Better Financial Regulation – Regulatory Impact Assessment (RIA): A Key Policy Analysis Tool –



Draft Agenda

**Wednesday
September 12, 2007**

Getting to know Better Regulation and Regulatory Impact Assessment for Financial Industry

Seminar Objective:

Participants will learn and will be able to execute in their working experience the following items:

- Application of law and economics approach to policy design;
- Organization of the regulatory process along the prevailing EU practice;
- Involvement of stakeholders for qualitative/quantitative IA;
- Development of RIA/Better Regulation Units within respective regulators.

Session Objective:

Participants will learn several aspects of the RIA process: organizational implications, various assessment methodologies, which steps the IA process is made up of, and practical applications.

Chair: Mr. Luigi Passamonti Head of Convergence Program, The World Bank

8:45 – 9:00	Registration of participants
9:00 – 9:15	Introduction and Context <ul style="list-style-type: none">- Welcome to Participants by the CEF Management and House-keeping information- Introduction of Participants
9:15 – 9:30	Course introduction and Context <i>Convergence Program</i>
9:30 – 10:30	Impact Assessment at Better Regulation Executive: how has the regulatory process been reshaped <i>Ms. Helen Carrier, Senior Economist, Department for Business, Enterprise and Regulatory Reform Uk Government</i>
10:30 – 11.00	<i>Break</i>
11:00 – 12:00	A framework for assessing the costs and benefits of financial regulation <i>Mr. Paul Gower, Senior Adviser, Oxera</i>
12:00 – 12.30	Discussion, feedback and interventions
12:30 – 14:00	<i>Lunch Break</i>
14:00 – 15.00	Illustration of Impact Assessment Guidelines prepared by CESR-CESB-CEIOPS <i>Ms. Alexandra Berketi, Senior Officer, ECONET-CESR Secretariat</i>

- 15:00 – 15.20 Discussion, feedback and interventions
- 15:20 – 16.00 3 speaker panel discussion on main principles raised from previous presentations
- 16:00 – 16:45 Standard Cost Model: a key tool for policymakers to monitor effectively regulatory administrative burden over time
Mr. Nikolaj Bøggild, Chief Consultant, Rambøll Management [by video-conference]
- 16:45 – 17:00 Wrap up and end of session.

**Thursday
September 13, 2007**

Session Objective:

Participants will get more familiar with IA approach by going through a selected range of case studies which differ in qualitative/quantitative weights and analysis perspective.

Case Studies

Chair: Mr. John Pyne, Senior Regulator, Irish Financial Services Authority

- 9:00 – 10:30 Impact Assessment and the regulatory design of Securitization in Croatia (including discussion, feedback and interventions)
Mr. Velimir Šonje, Arhivanalitika Zagreb and South-East Europe Regional RIA Program Deputy Director
- 10:30 – 11:00 *Break*
- 11:00 – 12:30 Case study on capital market (topic: a few specific aspects of MiFID) (including discussion, feedback and interventions)
Mr. Stephen Dickinson, Senior Regulator, UK Financial Services Authority
- 12:30 – 14:00 *Lunch break*
- 14:00 – 14:40 Case study of a RIA from the banking industry perspective
Mr. Pietro Scabellone, Head of Impact Assessment Unit, Italian Banking Association
- 14:40 – 15:00 Discussion, feedback and interventions
- 15:00 – 15:30 *Break*
- 15:30 – 16:30 Post-trading services
Mr. Sebastijan Hrovatin, European Commission, DG Internal Market and Services, Financial Market Infrastructure Unit
- 16:30 – 16.50 Discussion, feedback and interventions
- 16:50 – 17:00 *Wrap-up*
- 17:00 – 17:30 Preparation for Day 3
(Classroom will be briefed on the RIA simulation of the following day based on concrete cases proposed by instructors playing a facilitator role)
- 17.30 End of session

Friday
September 14, 2007

Session Objective:

Participants will experience a live RIA exercise on specific policy initiatives really implemented

Applying RIA to the Official Regulatory Process

Chair: Ms. Oana Nedelescu, Romania SPI Director of Analytics and Policy

Facilitators:

- Mr. Stephen Dickinson, Senior Regulator, British Financial Services Authority;
- Mr. John Pyne, Senior Regulator, Irish Financial Services Authority;
- Mr. Velimir Šonje, Arhivanalitika Zagreb and South-East Europe Regional RIA Program Deputy Director.

