



**TERMS OF REFERENCE**  
**ROMANIA SPECIAL PROJECTS INITIATIVE**  
*Regulatory Impact Assessment Activity*

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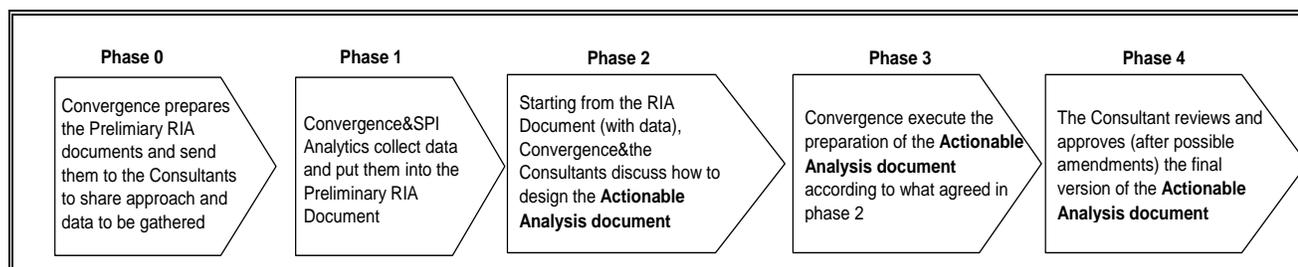
**I. Context**

Regulatory Impact Analysis (RIA) is a tool used to assess the likely effects of a proposed new regulation or regulatory changes. It allows to ascertain of whether or not the new regulation would have the desired impact, identify any possible side effects or hidden costs associated with regulation and Quantify the likely costs of compliance on individuals and enterprises

All projects approved need a preliminary RIA in order to get an idea of the approximate magnitude of the impact of each project on the current Romanian banking industry functioning. Furthermore, for most of the projects, the respective Project Working Groups will also resort to RIA, in the course of their activity, as the proper instrument to assess options coming out from the PWG themselves in order to get to a solution and then accomplish the project (PWG RIA).

**II Expected output**

The workflow representing the interactions between the Consultant and Convergence is represented below:



The tasks to be carried out by the Consultant in each phase are the following:

- Phase 0: upon receipt of each draft preliminary RIA document (before being sent to the RIA WG) to provide advice and suggestions on the assessment approach and data to be gathered;
- Phase 1: None;
- Phase 2: to discuss with Convergence how to design an Actionable Analysis Document (AAD);



- Phase 3: None;
- Phase 4: to review the draft AAD version and give final approval (after possible amendments). As benchmark of AAD, see the Annex 1: “The Value of Positive Information Sharing”.

**Sequence and Timing:**

a) As inputs, throughout the period agreed the Consultant will receive the Preliminary RIA documents listed below in Table 1:

**Table 1**

#	SPI Committee Projects	Preliminary RIA document
1	Credit Bureau	
2	Technical and regulatory requirements for improving clear& settl of checks, drafts and promissory notes	x
3	Roland Berger	
4	AML	x
5	Rural lending	x
6	Law on bank guarantees	x
7	IFRS	x
8	Mortgage loans servicing database	x
9	Loss given default database	x
10	Rating agencies development	x
11	Stress test	x
12	Law on goods safeguard	x
13	Ombudsman and consumer education	x

b) With regard to the timing of the final documents, see the table below:

#	SPI Committee Projects	Sources of data			Data collection deadline	Actionable analysis presentation - deadline -
		Roland Berger	RIA WG network	Questionnaire		
1	Credit Bureau					X (completed Oct 16, 2006)
2	Technical and regulatory requirements for improving clear& settl of checks, drafts and promissory notes	x				November 6-10
3	Roland Berger					
4	AML	x				November 6-10
5	Rural lending		x		Nov 13-17	late Nov. 13-17/ early Nov. 20-24
6	Law on bank guarantees		x		Nov 13-17	late Nov. 13-17/ early Nov. 20-24
7	IFRS	x				November 13-17
8	Mortgage loans servicing database		x		Nov 13-17	November 20-24
9	Loss given default database		x		Nov 13-17	November 20-24
10	Rating agencies development		x		Nov. 20-24	November 27-30
11	Stress test		x		Nov. 20-24	November 27-30
12	Law on goods safeguard		x		Nov. 20-24	December 4-8
13	Ombudsman and consumer education			x		December 4-8

Indicative period of time: November 6<sup>th</sup> – December 15<sup>th</sup> 2006.



### **III. Activity Budget**



The expected time required by the consultant to complete each document through its five phases is [0.75] days.

### **IV. Fee payment**

Upon delivery of the expected output.

### **V. Background**

SPI Committee has been set up as public-private partnership vested with providing focus and coordination to accelerate the modernization of the Romanian financial sector, with a specific emphasis on banking issues.

SPI Committee is composed of the following members:

- the National of Bank of Romania, represented by the First Deputy Governor;
- the Ministry of Public Finance, represented by a State Secretary;
- the Romanian Banking Association represented by its Chairman;
- the Convergence Program represented by Convergence Country Senior Advisor

The SPI Committee membership will shortly be expanded to include the President of the National Association for Consumer Protection.

A full-time technical secretariat (SPI Secretariat), composed at present of two local experts supports the SPI Committee activities.

The first meeting of the SPI Committee took place on September 14, 2006. On this occasion, the SPI Committee members analyzed the project proposals, established priorities, and approved the undertaking of a first pilot package of thirteen projects (5 proposed by the National Bank of Romania, 6 by the Romanian Banking Association, and 2 by Convergence). The projects are to be completed by June 2007.

The SPI projects will be executed by public-private working groups to strengthen the necessary technical cooperation and mutual understanding between public institutions and market participants in respect of modernization needs.