

## PPD Assignment

### Issues for SPI Romania and Albania

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#### SPI – General Issues

1. SPI is being promoted in the Balkans, Bangladesh, Nepal, and even Asia and Latin America. In which countries is it currently functioning, and in which countries is initial scoping being done?

**SPI operates in Albania and Romania under Convergence Program's and local responsibility respectively. It is about to receive a mandate to start a Moldovan operations. It has ongoing discussions with Italy's Regione Puglia and Bank of Albania to expand SPI Albania into SPI Adriatic. It has also discussions with European Banking Federation to operate SPI Platforms in Eastern Europe. IFC is launching SPI Bangladesh and scoping the launch in Nepal and Sri Lanka. There are no plans for Latin America yet. But I have had initial discussions about Africa.**

2. Expanding SPI in the Balkans is being driven by the benefits of EU membership. To what extent should the potential of such a regional union also drive the types of SPI-produced initiatives in different countries where SPI is operating? i.e. should we expect greater convergence in the reforms?

**EU membership is not at all a driver for the SPI. The universal SPI driver is the need of market participants to have authorities enact legislative and regulatory changes to improve their operating conditions. In sophisticated countries, this happens through different channels ("better regulation" and business associations with analytical advocacy capabilities). In developing countries, this interface does not work. Authorities have limited understanding of the nitty gritty of regulatory needs by business, have scarce administrative capacity to process change, business associations are luncheon clubs without capacity to engage authorities on the substance of policy options, academia and civil society do not have a say. SPI addresses these coordination failures by establishing a transparent, robust and scalable framework where authorities and market participants prepare together reform proposals for quick enactment. SPI is designed to be able to process a large volume of micro-regulatory changes (potentially 40-50 a year).**

3. How to factor into the structure and process of SPI the kind of cataclysmic event such as the recent world financial system meltdown? Should a SPI be expected to respond immediately to such an event?

**Good question. I copy a recent self-explanatory message to my boss Michael Klein.**

Dear Michael and Dear Consolate, As you plan post-crisis work, I suggest you consider the "SPI Platform" as a new WBG instrument to help countries strengthen their domestic financial systems.

The **SPI Romania** and **SPI Albania** experiences show the WBG could help 20 countries execute 20 reforms each over two years with a total budget of \$6.5 million (WBG BB: \$1.5m) -- with a cost per reform of \$16 thousand!

The SPI Platform helps countries organize themselves to attain efficiently a critical mass of results, leveraging domestic and international experts with a strong implementation focus. The instrument is now fully codified in a **Handbook** (a CD will be ready tomorrow).

The roll-out of this instrument is not costly. It would take three suitable WBG staff (total cost \$0.7m/year) to launch 7-10 SPI platforms a year. The local SPI Secretariat budget is about \$300k (inclusive of management support) for a 2-year program to deliver 20 reforms. We could ask FIRST and FMTAAS to allocate \$5 million to cover 15 countries. IFC Regional Facilities ATF staff could support their initial operations (as Roger Handberg does now in Bangladesh).

When would it be a good time to discuss this idea? I know you must be up to your ears with the crisis... but Bretton Woods happened in 1944!

Best regards, luigi

**In Albania, we have immediately launched a financial consumer protection project and accelerated work on capital adequacy for Bank of Albania.**

4. What is the current status of SPI Adriatic? What is SPI Adriatic precisely? See above.

**Regione Puglia is taking the lead to raise EU funds to support SPI platforms around Albania. We had a stock-taking conference on November 7.**

#### **SPI Romania**

5. Current status of SPI – is it still functioning? In what form? How active and effective is it? Keeping up the same pace of activity as from Sept 2006 – Dec 2007? Who is the current CEO and how was this person hired? Who is the replacement for Luigi and how effective is this person proving to be? Does the Secretariat have 2 people?