Participants will practice the Impact Assessment process, step by step, of the case studies illustrated the previous day, using the IA Guidelines illustrated by CESR representative in the first day.

Participants will be divided into three working groups (WGs), each supported by the respective case presenter. The case presenter, acting as facilitator, will provide assistance and guidance throughout the analytical exercise and will ensure that the plenary discussion takes place in a smooth manner.

- 9:00 – 9:30 Review of the regulation to which apply RIA
Facilitators outline the case studies presented previously (RIAs and their related regulations).
- 9:30 – 12:30 Analytical RIA work
Break in between Working Groups are formed and the RIA application to case studies starts as illustrated in the table below:

Time slot	Steps of the RIA Process	Purpose of each RIA Step	Working Groups Composition		
			WG # 1	WG # 2	WG # 3
9.30-10.30	1 Problem identification	To undertake a Market/Regulatory Failure analysis to establish whether or not there is an economic case at all for regulatory intervention	All 3 WGs jointly		
10.30-13.00	2 Development of "do nothing option"	To identify and state the status quo	Ms. Etleva Gjonca	Mr. Artan Toro	Ms. Katerina Gigova
	3 Development of alternative policy options	To identify and state alternative policies and among them the "market solution" which consists in not intervening at all in the market an to rely on market forces alone to solve the problem	Mr. Elena Paneva	Ms. Venelina Tomova	Ms. Jelena Budak
	4 Definition of policy objectives	To identify the effects of policies. This will be useful to check whether the regulatory policy brings the market closer in line with organizational regulatory objective(s)	Ms. Sanja Fišer	Ms. Jasminka Keser	Mr. Neven Kos
	5 Analysis of impact - Costs to consumers	To identify and state the costs born by consumers under all options considered	Ms. Ana Vincent Šepić	Mr. Dugagiin Krasniqi	Mr. Veli Lecaj
	6 Analysis of impact - Benefits to consumers	To identify and state the benefits yielded by consumers under all options considered	Mr. Mentor Osmanaj	Mr. Meriton Rekaliu	Ms. Violeta Stojanovska Petrovska
	7 Analysis of impact - Costs to regulator and regulated firms	To identify and state the costs born by regulator and regulated firms under all options considered	Mr. Savo Djurović	Mr. Milorad Katnić	Mr. Vladimir Kavarić
	8 Analysis of impact - Benefits to regulator and regulated firms	To identify and state the benefits yielded by regulator and regulated firms under all options considered	Mr. Bruce Reid	Mr. Remus Carteleanu	Mr. Pavel Ionut
	9 Arrangements of consultation process	To identify all main relevant stakeholders that should be consulted, choose the possible way(s) consultation process might be run and outline some questions to be discussed in the consultation	Mr. Gabriel Valvoi	Ms. Maja Marković	Mr. Tomas Ambra

- 13:00 – 14:00 *Lunch break*
Address by *Ms. Margo Thomas, Senior Operations Officer, FIAS-IFC Belgrade Office*
[by video-conference] – “How to build RIA capabilities”
- 14:00 – 16:30 *Break in between*
Plenary discussion on IA exercises produced by groups
Each WG spokesperson will present the RIA analysis using the CESR IA Guidelines. Plenary discussion will follow.
- 16:30 – 17:15
In country next steps by each country delegation
Ms. Oana Nedelescu, Romania SPI Director of Analytics and Policy
- 17:15 – 17:30
Workshop evaluation and delivery of certificates
- 17.30
End of session