

PARTNERS for
FINANCIAL
STABILITY

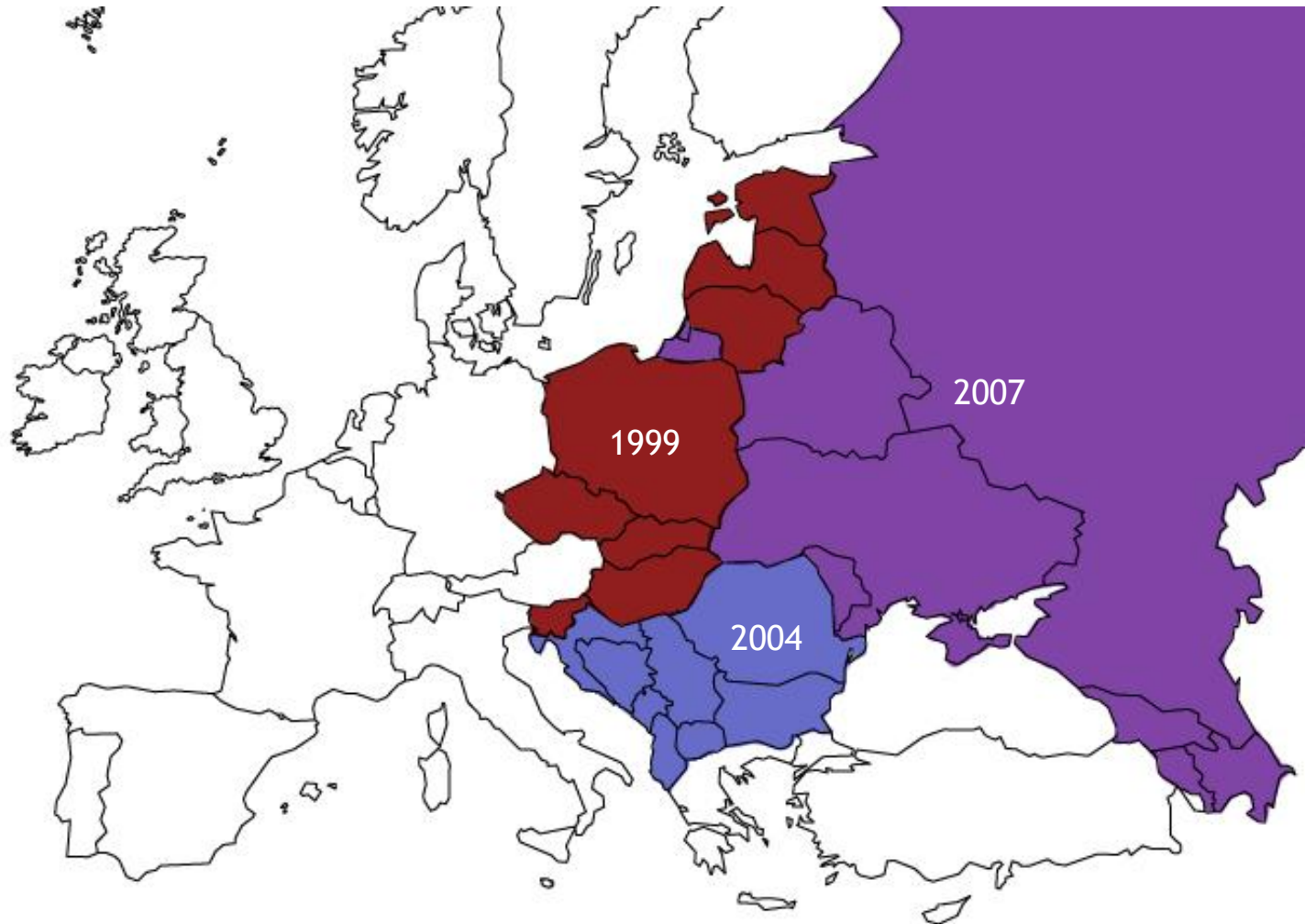
Presentation at the Sarajevo Regional EG Workshop

May 18-20, 2010



Partners for Financial Stability (PFS) is a public-private partnership established to advance the reforms necessary to create **sound, well-functioning financial sectors** in Central, Southeastern and Eastern European countries and **integrate** them more quickly into European and international financial systems.

