



**US AGENCY FOR INTERNATIONAL DEVELOPMENT**

**PARTNERS FOR FINANCIAL STABILITY PROGRAM  
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**2003 ANNUAL REPORT**

**Submitted January 28, 2004**

**USAID PARTNERS FOR FINANCIAL STABILITY PROGRAM  
2003 Annual Report**

**GRANTEE:** East-West Management Institute, Inc.

**COOPERATIVE AGREEMENT #:** PER-A-00-00-00003-00

**TASK TITLE:** Partners for Financial Stability Program

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**CHIEF OF PARTY:** Geoffrey Mazullo

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## EXECUTIVE SUMMARY

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On December 22, 1999, East-West Management Institute, Inc. (EWMI) entered into a three-year cooperative agreement with the U.S. Agency for International Development (USAID) to fulfill the regional component of the Partners for Financial Stability (PFS) Program. On September 19, 2002 the PFS Program was extended until April 30, 2004.

Funding for the PFS Program expired during the fourth quarter of 2003 and therefore EWMI concluded regional activities under the PFS Program in Czech Republic, Hungary, Poland, Slovak Republic and Slovenia on December 31, 2003. (Under a separate contract with the US Department of State, EWMI will continue PFS Program activities in Estonia, Latvia and Lithuania from January 1 through June 30, 2004.)

The PFS Program was one of the first significant post-presence activities in USAID graduated countries in Central and Eastern Europe (CEE). These countries are: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia.

The PFS Program was mandated to fill remaining gaps in the institutional development of the financial sector in the above-mentioned graduated countries through regional integration and cooperation, selective technical assistance programs and the practical application of lessons learned in neighboring countries. The substantive areas covered under the PFS Program were: accounting, auditing, banking, capital markets, insurance and pension reform.

During 2003, the PFS Program achieved the following:

- Internship – A Canadian student completed an internship with EWMI/PFS Program in January-February 2003.
- Survey of Reporting on Corporate Social Responsibility (CSR) by the Largest Listed Companies in Hungary published on the EWMI/PFS Program website – January 22, 2003.
- Study Tour to the US for Baltic Financial Intelligence Units (FIUs) – January 25 - February 1, 2003 – Washington, DC and New York, USA.
- Roundtable Discussion on Bond Markets – February 11, 2003 - Budapest, Hungary.
- IAS Seminar for Lithuanian Accountants, Auditors, Banks, Insurance Companies and Listed Companies – February 19, 2003 – Vilnius, Lithuania.
- Study Tour to the US for Internal Auditors of Consolidated Financial Supervisory Authorities – February 22 - March 1, 2003 – Washington, DC and Philadelphia, PA, USA.
- Fourth Survey of Websites of the Largest Listed Companies in CEE published on the EWMI/PFS Program website – March 21, 2003.

- Corporate Governance Workshop – March 26, 2003 – Ljubljana, Slovenia.
- Participation in conference entitled, "Making the Transition: Preparing for Integration into the European Union (EU) through Languages" on April 4-5, 2003 in Vilnius, Lithuania.
- PFS Program grants approved to: Association of Latvian Commercial Banks (Analysis of the Economic Impact of the Registered Pledge System in Latvia – grant approved April 7, 2003); Gdansk Academy of Banking (Updated Analysis of the Economic Impact of the Registered Pledge System in Poland: 2002/2003 - grant approved on April 7, 2003); MAKK Hungarian Environmental Economics Center (Survey of Reporting on Corporate Social Responsibility by Hungarian Listed Companies – grant approved on May 8, 2003); The Gdansk Institute for Market Economics (Survey of Reporting on Corporate Social Responsibility by Banks, Financial Institutions and Listed Companies in Poland – grant approved on May 8, 2003); FI-AD Financial Advisory, Ltd. (Investment Strategies of Pension Funds in CEE Countries – grant approved on May 12, 2003); and The Leadership Forum Prague (Survey of Reporting on Corporate Social Responsibility by Czech Listed Companies – grant approved on August 18, 2003).
- Seminars on International Accounting Standards (IAS) for Polish Auditors – Poznan (April 14, 2003), Warsaw (April 15, 2003) and Katowice, Poland (April 16, 2003).
- Participation in conference entitled, "Building adequate and financially sound supplementary pensions: Experience of first years of second pillar reforms in Central and Eastern Europe" in Tallinn, Estonia on April 23-25, 2003. The Estonian Ministry of Finance, EU TAIEX Fund and the Organization for Economic Cooperation and Development (OECD) organized the conference.
- Participation in the Celebration of the 10<sup>th</sup> Anniversary of the Opening of the Trading Floor of the Bratislava Stock Exchange on May 6, 2003 in Bratislava, Slovak Republic.
- Participation in 20<sup>th</sup> Capital Markets Conference of the Ljubljana Stock Exchange on May 15-16, 2003 in Portoroz, Slovenia.
- Prevention of Money Laundering Workshop for Judges and Prosecutors from Estonia, Latvia, Lithuania and Poland on May 22-23, 2003 in Gdansk, Poland.
- The 4th CEE Regional INPRS Seminar on Private Pensions – May 27-28, 2003 - Zagreb, Croatia.
- Participation in the conference, "What Kind of Union Serves Poland? The Lisbon Strategy as a Chance for Europe and Poland" on May 30, 2003 in Warsaw, Poland.
- Participation in USAID Technical Review Committee (TRC) meeting on June 18, 2003 in Washington, DC.