**SPI Romania is functioning now as a distinct division of the Romanian Banking Institute, under the general coordination of the Research Department, led by a Deputy Director General (and former Minister for European Integration) . The Deputy Director General replaced Luigi as Head of SPI. Convergence worked to ensure the preservation of SPI Romania specific activities, procedures and methodologies. The current CEO is XY. She was appointed by the NBR First Deputy Governor. Unfortunately, she was not selected on a competitive basis. Although she is a very senior person (perhaps too senior), with senior executive experience in both banking and Ministry of Finance (and an assignment as Romania's representative on the Board of an International Financial Institution), and understood quite quickly the SPI Romania specificities, she seemed to be paralyzed by the lack of explicit institutional support. She does**

not have the self-starting nimbleness required to lead a quasi-entrepreneurial activity. Although she had authority and budget to hire 2 additional SPI staff, she was unable to complete this task.

Convergence supported the modification of the SPI Romania staff structure, adapted to the new situation – instead of a 2-person Secretariat (with a Director for Bank Products and Services and a Director for Analytics and Policy), a 3-person one (with one Director, an expert and a junior person). Until now RBI has not succeeded to hire the two persons.

6. Overall impact of the project – looking closely at the 2007 Annual Report it seemed that many of the SPI initiatives were in fact still in progress – that legislators/decision makers still needed to weigh in. Is this a fair statement?

The assessment is inaccurate, as indicated in my message of November 18. The [www-spi-romania.eu](http://www-spi-romania.eu) website has rich information on enactment activity that took place in 2008, after the publication of the 2007 Annual Report. Laws are enacted with a considerable lag in parliamentary democracies. SPI Romania was able to complete **THREE** major legislative initiatives on AML Law, electronic settlement of cheques (endorsed by the European Central Bank), and on rural lending institutions. It was instrumental in having banks adopt **TWO** key self-regulatory measures to improve credit bureau coverage (working with IFC) and to create a Bank Ombudsman. **ONE** additional very complex self-regulatory measure (to create an industry loan loss database) is being implemented by the local payment system operator with support from the Polish Banking Association (mobilized by Convergence). **AND** National Bank of Romania is implementing the IFRS application guidelines (project started at their request). Finally, SPI Romania helped create soft, but important wins, on **TWO** projects: coordination of stress-testing techniques and implementation of the EU investment service directive. The only lack of success is failure to get the Ministry of Interior to enact proposed amendments to the Law on Safety. I add that the Banking Association never completed the project on the proposed law on bank guarantees, which it managed with initial SPI methodological support. And SPI dropped two other projects because stakeholders changed priorities (the so-called Roland Berger study on regulatory cost of banking products and the rating agency project).

**In sum, this is an exceptionally strong project completion and enactment track record.**

7. Enactment phase - Did SPI do all that it could to bring its proposals to the attention of decision makers and ensure they took appropriate action to move the proposals forward? From what I have read, it seems that the SPI acknowledged – quite late in the day perhaps? – the need for a strategy to engage decision makers. What are you doing in Albania, differently perhaps, to ensure this is addressed?

The issue of enactment was central to the SPI Romania establishment (please consult the Operating Guidelines). I remember many times when the First Deputy Governor was turning to the Director General of the Ministry of Economy and Finance (both SPI Committee

members) asking for MEF help in getting proposals enacted. It was the composition of the SPI Committee that acted as link to decision makers. The FDG is a former Minister of Finance and former Chairman of the Economic and Financial Parliamentary Commission.

To further document the cooperation with MEF on enactment activities, SPI Romania prepared detailed “ Enactment Procedures” when it had ready the first regulatory amendments. They are posted on the web.

In all instances, SPI Committee members were sending a joint letter to relevant Ministers to ask for support in processing SPI Romania regulatory amendment proposals. This was an acceptable procedure in a EU member country.

SPI Committee members followed with their responsibilities stated in the SPI Enactment Procedures but observing also their internal procedures. For example, the 2 Laws on debit payment instruments needed European Central Bank endorsement; they had to go through MEF and NBR internal approval procedures and through Ministry of Justice internal procedures (delayed because of 2 changes in the ministry’s management). SPI Secretariat kept contact with the persons appointed by MEF and NBR to deal with the enactment responsibilities. We reported to the SPI Committee and asked for actions, if needed.