Map of PFS target countries



- 1999 Central and Eastern Europe (CEE)
- 2004 Southeast Europe (SEE)
- 2007 Former Soviet Union (FSU)

Areas of focus

- 1 Accounting
- 2 Auditing
- 3 Banking
- 4 Capital Markets
- 5 Insurance
- 6 Pension Reform



Three-fold goal

INTEGRATION

Promoting international financial integration and the increased growth concomitant with integration, while enhancing capacity to mitigate and prevent financial crises associated with financial integration.

INTERNATIONAL STANDARDS

Assisting in harmonizing sector policies and practices in the region with international standards



INSTITUTIONAL STRENGTHENING

Assisting in the strengthening public and private sector institutions whose competency and credibility are central to a sound financial system.



Technical Assistance

Public-Private Alliances

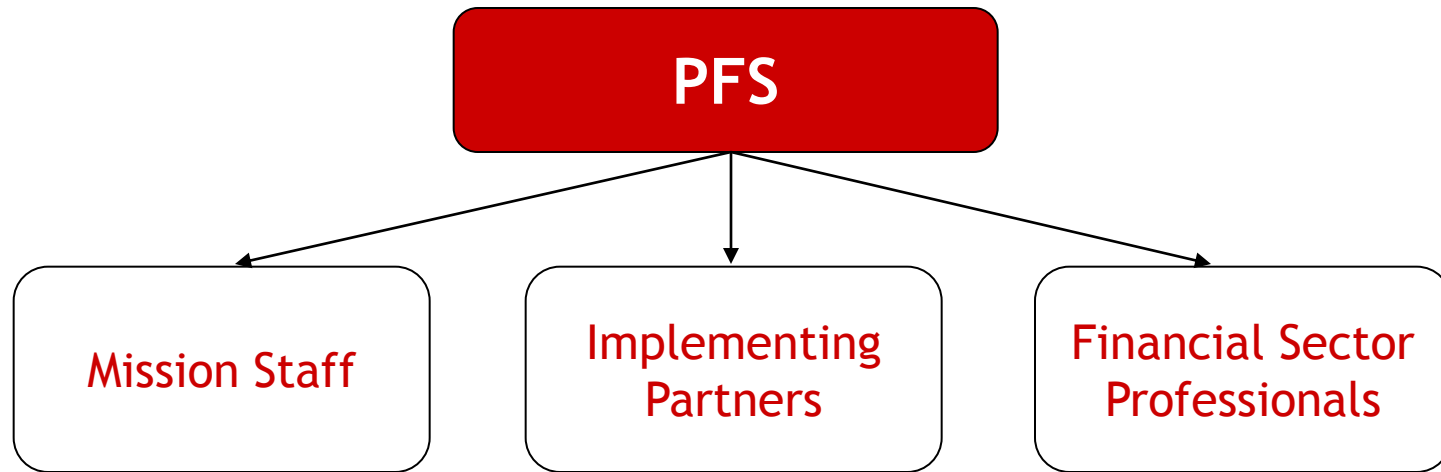


Knowledge Management

Benchmarking



Program beneficiaries



- PFS programs should complement and support bilateral efforts with regional experience-sharing but should not supplant existing U.S. or other donor bilateral programs.
- Programs support achievement of E&E Bureau strategic goals and priorities



Funding structure

152 institutions contributing to the costs of the activities - partners include a variety of local, regional and international organizations

Cost-sharing element covers up to **50%** of costs with contributions from counterparts, local institutions, implementing partners, and other donors