- Participation in and co-sponsorship of the International Seminar of Insurance Supervisory Authorities, in cooperation with the Insurance and Pension Funds Supervisory Commission of Poland and the International Association of Insurance Supervisors (IAIS) – June 25-29, 2003 – Wroclaw, Poland.
- Participation in Center for Strategic and International Studies (CSIS) / Euro-Atlantic Action Commission – Business Conditions Working Group Meeting - July 10, 2003 – Budapest, Hungary.
- Presentation of 2003 Survey of Online Investor Relations of Polish Listed Companies – July 11, 2003 – Warsaw, Poland.
- Internship – An American student completed an internship with EWMI/PFS Program in mid-August 2003.
- Internship - A Polish student completed an internship with EWMI/PFS Program during the time period mid-July to mid-August 2003.
- Participation in the conference “Pensions in Central and Eastern Europe” organized by Marcus Evans - September 2-4 2003 - Prague, Czech Republic.
- PFS Program’s fifth semi-annual Survey of Online Investor Relations of the Largest Listed Companies in CEE published on the PFS Program website – September 2, 2003.
- Survey of Reporting on Corporate Social Responsibility by the Ten Largest Listed Companies Czech Republic, Estonia, Latvia, Lithuania, Slovak Republic and Slovenia published on the PFS Program website – September 4, 2003.
- Issuer Disclosure Documents and Corporate Governance Seminar – in cooperation with the United States Securities and Exchange Commission (US SEC) and the Estonian Financial Supervision Authority (EFSA) - September 15-19, 2003 – Tallinn, Estonia.
- Participation in and co-financing of research for *Investor Relations* magazine’s Second Annual Conference and Awards for CEE - September 17, 2003 – Warsaw, Poland.
- Internship – An Austrian student completed an internship with EWMI/PFS Program during the time period September 1-30, 2003.
- IAS Seminar – October 2-3, 2003 – Smokovec, Slovak Republic.
- Regional Workshop on Prevention of Money Laundering – October 16-17, 2003 – Krakow, Poland.
- Participation in Seminar on Socially Responsible Business in Poland organized by The Gdansk Institute for Market Economics on November 7, 2003 in Warsaw, Poland to present its “Survey of Reporting on Corporate Social Responsibility (CSR) by Banks,

Financial Institutions and Listed Companies in Poland.” The research was co-financed by a PFS Program grant.

- Participation in a Workshop on Money Laundering on November 14-15, 2003 in Kiev, Ukraine. The workshop was organized by the National University of Internal Affairs, Kharkiv, Ukraine and Chicago-Kent College of Law, Chicago, US. Polish, Ukrainian and US crime prevention specialists participated in the workshop.
- Participation in the Corporate Social Responsibility: Measurement and Reporting Workshop organized by the Central European University Business School. The workshop took place on November 19, 2003 in Budapest.
- Fifth CEE Regional INPRS Seminar on Private Pensions – December 4-5, 2003 in Prague, Czech Republic.
- Completion of the research report, “Investment Strategies of Pension Funds in CEE Countries,” written by FI-AD Financial Advisory Ltd., Budapest, Hungary. The research report was co-financed by a PFS Program grant.
- Participation in the Conference on Pensions in Russia, the CIS and the Baltic States organized by Marcus Evans (London, UK) on December 4-5, 2003 in Riga, Latvia.
- Invitation to speak at Greening the Money – a Green/EFA Conference on Ethical Investment – December 10, 2003 – Brussels, Belgium. The invitation was forwarded to The Gdansk Institute for Market Economics, and a representative of the Institute participated in the conference.
- Second Annual Regional Symposium on Registered Pledge Systems in Transition Economies – December 11, 2003 Budapest, Hungary.
- Presentation on Best Practices in Investor Relations to members of the management board and senior management of PKN Orlen SA, one of the largest companies listed on the Warsaw Stock Exchange. The presentation took place on December 15, 2003 in Warsaw, Poland and was video-conferenced to PKN Orlen SA’s joint headquarters in Plock, Poland.
- Completion of the “Survey of Reporting on Corporate Social Responsibility by Listed Companies in the Czech Republic.” The survey was conducted by The Leadership Forum Prague and co-financed by a PFS Program grant.
- Completion of the “Survey of Reporting on Corporate Social Responsibility by Listed Companies in Hungary.” The survey was conducted by MAKK Hungarian Environmental Economics Center and co-financed by a PFS Program grant.

## **I. INTRODUCTION**

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On December 31, 2003 EWMI completed implementation of its cooperative agreement with USAID to fulfill the regional component of the PFS Program.

The PFS Program was one of the first significant post-presence activities in USAID graduated countries in Central and Eastern Europe (CEE). These countries are: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia.

The PFS Program was mandated to fill remaining gaps in the institutional development of the financial sector in the above-mentioned graduated countries through regional integration and cooperation, selective technical assistance programs and the practical application of lessons learned in neighboring countries. The substantive areas covered under the PFS Program were: accounting, auditing, banking, capital markets, insurance and pension reform.

Conceptually, PFS Program sponsored activities shared ideas, lessons learned and policy recommendations with the goal of strengthening existing and building new institutions to further advance financial sector reform. All PFS Program events required a cost-share from the local partner/co-sponsor.

USAID selected other institutions, such as Financial Services Volunteer Corps (FSVC), the U.S. Federal Deposit Insurance Corporation (US FDIC), the U.S. Securities and Exchange Commission (US SEC), and the U.S. Treasury Department as PFS Program partners to provide bilateral assistance in the post-presence countries.

Through the USAID-sponsored Technical Review Committee (TRC) and other ongoing outreach efforts, EWMI maintained close contacts and coordinates programs and activities with these PFS Program partners.

## **II. GENERAL PROJECT MANAGEMENT AND ACCOMPLISHMENTS**

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### **Project Management**

Geoffrey Mazullo served as Director of the PFS Program throughout 2003.

Dr. Peter Mihalyi served as Director of Banking Programs throughout 2003.