In Albania we have the same mechanism implemented and SPI Committee members mobilized very quickly when the developments required a prompt action. In addition, we benefited from a better participation of the Ministry of Justice in the projects, following a set of letters sent by SPI Committee members and Project Owner. We also succeeded to mobilize other institutions like EBRD in supporting the changes to the regulatory framework.

On enactment activities, we have established a strong disciplined focus to capture the fruits of our work. We know that sustainability (in terms of local institutions paying for SPI) is based on results – not on reports.

8. How effective was the RBA as an advocacy body in this regard? Nowhere do I read any evidence plus or minus about the RBA’s advocacy capacity and whether anything was done within Convergence SPI to analyse and then strengthen it. A common finding in other PPD platform reviews has been the lack of advocacy capacity among participating business associations, which can prevent PPD recommendations from being actually enacted. What steps were taken to formally assess the advocacy capacity of either the Romanian or Albanian bankers associations, and any steps also taken to build their capacity in this critical area?

**SPI Secretariat and RBA coordinated efforts to promote regulatory changes. There were letters sent to different ministries, other authorities, to the Prime Minister. Their Technical Commissions participated in the debates for enactment. They were particularly active in positive credit information reporting, with letters and bilateral meetings and with organizing a seminar. They were also remarkable in AML project and in implementing the electronic**

processing of debit instruments. A special mention also goes for the project on rural lending where they promoting the outcomes of the project in 2 seminars and in their meetings with the Minister of Agriculture and the Prime Minister.

Their advocacy capacity was tested in the 2006 pilot RDGF project and was assessed by us (see comparison in the ppt that we have sent you). The table on cooperation between SPI Romania and RBA showed the way to use better the complementarities. They didn't do so well so far on quick implementation of the Banking Ombudsman due also to legal constraints (the Ombudsman name was already registered by somebody else and the RBA had to settle for a different name – Mediator).

9. Enactment - Were there any weak links within the SPI in terms of addressing the enactment phase – Committee? Secretariat?

**Communications and actions were happening exemplarily promptly and smoothly.**

10. Calculation of net benefit - How was the net benefit calculated precisely (total benefit, total cost) for the two examples commonly used in power point presentations? To what degree did local stakeholders understand this analytical approach and was enough done to build this understanding?

**This was one of the most significant Convergence Program contributions to Romania. We involved a panel of local public-private experts to help us validate economic drivers and parameters. ([http://www.spi-romania.eu/admin/filemanager/files/peer\\_review/ria\\_validation\\_peer\\_review.pdf](http://www.spi-romania.eu/admin/filemanager/files/peer_review/ria_validation_peer_review.pdf)). We then run a two-day seminar for the entire SPI Community to describe our approach. ([http://www.spi-romania.eu/admin/filemanager/files/agenda\\_of\\_preliminary\\_ria\\_workshop.pdf](http://www.spi-romania.eu/admin/filemanager/files/agenda_of_preliminary_ria_workshop.pdf)). Then, we launched a 5-month multi-institutional RIA capacity building program with participation of speakers from leading EU agencies (<http://www.spi-romania.eu/ria-capacity-building/>). We then rolled out this seminar on a regional basis in Slovenia. Bulgaria asked us immediately to run a similar country program. We did the same also in Albania. To show the impact of our regional RIA seminar, the Center of Excellence in Finance has asked us to repeat this year over three days. The European Commission and the European Committee of Securities Regulators recognized our pioneering work to bring RIA to the EU frontier. They have invited us to deliver a key note speech at their international conference in Paris in December 2007.**

11. If the net benefits were so huge, why were banks/RBA unwilling to support a more independent SPI in 2008 I(also asked by Skreb in March 2007)? Could more have been done to explain the benefit/cost approach to RBA leadership?

**I forgive you for mis-wording this question which shows, however, a worrisome bias against SPI Romania. This is the same bias that Roger Handberg incredulously picked up in IFC about SPI Romania. I urge you to re-consider your understanding of the facts.**

**RBA and the banks mobilized sufficient money to keep SPI Romania going in 2008.**

They increased their membership fees by 25% in 2007 – six months after the start of our activities and well before enactment results. Just judging from the project working group dynamics, the scope of the program, the success of the earlier RDGF project (that gave them something like Euro 230 million on a 5-year NPV basis), they backed us with as many resources as they could reasonably mobilize. Bear in mind that RBA member contributions are based on a per capita basis (not on market share). It was an enormous effort by the smaller banks (half the banks (18) have combined market share of 9%!), led by the RBA Chairman who de facto represents them. Furthermore, as an exception to their funding policy of RBI activities (10%), the banks finance 40% of SPI Romania activities.