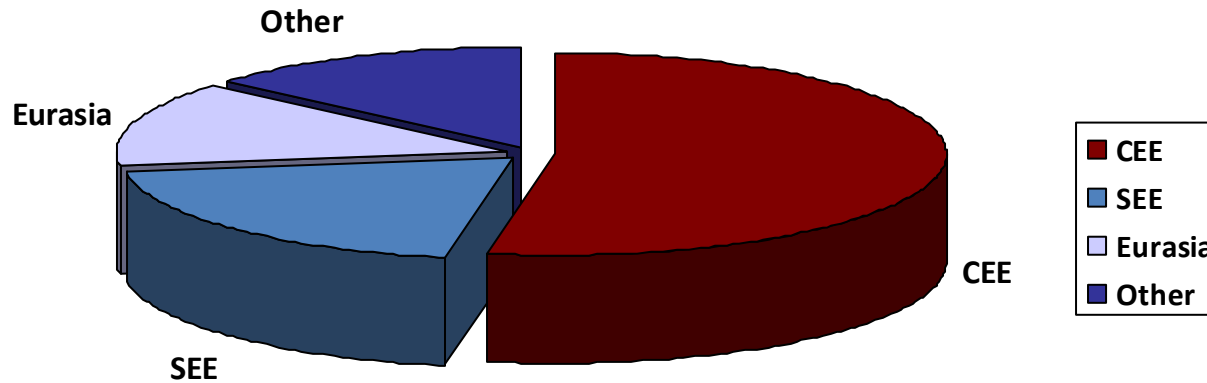
Activities summary

	<i>CEE</i>	<i>SEE</i>	<i>Eurasia</i>	<i>Subtotal</i>	<i>Other</i>	<i>Total</i>
Events	73	30	20	123	36	159
Participants	3,067	1,164	792	5,023	799	5,822