Tibor Parniczky served as Director of Pension Programs and CEE Regional Coordinator of the INPRS throughout 2003.

Bence Lanyi served as Research Associate from January through December 31, 2003.

Katalin Nyitrai served as Conference Coordinator throughout 2003.

Beata Varga served as Administrative Assistant throughout 2003.

### **PFS Program Internships**

Mr. Yarema Luciw, MBA student at Michael G. DeGroote School of Business, McMaster University, Hamilton, Ontario, Canada completed an internship with EWMI/PFS Program in January/February 2003. Together with Bence Lanyi, Research Associate, PFS Program, he created a standard template for analyzing reporting on corporate social responsibility (CSR) by listed companies in CEE.

Ms. Amanda Schneier, a student at Smith College (Northampton, Massachusetts, USA) completed an internship with EWMI/PFS Program from June through August 2003. She spent two months conducting a Survey of Reporting on Corporate Social Responsibility by the Ten Largest Listed Companies in each of the following countries: Czech Republic, Estonia, Latvia, Lithuania, Slovak Republic and Slovenia. Ms. Schneier presented preliminary results of the research at the Business Conditions Working Group Meeting of the Center for Strategic and International Studies (CSIS) / Euro-Atlantic Action Commission on July 10, 2003 in Budapest, Hungary. The survey was published on the capital markets research page of the PFS Program website on September 4, 2003.

Mr. Michal Slawinski, a student at Warsaw School of Economics, Warsaw University completed an internship at EWMI/PFS Program during July/August 2003. He conducted the PFS Program's fifth survey of online investor relations of the 10 largest listed companies (by market capitalization) in each of the following countries: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia. The survey provides current data and comparisons with the four previous surveys completed in February 2003, August 2002, February 2002 and August 2001. The survey was published on the capital markets research page of the PFS Program website on September 2, 2003.

Mr. Phillip-Emanuel Pap, an Austrian citizen and student at the University of York, England, completed an internship at EWMI/PFS Program during September 2003. He conducted the PFS Program's inaugural survey of online investor relations of the 48 companies listed on the Budapest Stock Exchange. The survey was published on the capital markets research page of the PF Program website on October 6, 2003.

**Impact:** The internships provide an extremely cost-effective way for the PFS Program to conduct cutting-edge, innovative and useful research on financial sector issues that is not available elsewhere. This in-house research: (1) significantly strengthens the PFS Program's up-to-date familiarity with the region on an ongoing basis; (2) enables the PFS Program to engage counterparts in dialogue based on concrete and up-to-date facts; and (3) enhances the PFS Program's credibility as a partner in financial reform initiatives.

The research is made available for free through the PFS Program website. It therefore serves to educate a wide range of constituencies, both throughout the CEE region and globally, about the current status in various financial sector issues.

Internships completed by students/recent graduates from CEE countries help to strengthen financial sector capacity in the region; internships completed by students/recent graduates from other countries help to improve their knowledge of the CEE region.

**PFS Program Website ([www.ewmi.hu/activities\\_pfs.html](http://www.ewmi.hu/activities_pfs.html))**

During 2003, the PFS Program substantially improved the structure and expanded the contents of the PFS Program website.

Events are posted on the Upcoming Events page. After each event, the materials for each event are posted on the News Update page, the respective subject area page and the respective country page. In addition, publications are also published on the Publications page.

The PFS Program tracks the number of visitors to the PFS Program website in two ways. First, we have a counter that counts the visitors who enter via the home page. The statistics are as follows:

<b>January 31, 2003</b>	<b>3,781 guests had visited the website since July 16, 2001</b>
<b>February 28, 2003</b>	<b>4,128 guests had visited the website since July 16, 2001</b>
<b>March 31, 2003</b>	<b>4,384 guests had visited the website since July 16, 2001</b>
<b>April 30, 2003</b>	<b>4,745 guests had visited the website since July 16, 2001</b>
<b>May 31, 2003</b>	<b>4,989 guests had visited the website since July 16, 2001</b>
<b>June 30, 2003</b>	<b>5,213 guests had visited the website since July 16, 2001</b>
<b>July 31, 2003</b>	<b>5,480 guests had visited the website since July 16, 2001</b>
<b>August 31, 2003</b>	<b>5,715 guests had visited the website since July 16, 2001</b>
<b>September 30, 2003</b>	<b>6,011 guests had visited the website since July 16, 2001</b>
<b>October 31, 2003</b>	<b>6,351 guests had visited the website since July 16, 2001</b>
<b>November 30, 2003</b>	<b>6,630 guests had visited the website since July 16, 2001</b>
<b>December 31, 2003</b>	<b>6,891 guests had visited the website since July 16, 2001.</b>

Therefore, we attracted the following number of new visitors to the homepage each month:

<b>February 2003</b>	<b>347 new visitors to the homepage</b>
<b>March 2003</b>	<b>256 new visitors to the home page</b>
<b>April 2003</b>	<b>361 new visitors to the homepage</b>
<b>May 2003</b>	<b>244 new visitors to the homepage</b>
<b>June 2003</b>	<b>224 new visitors to the homepage</b>
<b>July 2003</b>	<b>267 new visitors to the homepage</b>
<b>August 2003</b>	<b>274 new visitors to the homepage</b>
<b>September 2003</b>	<b>296 new visitors to the homepage</b>
<b>October 2003</b>	<b>340 new visitors to the homepage</b>
<b>November 2003</b>	<b>279 new visitors to the homepage</b>
<b>December 2003</b>	<b>261 new visitors to the homepage.</b>

Second, in July 2003 we began to track the total number of visits to and hits on the entire website. The statistics are as follows:

**Visits****Hits**

<b>July 2003</b>	<b>2,020</b>	<b>33,395</b>
<b>August 2003</b>	<b>1,529</b>	<b>27,479</b>
<b>September 2003</b>	<b>2,311</b>	<b>43,113</b>
<b>October 2003</b>	<b>2,242</b>	<b>35,250</b>
<b>November 2003</b>	<b>1,635</b>	<b>24,810</b>
<b>December 2003</b>	<b>2,480</b>	<b>26,274.</b>

### **PFS Program Contact Database**

The PFS Program maintains a database of financial sector specialists throughout CEE, SEE, the US, the European Union (EU) and elsewhere. The database enables PFS to respond effectively and efficiently to requests for contacts across the region.