**I strongly urge therefore to re-consider your understanding of the facts – and to help us with a clear statement to this effect in your report.**

**If I had gone out on a limbo in February 2008 to ask the banks for additional and specific contributions was in response to a specific request by the NBR First Deputy Governor on which I will elaborate when we meet. It has to do with RBI governance.**

12. What outreach efforts were made to explain these benefits to the RBA but also to citizens and other stakeholders in general – and what grassroots outreach efforts were undertaken to build a bottom up awareness of the SPI? What links were established between SPI and RBA on one side, and other business associations and business groups on the other? Overall, how well known was the SPI in Romania outside the financial circles which provided most of the inputs to it, and should more have been done here?

**SPI Romania, at Convergence Program's request, co-opted the Director for Consumer Protection in the SPI Committee. Mr. Meiu has been an enthusiastic advocate for SPI Romania work on the local press and in conferences. You will have seen the WB TODAY article. On behalf of the authorities, SPI Romania conducted the Romanian public consultations on the EU Green Paper on Retail Financial Services, hosted by the EU delegation. This provided also a lot of visibility to civil society and consumers about our work. I gave an interview at time of enactment of the e-processing law for checks to claim attribution for this important achievement for Romanian consumers.**

13. To what extent was the media involved to promote awareness of SPI and help ensure the accountability of members? What attempts were made to engage with civil society? Did SPI have a recognizable branding?

**Accountability was mainly achieved through the web. We monitored web traffic in the early months which seemed to us quite good. But accountability for SPI Romania work must be, first of all, with the SPI Committee members. They were people of the highest standing in Romania that would do their best for their country, regardless of the web or of media**

**coverage organized by us. The RBA organized several conferences where they invited SPI Romania staff.**

14. In reading thru the voluminous number of emails sent by Luigi and which focus largely on the transition to an independent/locally owned SPI - has there been any attempt to formally document this paper trail in a more usable format for use in other countries? I do not see much reference to this in the power point presentations being presented, yet the email trail tells a fascinating story, and while each country has its fair share of unique and non-replicable attributes, many of the lessons emerging from a review of this paper trail can in fact be applied more widely.

**I am applying the Romania lessons in Albania by anticipating the hiring of the new GM to fir our professional standards and be supported by us for a reasonable period of time (9 months in all). Much of the Romanian prose was specific to the Romanian context (there is a lot of dissatisfaction on how RBA and RBI operate – to the detriment of the public good).**

15. Luigi's own role, which seemed to be very intensive – did this initiative become “luigi dependent?” It is coincidence that momentum seemed to slow down once he began reducing his direct involvement in the project? He talked at one point about the need to sketch out a leadership transition path. M question: how effective was this handled? Did he spend enough face to face time in country with local institutions and individuals? Were the expectations of local actors properly managed in terms of understanding the possible implications of Luigi's reduced engagement?

**Clearly, I have been the engine of the program – and kept it alive despite multiple terminal challenges. I have proven that Ramona can replace me more than adequately in running SPI Albania (as I did in SPI Romania). It will be important to ensure that the new Albania GM will be able to play a role with SPI Adriatic. Ramona will now start also SPI Moldova – another important sustainability and leadership test. The proposed mainstreaming into IFC (and the addition of a Deputy Head) will address the issue of sustainable program leadership. But it is clear that my role in this transition and institutional scaling-up phase is unique.**

16. Political biases – the level of engagement of financial sector leaders was impressive. But did they have any political biases that impeded their involvement, and cooperation, in SPI?

**I honestly never noticed that discussions or decisions were being shaped by issues or considerations that could not be understood as part of the context. SPI Committee members represented a broad range of political affiliations in the country. The same applies in Albania. People are just eager to get things done.**

17. Dynamics between key individuals i.e. the heads of the Central Bank and the Bankers Association as well as with Luigi. How effective and transparent was this high level interaction?

