



USAID: Partners for Financial Stability (PFS) Program

The Partners for Financial Stability (PFS) Program was created in mid-1999 to help complete reforms necessary to have sound, private well-functioning financial sectors in the eight Central & Eastern European countries where USAID was previously active, but has since closed its missions: [the Czech Republic](#), [Estonia](#), [Hungary](#), [Latvia](#), [Lithuania](#), [Poland](#), [Slovakia](#), and [Slovenia](#). Activities undertaken in the PFS Program are intended to extend U.S. bilateral and regional relationships and also to ensure the irreversibility of economic reforms initiated in the recipient countries.

The PFS Program focuses specifically on promoting financial sector development through short-term, demand-driven activities closely coordinated with U.S. Embassy priorities. To that end, PFS Program assistance focuses on upgrading and strengthening key financial sector institutions and financial market participants to operate on best practices consistent with international standards and EU accession. PFS Program assistance is broadly divided into the following technical areas:

- [Banking Reform](#)
- [Capital Market Development](#)
- [Corporate Governance](#)
- [Financial Crimes and Anti-Money Laundering](#)
- [International Accounting and Auditing Standards](#)
- [Pension and Insurance Reform](#)
- [Legal issues such as: Alternate Dispute Resolution, Bankruptcy, Tax Reform and Harmonization of Mortgage Instruments](#)

Accomplishments

Under the aegis of the PFS Program, two important legacy institutions were established:

- In partnership with the National Bank of Poland, the PFS Program provided the necessary technical assistance to establish the [Training Initiative in Bank Supervision \(TIBS\)](#), a training center and forum for bank supervisors in EE countries. The objective was for Poland to share its considerable bank supervision expertise and practical experience with other EE countries and help these countries implement the Basle Core Principles of Effective Bank Supervision. Since its inception in 2001, five week-long seminars have been conducted to the benefit of over 120 bank regulators from over 20 countries in the region.
- In cooperation with the Organization for Economic Cooperation and Development (OECD), the PFS Program also helped create the [International Network of Pension Regulators and Supervisors \(INPRS\)](#) which brings together all the pension regulators in the region in an effort to improve the operations and standards of these new organizations born of pension reform. Visit www.inprs.org for more information.

USAID Partners for Financial Stability (PFS) Program

Start: July 1999
End: April 2004

Funding: \$6 million,
Plus cash and in-kind contributions from partners

USAID's Partners:

East-West Management Institute
Financial Services Volunteer Corps
Bearing Point
Deloitte, Touche, Tohmatsu
Urban Institute
US SEC
US Treasury
US FDIC

Participating Countries:

Estonia Czech Republic
Latvia Slovakia
Lithuania Slovenia
Poland Hungary

Goal:

Assist USAID "post-presence" countries to complete financial sector reforms, and strengthen financial institutions to promote sound well-functioning financial sectors.

Select PFS Accomplishments

The PFS program has helped to create regional institutions:

- A regional bank supervision training center in Warsaw with the National Bank of Poland.
- A regional network of pension regulators

And provided the technical expertise and training to:

- Support passage of a new IAS law in Lithuania
- Enforce new anti- money-laundering laws in the region
- Improve the region's collateral systems

The continued provision of high quality assistance under PFS has allowed the USG to remain engaged with these countries' economic transition and build up good will that promotes positive US national security interests in the region.

Other achievements include:

- A series of workshops in six of the eight PFS Program countries, which, among other achievements, were instrumental in helping Lithuania pass its new Accounting Law that requires IAS for listed companies.
- Country studies of the economic impact of the registered pledge system in five PFS Program countries, presented at two annual symposia, which resulted in three PFS Program countries and two SEE countries submitting recommendations for improving their poorly functioning collateral systems;
- Anti-money laundering training for Financial Intelligence Units (FIUs), judges and prosecutors, as well as for financial institutions from seven PFS Program countries, which has helped all seven countries draft and implement new legislation.
- Ongoing surveys of online investor relations and corporate reporting, published semi-annually on the EWMI/PFS Program website.

How the PFS Program Works

Activities initiated under the PFS Program may consist of 1) technical assistance or training focused on the needs of one country or 2) regional training seminars which address issues common to several PFS countries. At the crux of the PFS Program is the dissemination of lessons learned across borders through a variety of workshops, symposiums and the overall establishment of an information network, between U.S. and international experts and the recipient countries as well as between the recipient countries themselves. The current websites for this activity are www.EWMI.hu and www.fsvc.org.

Through partnership arrangements with other U.S. Government Agencies (e.g., the [Securities & Exchange Commission](#), and the [Department of the Treasury](#)), American private sector firms ([East-West Management Institute](#), [Bearing Point](#), [Urban Institute](#) and [Deloitte, Touche](#)) and private volunteer organizations ([Financial Services Volunteer Corps](#)), PFS Program activities can draw upon a broad base of technical expertise. [Deloitte, Touche, Tohmatsu](#) serves as the PFS Program secretariat, to support communication and collaboration between and among partners. As required, additional professional expertise can also be contracted for outside the existing partners' network. All requests are reviewed by the respective embassy and are approved by a Technical Review Committee, comprised of all partners and chaired by USAID.

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PFS Websites:
<http://www.ewmi.hu/>
<http://www.fsvc.org/>

A key feature of the PFS Program is a cost-sharing element (targeting 50%) with contributions from: host country government counterparts, local institutions, and the implementing partners. In the four years since PFS's inception, a wide range of bilateral and regional activities has been funded. USAID funding for the life of the PFS Program is \$6 million. Based on cost sharing (cash and in-kind contributions), almost twice this amount of technical assistance will be delivered.

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