During 2003, the PFS Program contact database grew as follows:

	<u>Entries made during month</u>	<u>Total Entries</u>
<b>January 2003</b>	<b>29</b>	<b>3,456</b>
<b>February 2003</b>	<b>33 (two deletions)</b>	<b>3,487</b>
<b>March 2003</b>	<b>19</b>	<b>3,506</b>
<b>April 2003</b>	<b>26 (one deletion)</b>	<b>3,531</b>
<b>May 2003</b>	<b>9</b>	<b>3,540</b>
<b>June 2003</b>	<b>2</b>	<b>3,542</b>
<b>July 2003</b>	<b>36 entries (two deletions)</b>	<b>3,576</b>
<b>August 2003</b>	<b>87 entries (nine deletions)</b>	<b>3,654</b>
<b>September 2003</b>	<b>26 entries</b>	<b>3,680</b>
<b>October 2003</b>	<b>10 entries</b>	<b>3,689</b>
<b>November 2003</b>	<b>24 entries (one deletion)</b>	<b>3,712</b>
<b>December 2003</b>	<b>29 entries</b>	<b>3,741.</b>

### **Reaching a Wider Audience through Press Coverage of the PFS Program**

A variety of media outlets reported on PFS Program activities and research throughout 2003, as follows:

#### **Investor Relations Online – Survey of Websites of the Largest Listed Companies in CEE – March 21, 2003**

On Friday, March 21, 2003 the PFS Program published its fourth Survey of Websites of the Largest Listed Companies in CEE Countries. An article about the survey appeared on March 31, 2003 in the Breaking News section of Investor Relations online magazine *IR ON THE NET*. The hyperlink is <http://www.irmag.com/newsarticle.asp?current=1&articleID=2593>

An article about the survey appeared in the April 4, 2003 edition of *IRRC Corporate Governance Highlights* (Volume 14, Number 14).

#### **Presentation of Investor Relations Online Revisited – Survey of Websites of Polish Listed Companies – 2003 – July 11, 2003 – Warsaw, Poland**

On Friday, July 11, 2003 the PFS Program and the Warsaw Stock Exchange held a presentation of Investor Relations Online Revisited – Survey of Websites of Polish Listed Companies – 2003.

The survey, conducted by Digital Strategies Group, Inc. is the third annual survey of Polish investor relations online.

A write-up about the presentation and the survey appeared on the website of the US Embassy, Warsaw, Poland. The hyperlink is [www.usinfo.pl/releases/docs/stock.htm](http://www.usinfo.pl/releases/docs/stock.htm).

An article about the survey appeared in the online publication [www.internetstandard.com](http://www.internetstandard.com). The hyperlink is <http://www.internetstandard.com.pl/news/news.asp?id=57261>.

An article about the survey also appeared in the Polish daily *Rzeczpospolita*. The hyperlink is [http://www.google.pl/search?q=cache:H0ok78bbrb8J:www.rzeczpospolita.pl/gazeta/wydanie\\_030712/ekonomia/ekonomia\\_a\\_17.html+przegl%C4%85d+relacje+inwestorskie+online&hl=pl&ie=UTF-8](http://www.google.pl/search?q=cache:H0ok78bbrb8J:www.rzeczpospolita.pl/gazeta/wydanie_030712/ekonomia/ekonomia_a_17.html+przegl%C4%85d+relacje+inwestorskie+online&hl=pl&ie=UTF-8).

### **Survey of Reporting on Corporate Social Responsibility by the Largest Listed Companies in CEE – September 2003**

On Thursday, September 4, 2003 the PFS Program published its inaugural Survey of Reporting on Corporate Social Responsibility by the Largest Listed Companies in CEE.

The survey was noted on September 14, 2003 in the reports, articles and editorials section and the reporting and transparency section of Origonews.com, a news clipping service about social enterprise, sustainability, philanthropy and the emerging fourth sector around the world. The note includes a hyperlink to the survey. The URL for the reports, articles and editorials section is <http://www.origonews.com/index.php?topic=ReportsArticles>; the URL for the reporting and transparency section is <http://www.origonews.com/index.php?topic=ReportingTranspar>.

An article about the survey appeared in the October issue of *Investor Relations* magazine.

An article about the survey appeared in the November 2003 issue of the publication *Ethical Performance (The Independent Newsletter for Socially Responsible Business)*.

An article about the survey appeared on page 66 of the November 2003 inaugural issue of the UK bimonthly *Company and Shareholder*.

### **Article by Geoffrey Mazullo in *Company and Shareholder* – November 2003**

Mr. Mazullo wrote an article about the Polish capital market and corporate governance system that appeared in the November 2003 inaugural issue of the UK bimonthly *Company and Shareholder*. This was the first in a series of articles; in late December, Mr. Mazullo submitted an article on Hungary that will appear in the January 2004 issue.

### **Survey of Reporting on Corporate Social Responsibility by Banks, Financial Institutions and Listed Companies in Poland – December 2003**

English and Polish-language versions of the survey were published on the PFS Program website on December 18, 2003. The survey received a great deal of attention in the financial press.