Was too much influence placed in the hands of too small a number of people? Were there any concerns raised among WG members about this?

**Senior people helped solve disputes at the technical level, ensuring that the work could be completed with technical consensus. Everybody did their work with utmost professionalism.**

18. Beyond the Central Bank, how enthusiastic were Government leaders about SPI? Evaluate the Government's awareness of and support for SPI, to what degree were the lessons from SPI absorbed in Government more broadly (i.e. value of RIA, value of structured dialogue).

**Ministry of Agriculture and Ministry of Justice benefited a lot from our work. Ramona was invited to prepare specific technical work for them. Also the General Secretariat of the Government was very supportive and grateful for our RIA work.**

19. The concept of RIA – how much support and acceptance have you created in Romania for RIA's application, beginning with financial circles and then extending to government more generally? I have worked in RIA/RBP for many years, and it was always very challenging to engage government to take it on – other than a small number of dedicated champions. Could more have been done to promote the use of RIA more widely given its obvious added value to SPI? How do you evaluate the capacity of key players to apply RIA in Romania currently?

**Given the overall resource envelope we had for SPI Romania (about \$300k for 15 months), we did an enormous amount of work to create awareness and capacity for RIA. I even pledged, in writing, that Ramona will be able to support SPI Romania RIA work for free throughout July 2009. Ramona is now practicing RIA in Albania. She will be ready to pick up this agenda if she can be appointed as Head of SPI Romania.**

20. How representative is/was the RBA of the country's banking community? Was there bias towards larger financial institutions at the expense of smaller ones? Was the RBA the only business association involved in SPI (wondering if the benefits of SPI extended to business associations more broadly?).

**RBA is actually dominated by small banks which control the majority of the votes with less than 10% of market share. We had started encouraging discussions with the leasing and brokers associations. These contacts could be useful in the future.**

21. Overall how satisfied were you with the quality of inputs from the private and public sectors as part of SPI, and did one side contribute more than the other? Where were the imbalances, if any?

**It is amazing to see what 120 experts, supported and coordinated by the SPI Secretariat, were able to achieve in 15 months, with little input from foreign experts. Achievements vastly exceeded expectations.**

22. Was there any sense that the quality of WG dialogue declined over time, i.e. became less focused, less analytical, less clear agendas?

**The SPI Secretariat kept strong discipline (as shown now in Albania) on agendas and documents.**

23. The SPI Secretariat was absolutely critical to the SPI's success; did Secretariat staff ever feel overwhelmed? What were their greatest frustrations?

**Yes, it was indeed critical. I know Ramona and Oana have sometimes felt frustrated because of:**

- **constant pressure to achieve rapidly results;**
- **too many projects started once;**
- **lack of active participation from PWG and leadership from PMT;**
- **diversity of issues to cover (analytical, operations, communication, logistics);**
- **work in a non-institutionalized environment.**

24. What efforts were made to build Maria's capacity? Did she have enough face time with Luigi and Ramona?

**Ramona spent about 4 months with her, explaining her all the projects, procedures and methodologies. I prepared the projects ToRs with her. We went together through an SPI Committee meeting. We attended together the first meetings for the project on RDGF. I prepared with her the draft procedures and bylaws for SPI Romania- part of RBI. She had more than enough face, Skype and mail time with all of us.**

25. Scope of SPI Romania – did Romania SPI ever embrace the consumer protection and NBFPI perspectives?

**Convergence introduced the National Authority for Consumer Protection to SPI Committee membership, overcoming resistance from the Romanian Banking Association. We had them represented in 4 projects that were dealing with consumer protection issues. The work program for 2008 included 2 of their proposed projects.**

26. The Secretariat's opinion of the Committee's effectiveness.

**SPI Committee was effective and supportive. They gave us important feedback on project structure to ensure effective implementation.**

27. As part of dialogue with local stakeholders in preparing the SPI for local ownership, a few issues emerge which suggest either unwillingness or confusion as to the exact and expected roles of the RBA and RBI as part of this transition (i.e. RBA claiming to Skreb they did not realise they needed to financially contribute, then RBI apparently wanting to play a much more intrusive role

than expected in managing the work of the SPI Secretariat installed within its structures).

