



**Republic of Serbia**  
**Regulatory Review Unit**

Bulevar kralja Aleksandra 15  
Belgrade  
No. 265/2009  
22 April 2009.  
No. 04-2008

The Convergence Program

c/o The World Bank Rome Office  
Rome, ITALY

Dear Mr. Passamonti,

We refer to the discussions started in October 2008 arranged by the World Bank's Irina Astrakhan regarding possible Convergence Program support to the financial sector component of the regulatory simplification program (the Financial Guillotine) that the Regulatory Review Unit (the RRU) will undertake during the remainder of 2009.

We completed the inventory phase of the reform, in which we identified close to 7000 regulations. On 31 March 2009, we started with the analysis phase in which all business related regulations will be analyzed, including regulations affecting financial intermediation, as one of our priority areas.

Having reviewed the Convergence Program's track record in other South-Eastern European countries, we have concluded that the Financial Guillotine would benefit from adoption of the Convergence Program methods to identify regulatory modernization solutions through structured involvement of public authorities and financial institutions.

Accordingly, we would be grateful if the Convergence Program could provide the Secretariat the following support:

- (a) To hire a full-time expert (the Financial Guillotine Leader), agreeable to both the Secretariat and the Convergence Program, for the period 1 May-31 December 2009 with the responsibility to lead the Financial Guillotine activity through its phases e.g., issue identification, prioritization, solution-searching and recommendation for simplifying laws and regulations affecting financial intermediation efficiency. We understand that Mr. Predrag Kovacevic, formerly Advisor to the Deputy Prime Minister, is willing to take this position and that the World Bank is agreeable to this designation;

- (b) To receive support and advice from the Convergence Program experts as the need arises during key steps of the Financial Guillotine process during the period indicated above. We agreed that this support would not require executive responsibility on the part of the Convergence Program for Financial Guillotine deliverables.

We understand that the Convergence Program's mandate requires that its interventions demonstrably catalyze sustained public-private cooperation of local stakeholders towards financial sector modernization. We applaud this objective which aims at strengthening domestic capacity to handle modernization needs.

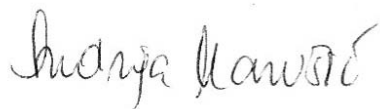
To help institutionalize the benefits of the sustained effort that we will undertake as part of the Financial Guillotine, we intend to organize the work as follows:

- (a) The Financial Guillotine Leader will establish a high-level advisory committee of key public and private stakeholders that will review activity progress at pre-identified intervals including a kick-off, a progress review and a final recommendation review meeting;
- (b) The Financial Guillotine Leader, supported by RRU staff, will organize the analytical process using the public-private Project Working Group management techniques, including reliance on EU Better Regulation tools, as codified by the Convergence Program;
- (c) For the purpose of building awareness and transparency for the analytical and consensus-building process described above, we will collaborate with the Convergence Program to organize a dedicated website under the SPI Serbia name bearing solely the names of participating Serbian institutions. The website will have reference to Convergence Program support in a form that reflects its non-executive role.

The Financial Guillotine Leader will report the Financial Guillotine activities to the Convergence Program on a monthly basis, based on established Convergence Program procedures. The Financial Guillotine Leader will write a completion report at the end of Convergence Program support.

We are confident that the strength of the Convergence Program methods will demonstrate the benefits of the continuation of these collaborative public-private analytical activities after the completion of the Financial Guillotine.

Sincerely,  
Andreja Marusic



Head of Regulatory Review Unit

cc: Deputy Prime Minister and Minister of the Economy; Mr. Neil Simon Gray, World Country Manager for Serbia; Ms. Irina Astrakhan, World Bank Country Coordinator for Financial and Private Sector Development.