EWMI/PFS Program's press release about the survey was distributed by CSRwire on December 18, 2003 and published online on 18 CSRwire affiliated websites:

African Institute of Corporate Citizenship; Assif Strategies; Business for Social Responsibility; Canadian Business for Social Responsibility; The Center for Corporate Citizenship; Centre for Innovation in Corporate Responsibility; Corporate Citizenship International; Corporate Communications Institute; CSR Data Networks; CSREurope; The CSR Group; CSRworld (India and South Asia); Nima Hunter, Inc; Publiccampaign; Sustainable Business; Vincular; and Visible Hand.

EWMI/PFS Program's press release about the survey was published on December 18, 2003 on the website of SocialFunds.com, a personal finance site dedicated to socially responsible investing. The URL is <http://www.socialfunds.com/news/release.cgi/2346.html>.

EWMI/PFS Program's press release about the survey was published on December 18, 2003 on the website Calvert Online. Calvert Group Ltd. is one of the largest mutual fund management firms in the Washington, DC area with more than \$9 billion in assets under management for over 300,000 investors. The URL is [http://www.calvertgroup.com/news\\_3636.html](http://www.calvertgroup.com/news_3636.html).

An article about the survey appeared on December 18, 2003 under the heading Gdansk, Poland on the website 4newz.com. The URL is <http://www.4newz.net/world/am/Gdansk.html>.

An article about the survey appeared on December 18, 2003 under the heading News for Gdansk, Poland on the website worldcities.surfwas.com. The URL is [http://www.worldcities.surfwas.com/files/Gdansk\\_Poland.html](http://www.worldcities.surfwas.com/files/Gdansk_Poland.html).

An article about the survey appeared on December 19, 2003 on *Business Respect*, the email newsletter on corporate social responsibility (CSR) published by mallenbaker.net. The URL is [http://www.mallenbaker.net/csr/CSRfiles/page.php?Story\\_ID=1169](http://www.mallenbaker.net/csr/CSRfiles/page.php?Story_ID=1169).

The *Business Respect* article appeared on December 21, 2003 on the website rootblog.com. The URL is [www.rootblog.com/Archive](http://www.rootblog.com/Archive).

During the course of the year EWMI/PFS Program informed USAID about the above media coverage and sent copies of print articles to USAID.

### **Reporting to USAID**

During 2003, EWMI submitted PFS Program reports to USAID in a timely fashion, as follows:

- The 2002 Annual Report was submitted on January 24, 2003.
- The First Quarter Report 2003 was submitted on April 11, 2003.
- The Second Quarter Report 2003 was submitted on July 29, 2003.
- The Third Quarter Report 2003 was submitted on October 13, 2003.
- The Fourth Quarter Report 2003 was submitted on January 17, 2004.

### III. ACCOUNTING / AUDITING

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#### **Accounting Training**

During 2003, the PFS Program trained 334 persons on accounting issues. Breakdowns may be found in Appendix II: PFS Program: Participation in Regional Activities – Breakdown by Subject Area - 2003.

#### **Accounting Training - Impact**

Given the complexity of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), the looming EU deadline of 2005 for IAS reporting by listed companies and the cost of courses offered by the private sector, the positive impact of providing low cost or free training, primarily towards representatives of regulatory institutions (national banks, insurance regulators, pension fund regulators and securities regulators) as well as self-regulatory organizations (SROs -accounting associations, audit associations, broker-dealer associations, etc.) should not be underestimated. The PFS Program provided invaluable training to these constituencies, training that they most likely would otherwise not receive. This training helped to improve the efficiency of accounting and audit professionals, the self-regulatory capacity of SROs and the regulatory capabilities of regulators.

In several countries, the training organized by the PSF Program represented the only training provided by a foreign practitioner with long-term expertise with IAS/IFRS.

#### **Audit Training**

During 2003, the PFS Program trained 5 persons on audit issues. Breakdowns may be found in Appendix II: PFS Program: Participation in Regional Activities – Breakdown by Subject Area - 2003.

#### **Audit Training – Impact**

The training assisted in strengthening the internal audit function of CEE financial supervisory authorities. It also helped to strengthen relationships between internal auditors at US financial sector regulatory authorities and CEE financial supervisory authorities. Given the increased interdependence of global financial networks, both CEE and US institutions benefit from reliable contacts at counterpart institutions.

### IV. BANKING

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#### **Banking - Grants to NGOs to Analyze the Economic Impact of Registered Pledge Systems**

In 2003, the PFS Program made grants to the following institutions: Association of Latvian Commercial Banks (Riga, Latvia) and The Gdansk Academy of Banking (Gdansk, Poland) to study the economic impact of the registered pledge system in each country.

The linked research studies were presented at a Second Annual Regional Symposium on Registered Pledge Systems in Transition Economies that took place on December 11, 2003 in Budapest, Hungary. The research studies were published on the PFS Program website.

**Banking Research - Impact**

The PFS Program proposed, organized and co-financed groundbreaking research on the economic impact of registered pledge systems in transition economies. This research was shared with banking associations, development specialists, legislative drafting specialists and research institutions throughout CEE, Southeastern Europe (SEE), Western Europe and the US.

**Banking - Prevention of Money Laundering - Training**

In 2003, the PFS Program continued its series of regional workshops on prevention of money laundering. A total of 72 persons received training in this area in 2003.

In order to improve enforcement capacity, the PFS Program has held three regional workshops on prevention of money laundering for staff of the FIU, judges and prosecutors from all eight new EU member states.

(By way of background, please note that the first regional workshop was held on September 26-27, 2002 in Portoroz, Slovenia.) The second regional workshop was held on May 22-23, 2003 in Gdansk, Poland. The third regional workshop was held on October 16-17, 2003 in Krakow, Poland. (In terms of ongoing work in this area, please note that a fourth regional workshop will take place on February 26-27, 2004 in Vilnius, Lithuania.)