Question: although Luigi at one point called this comment of RBA's disingenuous, it raises the question of how deliberate was Convergence in ensuring that key local stakeholders understood their roles in taking SPI forward, and did you do everything possible in this regard? The fact that RBI began to restrict the activities of the Secretariat in 2008 is most disturbing; why did this happen?

**Although I did not start SPI Romania with an explicit understanding that Romanian stakeholders will have to pay so quickly after the start of the activities (I felt I could have run a one-year pilot without talking about money), circumstances in the WB forced me to an early test of local ownership (from July 2007 onwards). In October 2006 I raised the issue. NBR and RBA asked me to make a proposal – showing full understanding for the rationale of the request. There started a long consensus-building process with Marko Skreb's engagement (complemented by Prof. Bazzan's), followed by my April 2007 proposal for RBI involvement. Very quickly, the Board of National Bank of Romania (May 28, 2007) and the General Assembly of the RBA approved SPI Romania transfer under local financial and operational responsibility as from 2008. It was a remarkably smooth and quick conclusion of the discussions.**

28. Level of World Bank support for SPI in 2008 – it seems – correct me if I am wrong – that Wb support for SPI declined rather abruptly from the beginning of 2008 and certainly over the first few months of 2008. Recalling an email from Maria in which she asks for more Convergence and WB help, is it possible that WB reduced its level of input or presence too quickly?

**You cannot imagine the energies that I have spent throughout the first six months of 2008 to support SPI Romania. The NBR First Deputy Governor assured me he was ready to take control early in 2008. I continued to work with Ramona, with Maria, with RBI, with NBR, with RBA, with Regione Puglia to raise EU funds to secure SPI Romania. I did perhaps too much, in retrospect.**

**Convergence Program helped prepare the 2008 Program (following very extensive consultations) for SPI Committee endorsement in March 2008 and delivered eight detailed project ToR by June 2008, at the end of the transition period. Convergence Program helped SPI Romania connect with experts for the deposit insurance project and with WB Treasury Department experts on two capital market projects.**

29. Linking SPI with the World Bank – the positive publicity and credibility gained from such a linkage is often significant, as I have found. But not always! Objectively, was the link established between SPI and WB in Romania a good one? What elements could have been improved? Were there any sources of dissatisfaction or skepticism about this linkage and if so, how were they handled?

**To remove disincentives to local ownership, I did not establish a strong public link between SPI Romania and WB. As you say, WB affiliation has its pluses and its minuses. SPI Romania (and the others) need to build a local profile to serve local needs. A WB involvement (other than financial) is actually negative, on balance.**

30. What attempts were made to engage the IFC?

**Yes, we did engage with IFC. IFC helped with the credit bureau project. And SPI Romania helped IFC complete a project that seemed impossible to bring to closure. Local presence, analytics and SPI Committee clout went beyond what IFC had mobilized so far.**

31. The Skreb Report March 2007 – in particular re: need to get more projects completed, depth of partnerships achieved, local outreach efforts, more closely tracking the enactment status of each proposal, and substituting the WB reputation as part of the transition to local ownership. How effectively do you evaluate the actions taken in response to the Skreb report, were they taken fast enough (I note the first meeting of Migration Team took place in October, 6 months later!) and how relevant are the Skreb recommendations today as we look at Albania SPI?

**I rate 100% compliance on the Skreb Report recommendations. The Migration team met, formally in October when we hired a specific Migration Officer (a former WB staff), but its members had been meeting informally since May. Please note that the local stakeholders agreed to the transfer proposal in May 2008. So the ground was clear.**

32. Even more basic is the Skreb comment that it was too early for him to formally evaluate the Romania SPI given that it had been in operation for only 6 months. However as I prepare for Albania, and given that the Albania SPI has also been functioning for only 6 months as I am to arrive, it seems to me that the Skreb report can be used as a baseline of sorts against which we can compare progress in Albania with Romania. Yes?