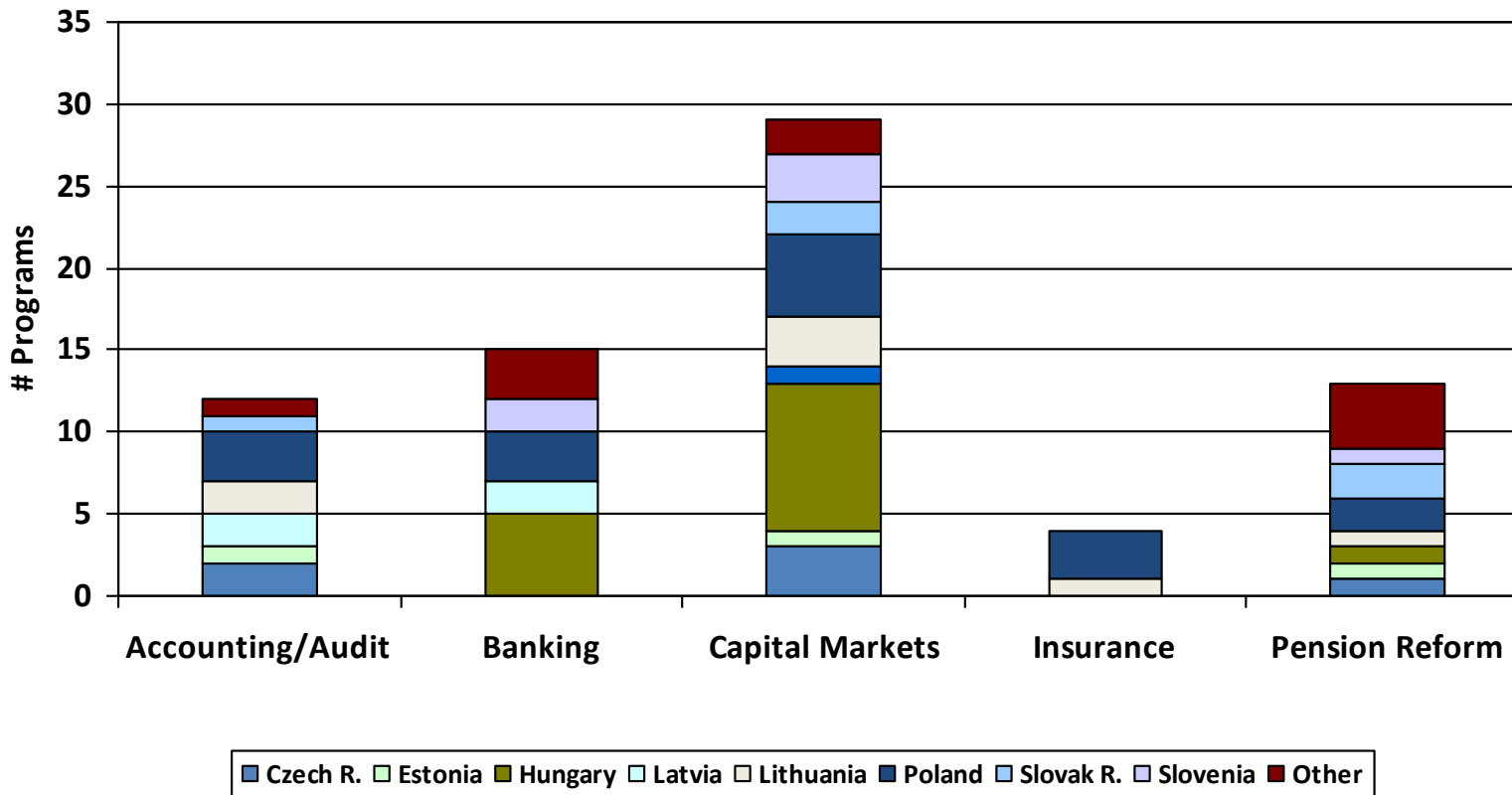
1999-2004

2005-2008

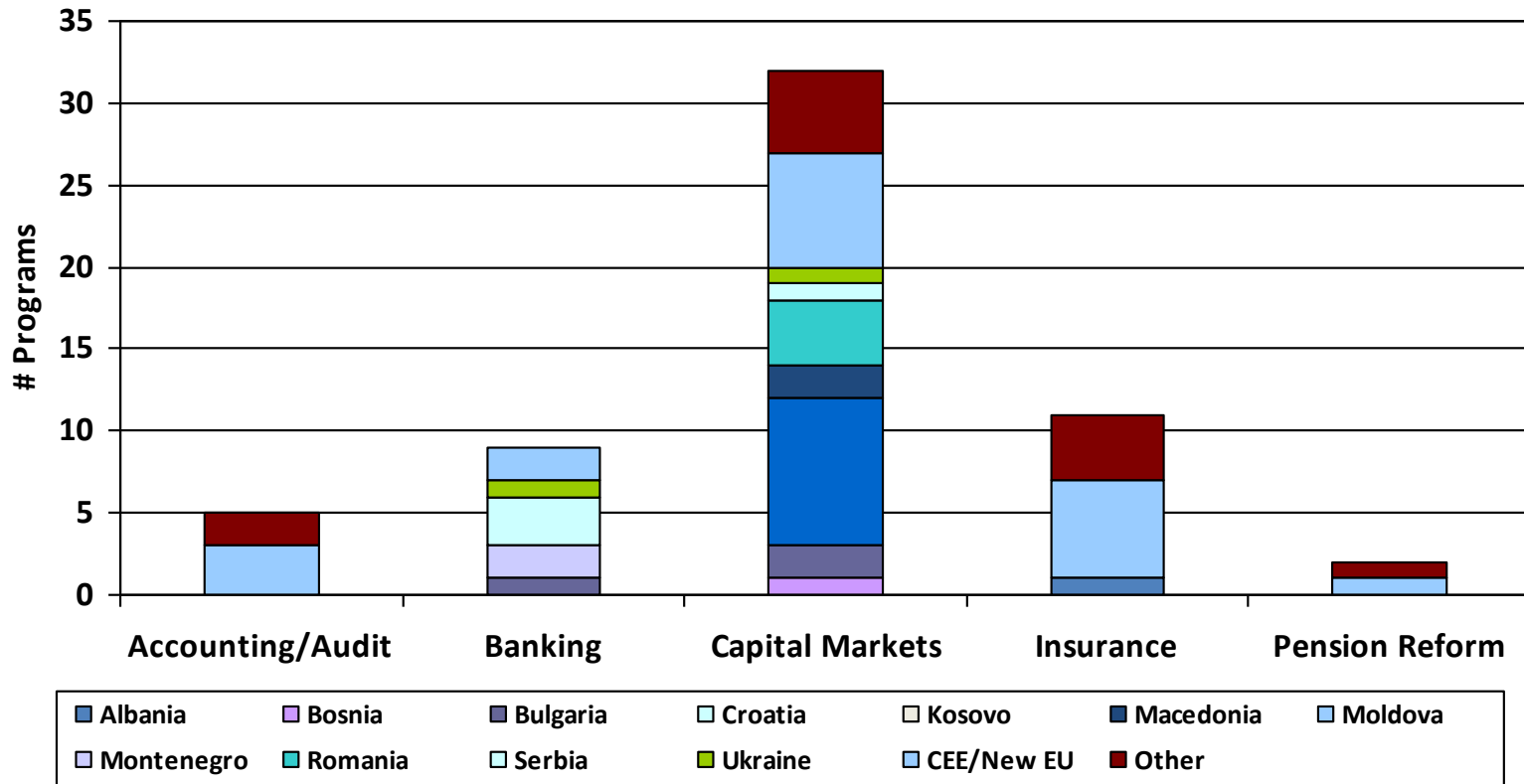
Events: 50
Participants: 1,956



PFS Programs by Subject and Country



PFS Programs by Subject and Country



Activities summary

2000-2004 Central & Eastern Europe

73 Programming events

3,067 Participants across countries

2005-2008 Southeast Europe and Former Soviet Union

60 Programming events

1,890 Participants across countries



Assessment finds that the program has:

- 1 resolved bilateral issues by identifying regional trends and launching relevant initiatives to beneficiaries to share experiences and build partnerships
- 2 successfully expanded bilateral centers of excellence to serve regional demand, which provides sustainable opportunities for further collaboration
- 3 successfully addressed cross-border issues (ex. law enforcement regarding money laundering)
- 4 promoted the adoption of regional and international standards
- 5 conducted original research to establish regional benchmarks in order to introduce and publicize best practices
- 6 leveraged scarce resources for great impact through partnerships
- 7 institutionalized its successes by strengthening local, regional, and int'l associations
- 8 had limited resources and could not accommodate certain requests for assistance

New PFS focus

In the face of the financial crisis, PFS will be re-focused to address more of the challenges facing the stress to banks and the financial system in general.

Banks, businesses, and consumers facing bankruptcy

Increasing poverty

Insufficient social and financial safety nets

Gaps in the capacity of governments, financial intermediaries, and the public to cope with financial stress



Objectives:

1. restore and improving financial systems destabilized by crisis