Also, in January 2003 the PFS Program organized a study tour to the US for staff of the FIUs of Estonia, Latvia and Lithuania.

**Banking Training - Impact**

The PFS Program provided sophisticated training on prevention of money laundering to a wide range of constituencies: banking regulators, commercial bankers, FIUs, judges and prosecutors. The PFS Program provided invaluable training to these constituencies, training that they most likely would otherwise not receive. This training helped to improve the efficiency of banks, the self-regulatory capacity of SROs and the regulatory capabilities of regulators.

**V. CAPITAL MARKETS**

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**Capital Markets Research conducted by the PFS Program**

On January 22, 2003 the PFS Program published on the capital markets research page of its website a pilot research study on reporting on Corporate Social Responsibility (CSR) by the 10 largest listed companies (by market capitalization) in Hungary. The survey analyzed each company's 2001 annual report and website for information disclosed about the company's CSR activities and policies.

The PFS Program published its semi-annual survey, Investor Relations Online: Survey of Websites of the Largest Listed Companies in CEE in March 2003 and in September 2003.

On Friday, July 11, 2003 the PFS Program and the Warsaw Stock Exchange held a presentation of Investor Relations Online Revisited – Survey of Websites of Polish Listed Companies – 2003.

The survey, conducted by Digital Strategies Group, Inc. is the third annual survey of Polish investor relations online.

On Thursday, September 4, 2003 the PFS Program published its inaugural Survey of Reporting on Corporate Social Responsibility by the Largest Listed Companies in CEE.

On Monday, September 22, 2003, the PFS Program published a second annual Survey of Websites of 42 Securities Commissions. The survey was presented at the September 15-19, 2003 Issuer Disclosure and Corporate Governance Seminar for securities regulators from CEE, SEE and the Newly Independent States of the former Soviet Union (NIS). The seminar was a joint activity of the US SEC, the US SEC and the Estonian Financial Supervision Authority.

On Monday, October 6, 2003 the PFS Program published an inaugural Survey of Websites of 48 Companies Listed on the Budapest Stock Exchange.

### **Capital Markets Research co-financed by PFS Program Grants**

In 2003 the PFS Program awarded the following grants to conduct capital markets research: MAKK Hungarian Environmental Economics Center (Survey of Reporting on Corporate Social Responsibility by Hungarian Listed Companies – grant approved on May 8, 2003); The Gdansk Institute for Market Economics (Survey of Reporting on Corporate Social Responsibility by Banks, Financial Institutions and Listed Companies in Poland – grant approved on May 8, 2003); and The Leadership Forum Prague (Survey of Reporting on Corporate Social Responsibility by Czech Listed Companies – grant approved on August 18, 2003).

The Survey of Reporting on Corporate Social Responsibility by Banks, Financial Institutions and Listed Companies in Poland conducted by The Gdansk Institute for Market Economics was presented at a seminar on November 7, 2003 in Warsaw, Poland. The survey was published on the PFS Program website on November 18, 2003. As described above, the survey received widespread media attention.

The Survey of Reporting on Corporate Social Responsibility by Czech Listed Companies conducted by The Leadership Forum Prague was completed in December 2003. It will be presented at a seminar in Prague, Czech Republic in February 2004. Immediately thereafter, it will be published on the PFS Program website.

The Survey of Reporting on Corporate Social Responsibility by Hungarian Listed Companies conducted by MAKK Hungarian Environmental Economics Center was completed in December 2003. It will be presented at a seminar in Budapest, Hungary in March 2004. Immediately thereafter, it will be published on the PFS Program website.

### **Capital Markets Research - Impact**

In 2003, the PFS Program proposed, organized and co-financed groundbreaking research on a variety of capital market issues: corporate governance, corporate social responsibility (CSR), disclosure requirements, financial and non-financial reporting, investor relations and socially-responsible investment (SRI). As noted above, this research received widespread mention in a variety of internet media outlets and print publications. The research enabled the PFS Program

to provide focused training responding to the current and specific needs of financial intermediaries, listed companies, securities regulators and SROs.

EWMI/PFS Program was invited to present this research at a number of conferences, seminars and workshops throughout 2003. EWMI/PFS Program also received a number of invitations to present the research in 2004, at the following events: the 9<sup>th</sup> Euromoney Central and Eastern European Forum – Vienna, Austria – January 13-14, 2004; the first *Investor Relations* magazine Russia Conference and Awards – January 28, 2004 - Moscow, Russia; Investor Responsibility Research Center 2004 Proxy Season Review – Corporate Governance and Responsible Voting – London, UK – February 5, 2004; and *Investor Relations* magazine South Africa Conference – June 3, 2004 – Cape Town, South Africa.

### **Greening the Money – a Green/EFA Conference on Ethical Investment – December 10, 2003 – Brussels, Belgium**

Mr. Mazullo received an invitation from a Member of the European Parliament to speak about the current status of corporate social responsibility (CSR) and socially responsible investment (SRI) in the eight CEE countries that will join the EU on May 1, 2004.

Mr. Mazullo recommended that a representative of The Gdansk Institute for Market Economics speak at the conference about the survey it conducted in autumn 2003 about reporting on CSR by banks, financial institutions and listed companies in Poland. Ms. Jadwiga Zareba,

The conference materials, including the presentation of The Gdansk Institute for Market Economics, were published on the Green/EFA website; the URL is <http://www.greens-efa.org/en/issues/?id=24>.