**I think SPI Albania is ahead than was SPI Romania after its first six months (three projects completed analytically – two proposals at legislative stage already). We also have a website (that was added in Romania only nine months into the activities).**

33. SEE ABOVE - Another key issue addressed by Skreb is to look broadly at the support provided by Convergence in its entirety and whether this was adequate and whether it was effective (role on Steering Committee, role within Secretariat, financial support, foreign experts) and whether its application of the BOT model (build, operate, transfer) was properly and effectively executed. Was there excessive reliance on Convergence/Luigi to the point that once Luigi began to withdraw, sustainability challenges would instantly emerge? And did they emerge?

**I brought SPI Romania from Convergence to Romanian control after 15 months – and a key SPI Romania staff is now leading SPI Albania under considerable operational autonomy. Not too bad right?**

34. The SPI Handbook says very little about sustainability. More attention needed here?

**The SPI Handbook has key attached documents providing rationale and instruments to sustainability. It is more than sufficient to engage with local business leaders.**

35. In retrospect, was a 2 year time frame too short in which to build, operate and transfer this PPD Forum?

**Well, the effective timeframe was much shorter – perhaps 12 months from November 2006 to December 2007. Yes, it was unreasonably short – but I did not have the choice if I wanted to give the Convergence Program a future – the future that now is at hand, both in EU and with IFC. A full two-year BOT period seems necessary to do a good job.**

#### **SPI Albania**

36. At this fairly early stage, which lessons from the Romanian experience have been most relevant

**Although it is early stage, the activities are running full steam. The concept was floated in January 2008, the Secretariat selected in April, hired in May, prepared the SPI Committee meeting in June. This is a record implementation speed!**

**We are addressing the need to build an SPI Community (we had a SPI Project Management team retreat early November); to engage early on with the banking community on future funding; to communicate our work regularly to bank CEOs (we got very encouraging support).**

37. What are the biggest differences – if any - in the structure and operation of SPI Albania vs. SPI Romania?

**The biggest difference is the relatively lower professional seniority of SPI Albania staff (reflecting a smaller country at a less advanced stage of development). This creates a strong hands-on supervision requirement which is best addressed by a resident GM.**

38. Over what time period precisely is World Bank support committed for SPI Albania?

**WB funds SPI Secretariat through February 2010.**

39. From Ramona's recent presentation – I have noted the challenges she lists:

- WG reluctance to apply RIA/analysis tools
- Current vs. original levels of enthusiasm

- Complexity of work plans and activities
- Secretariat capacity
- Need for local supervision of PWG and Secretariat activity
- Need for a reliable TA provider

Yes, this is true. Our culture is to look at reality as it is – without being afraid if it does not look as rosy as some would like it to be. Only through honesty, candor and willingness to learn and adapt could we survive and eventually thrive as an institution. Yes, running an SPI Secretariat that completes 3 projects in 4 months and, in the process, produces more than 100 documents is a hell of a job, which creates problems every day. Keeping everybody happy and informed in a new venture does not happen by itself! Managers need to acknowledge problems and act upon them.

I used similar candor when I told Rachel Kyte (IFC VP Advisory Services) and Peer Stein (Head of Access to Finance) that, unfortunately, SPI Romania will not be performing under Romanian leadership as effectively as it did under my oversight – making a prospective one-year assessment if the present Head is not changed.

Roger picked up noise that the SPI model has a “fatal flaw” when he was in DC in October. And several of your questions seem indeed to be informed by the desire to test this “fatal flaw”.

You have a particular responsibility to lay down the facts of the SPI model – correcting misperceptions, and sketching the large benefits that IFC will enjoy from sponsoring a wider roll-out of the SPI Platform – in many of its regions. Juxtaposing an SPI “local ownership” business model to the traditional TA capabilities-based model can create a potent advisory toolkit for IFC.

This brings me to close my responses to your queries. I hope I have helped you perfect your understanding of the SPI platform. As I said in my last message (“A further reflection”), I would warmly encourage you to document the special features of the SPI Platform that allow a community to solve its problems with limited foreign assistance – and generates disciplined demand for donor assistance.

I look forward to working with you in this assignment.

Best, Luigi

11/18/08