2. re-establishing the investment environment
3. Increase access to credit in near and long term
4. bolster trade flows
5. promote economic integration and further market diversification

- Greater emphasis on enhancing macro- and micro-prudential regulation
- Promotion of reform and modernization of financial services and supervision
- Broaden the reach of financial services to SMEs, underserved populations

Donor Coordination

Regional Programming

Global Financial Crisis

Implementation strategy

- 1 Developing and disseminating technical briefs
- 2 Advancing stakeholder groups (communities of practice) among USAID professionals, implementers, partners, and counterparts
- 3 Supporting missions with technical assistance through buy ins
- 4 Promoting common programs with Public-Private Alliances
- 5 Maintaining a website for knowledge management
- 6 Creating a monitoring program that measures status and progress of national financial systems
- 7 Focused efforts targeted at crisis control - 50% prescriptive, 50% demand-driven

Implementation activities

- 1 Mission buy ins
- 2 Collaborative initiatives with partners (e.g., CEED, SEAF, CEF)
- 3 Technical collaboration workshops
- 4 Benchmarking financial sector progress
- 5 Advisory services
- 6 Study tours
- 7 Grants to counterparts for research and case studies

Topics for New PFS

- Banking and Bank Supervision (including macro-prudential regulation and deposit insurance)
- Capital Markets and Corporate Governance
- Insurance, Financial Safety Nets (including pension funds)
- Accounting and Auditing
- Legal and Information Foundation
- Financial System Inclusion or 'Access' (including financial literacy)

For more information,
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Also see:

<http://www.pfsprogram.org>



Thank you for
your kind attention!