**Impact:** The invitation to participate in this conference demonstrates three important points. First, the invitation demonstrates that EWMI/PFS Program is well-known and recognized as an invaluable source of information on capital markets in the eight CEE countries joining the EU on May 1, 2004. A Google search of the topic “Corporate Social Responsibility in Poland” on January 6, 2004 identified 70,100 items; the first, third and 23rd items found concerned research co-financed by the PFS Program.

Second, the conference demonstrates that CSR and SRI are important topics in the EU.

Third, The Gdansk Institute for Market Economics’ participation in the conference enabled it to establish connections with a wide range of institutions throughout the EU interested in this topic. This demonstrates that EWMI/PFS Program has co-financed valuable research and succeeded in creating opportunities for the dissemination of this research to interested parties. Publication of the presentation made by The Gdansk Institute for Market Economics will enable dissemination of the Institute’s research to a wider audience.

### **Capital Markets Training**

During 2003, the PFS Program trained 372 persons on capital markets issues. Breakdowns may be found in Appendix II: PFS Program: Participation in Regional Activities – Breakdown by Subject Area - 2003.

### **Cooperation with the US SEC and the Estonian Financial Supervision Authority**

The Issuer Disclosure and Corporate Governance Seminar for securities regulators from CEE, SEE and the Newly Independent States of the former Soviet Union (NIS) was held on September 15-19, 2003 in Tallinn, Estonia. The seminar was a joint activity of the US SEC, the US SEC and the Estonian Financial Supervision Authority.

### **Capital Markets Training - Impact**

The PFS Program provided sophisticated training to a wide range of constituencies: financial intermediaries, listed companies, securities regulators and SROs. The PFS Program provided invaluable training to these constituencies, training that they most likely would otherwise not receive. This training helped to improve the efficiency of market players, the self-regulatory capacity of SROs and the regulatory capabilities of regulators.

### **Capital Markets Regional Cooperation**

The PFS Program organized several meetings of representatives of CEE stock exchanges and securities commissions throughout the year.

## **VI. INSURANCE**

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### **Insurance Training**

During 2003, the PFS Program trained 49 persons on insurance issues.

### **Insurance Training - Impact**

The PFS Program provided sophisticated training to a wide range of constituencies: insurance brokers, companies, regulators and SROs. The PFS Program provided invaluable training to these constituencies, training that they most likely would otherwise not receive. This training helped to improve the efficiency of market players, the self-regulatory capacity of SROs and the regulatory capabilities of regulators.

## **VII. PENSION REFORM**

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### **Pension Reform Research**

In 2003, the PFS Program provided a grant to FI-AD Financial Advisory, Ltd. to conduct a research study, "Investment Strategies of Pension Funds in CEE Countries." The grant was approved on May 12, 2003. The report's authors presented excerpts from the research at the 5th CEE INPRS Regional International Network of Pensions Regulators and Supervisors (INPRS) Seminar on Private Pensions: Security of Future Benefits, held in Prague, Czech Republic on December 4-5, 2003. The final research report was published on the PFS Program website on December 30, 2003.

### **Pension Reform Research - Impact**

In 2003, the PFS Program proposed, organized and co-financed groundbreaking research on the above-mentioned pension reform issue. The research enabled the PFS Program and the INPRS

to provide focused training responding to the current and specific needs of fund managers and regulators.

### **Pension Reform Training**

During 2003, the PFS Program trained 61 persons on pension reform issues.

### **Pension Reform Training - Impact**

Through OECD and PFS Program joint support of the Eastern European Regional Network of the INPRS, the PFS Program provided sophisticated training to a wide range of constituencies: insurance brokers, companies, regulators and SROs. The PFS Program provided invaluable training to these constituencies, training that they most likely would otherwise not receive. This training helped to improve the efficiency of funds and the regulatory capabilities of regulators.

### **Pension Reform Regional Cooperation**

The PFS Program, through the INPRS, organized several meetings of representatives of CEE pensions regulators and supervisors throughout the year.

PFS Program support of the INPRS ended on December 31, 2003. As of January 1, 2004 the OECD will manage the INPRS website.

## **VIII. COORDINATION WITH OTHER PFS PARTNERS**

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During 2003, the PFS Program coordinated activities with the following PFS Program partners:

- Financial Services Volunteer Corps, Inc. – EWMI-PFS and FSVC shared information on an ongoing basis.
- FSVC – Aideen Mannion, Regional Director – Central Europe invited Mr. Mazullo to attend the January 15, 2003 Roundtable Discussion on Bond Markets in Warsaw, Poland.
- FSVC – Mr. Mazullo, Ms. Mannion (FSVC) and Steve Eastham met in Warsaw on February 11, 2003 to discuss the EWMI-PFS Program and FSVC-PFS Program annual workplans for 2003.
- US Department of the Treasury – Mr. Richard N. Seaman, Regional Advisor, Financial Crimes Law Enforcement, US Department of the Treasury, Budapest informed Mr. Mazullo that he expects to be temporarily reassigned out of the region during the first half of 2003.
- US SEC – The Study Tour of Baltic FIUs met with Z. Scott Birdwell, Senior Counsel, US SEC on January 31, 2003 in Washington, DC.
- US SEC – The Inspector General of the US SEC assisted EWMI-PFS Program in scheduling meetings with the inspector generals of several federal financial sector regulatory authorities (US SEC, Federal Reserve Board, FDIC and US Department of the

Treasury) for the Study Tour of Internal Auditors of CEE Consolidated Financial Supervisory Authorities. The study tour visited Washington, DC and Philadelphia, PA from February 22- March 1, 2003. The study tour met with the Inspector General of the US SEC on Monday, February 25, 2003. In a separate meeting that day, Robert D. Strahota, Assistant Director, Office of International Affairs and his colleague Shauna Steele answered the group's questions related to US SEC regulations and the Sarbanes-Oxley Act.

