

Convergence Romania Financial Sector Modernization

Public-Private Special Projects Initiative



SPI Project on Rural Lending Minutes

Third Meeting

June 22, 2007, 11 am – 3 pm – SPI Secretariat Office

Participants:

Radu Negrea, PO

Aurica Stoica, DPM

Veronica Toncea, Rural Credit Guarantee Fund

Dumitru Sandulescu, Romanian Stock Exchange

Viorel Marin, National Grading Commission

Stefan Florescu, Cargill Romania

SPI Secretariat (Ramona Bratu, Director for Bank Products and Services)

Project Objective

To prepare a set of specific recommendations (“secondary” rules and regulations and technical and organizational implementation steps) on the measures needed to be undertaken by the competent authorities, market participants and other institutions in order to remove the existing roadblocks to the development of the agricultural warrants-backed lending within acceptable risk parameters.

Project Management Team

Project Owner: Radu Negrea, RBA Board Member

Project Manager: Claudiu Nicula, Manager, Raiffeisen Bank

Deputy Project Manager: Aurica Stoica, Director, Ministry of Agriculture

Agenda

1. Discussions on the proposed amendments to Emergency Governmental Ordinance 141/2002;
2. Debates on the note for discussions with MoA representatives;
3. Date proposal for the meeting with MoA representatives;
4. Next steps.

1. Discussions on the proposed amendments to Emergency Governmental Ordinance 141/2002

The PWG members re-opened the discussions on the principles of the WDC to be recommended, with the following conclusions:

- **licensing and inspection system** – the responsibilities for checking the compliance with the eligibility criteria should be shared by the Grading Commission and by the Indemnity Fund, in order, on one hand, to optimize the use of the CG's technical capabilities and, on the other hand, to ensure the consistency of and the responsibility for the evaluation of the financial standing of applicant warehouses.
- **WDC register** – WDC should be issued on paper (not only in electronic format) and an electronic register should be organized.

PWG proposed modifications to the Emergency Governmental Ordinance 141/2002 according to the new principles.

PWG discussed and agreed also on other changes to be made, the main of them being:

- to introduce the definition of the unavailable DC
- to take off the law the provisions on the payment of the depositing services;
- to improve the compulsory content of DCs by introducing references on the quality and on the fact that the deposit is free of any lien;
- to introduce a provision on the quality and the degree of the deposits returned (to be the same as the initial ones);
- to refer to both budgetary and extra-budgetary financing of the Indemnity Fund;
- to mention that starting the fourth year of the Indemnity Fund its financing will be covered exclusively from the depositories' contributions;
- to take off from the law the provision on the level of the depositories' contributions, in order to have it in the Government Decision establishing the Indemnity Fund.

Proposed modifications to the Emergency Governmental Ordinance 141/2002 will be prepared before the next PWG.

The PWG did not succeed to outline a final conclusion in respect of the following:

- how could MoA (or other acceptable entity) obtain the indications on the market prices – unclear usefulness;
- the need for the inventory action for the warehouses stocks and capacities needed in order to establish the previous proposal of the PWG members regarding the monthly reporting;
- the institution to keep the WDCs register, the entities to have access to this register, and the ways of co-operation between GC and Indemnity Fund in this respect;
- the supervising authority for the Indemnity Fund;
- the level of the depositories' contributions to the Fund.

2. Debates on the on the note for discussions with MoA representatives

SPI Secretariat will modify the note for discussions with MA representatives according to the PWG discussions.

3. Proposed time for the meeting with MoA representatives – PWG proposed the meeting to be held on **July 3-5.**

4. Next steps:

- SPI Secretariat will contact MoA in order to set up the meeting.
- SPI Secretariat will modify the EGO according to the issues agreed by PWG and will share it with PWG asking for final changes.
- PWG will send by email to SPI Secretariat their views on the issues remained unsettled.
- SPI Secretariat will change the note and the comparative table accordingly and will share the document with PWG before the meeting with MoA representatives.