- FSVC – Mr. Mazullo, Aideen Mannion (Regional Director, Central Europe, FSVC) and Laird Treiber, US Embassy, Warsaw met in Warsaw on April 17, 2003 to discuss the EWMI-PFS Program and FSVC-PFS Program annual workplans for 2003.
- FSVC – EWMI and FSVC both cooperated with the Polish Insurance and Pension Fund Supervisory Commission on the International Seminar of Insurance Supervisory Authorities held in Wroclaw, Poland on June 25-29, 2003. Mr. Mazullo and Ms. Mannion both attended the seminar.
- US SEC – EWMI and the US SEC cooperated with the EFSA in conducting the Issuer Disclosure Documents and Corporate Governance Seminar from September 15-19, 2003 in Tallinn, Estonia.
- Aideen Mannion, Regional Director, Central Europe, FSVC, attended *Investor Relations* magazine's Awards for CEE on September 17, 2003 in Warsaw, Poland as a guest of EWMI/PFS Program.
- US Department of the Treasury – The PFS Program cooperated with the US Department of the Treasury on the October 16-17, 2002 Regional Workshop on Prevention of Money Laundering held in Krakow, Poland. Mr. Richard N. Seaman, Regional Advisor, Financial Crimes Law Enforcement, US Department of the Treasury, Budapest, Hungary spoke at the event.

## **IX. COORDINATION WITH OTHER DONORS, INTERNATIONAL ORGANIZATIONS AND PRIVATE SECTOR FIRMS**

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Prior to launching a program or activity, the PFS Program conducts due diligence to determine if other donors and/or international organizations are working on the respective issue. The PFS Program coordinates all its financial sector development activities in CEE and SEE with other donors and international organizations. Such coordination helps create synergies in terms of the efforts taken and results produced.

During 2003, the PFS Program coordinated activities with the following donors, international organizations and private sector firms (in alphabetical order by organization):

Association of Austrian Pension Funds – pension reform  
ATP Pension Plan, Denmark – pension reform

Business Wire, New York, NY – corporate disclosure / investor relations  
 Center for Strategic and International Studies / Euro-Atlantic Action Commission,  
 Washington, DC – corporate disclosure/ corporate governance / business ethics  
 Central European University Business School – corporate governance / corporate social  
 responsibility  
 Chicago-Kent College of Law, Chicago, IL – prevention of money laundering / financial  
 crime  
*Company and Shareholder* magazine, London, UK – corporate governance  
 Controller's Office of the City of Philadelphia - audit  
 CSWire - corporate governance / corporate social responsibility  
 Danish Financial Supervisory Authority – pension reform  
 Deloitte Touche Tomatsu, Washington, DC – prevention of money laundering  
 Deminor Rating, Brussels – corporate governance  
 Department for Work and Pensions, UK – pension reform  
 Digital Strategies Group – surveys of websites of Polish listed companies / surveys of  
 websites of securities commissions  
 DSW German Shareholders Association – corporate governance  
*Ethical Performance (The Independent Newsletter for Socially Responsible Business)*,  
 London, UK – corporate governance / corporate social responsibility  
 European Bank for Reconstruction and Development – registered pledges  
 Furnival Chambers, London, UK – prevention of money laundering  
 Hermes Pensions Management Limited, London – corporate governance  
 International Insurance Foundation, Washington, DC – insurance supervision  
 International Social Security Association – pension reform  
*Investor Relations* magazine, London, UK - investor relations  
 Marcus Evans, London, UK – pension reform  
 National Association of Securities Dealers – securities regulation  
 Norway Registers Development – registered pledges  
 OECD – pension reform  
 Patton Boggs LLP, Washington, DC – prevention of money laundering  
 PriceWaterhouse Coopers, Warsaw, Poland – pension reform  
 Soros International House – MBA Center, Vilnius, Lithuania – investor relations.  
 TIAA-CREF, New York, NY – pension reform.

The PFS Program publishes on the Speakers Corner page a list of speakers at PFS Program events throughout the year. 48 experts from 16 countries spoke at PFS Program events in 2003; of these, 7 provided their expertise on a *pro bono* basis.

## **X. PROGRAM PERFORMANCE ASSESSMENT AND FINAL REPORT**

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The EWMI-USAID cooperative agreement for the PFS Program expires on April 30, 2004. However, as explained in this annual report, EWMI concluded PFS Program regional activities in Czech Republic, Hungary, Poland, Slovak Republic and Slovenia on December 31, 2003.

Beginning January 1, 2004 EWMI will continue to cooperate on specific financial sector reform initiatives in the five above-mentioned Central and Eastern European countries on a case-by-case basis.

Under a new grant from the US Department of State, EWMI will continue PFS Program activities in Estonia, Latvia and Lithuania through June 30, 2004.

USAID plans to hold a PFS Program Concluding Conference in Warsaw on March 4, 2004.

EWMI has begun work on the Program Performance Assessment and will submit it by Wednesday, March 31, 2004. (The deadline is April 30, 2004.)

EWMI has begun work on the Final Report and will submit it by the required deadline of Sunday, May 30, 2004.

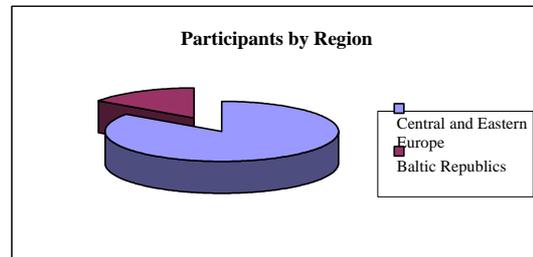
**ATTACHMENT I: PFS PROGRAM - PARTICIPATION IN REGIONAL ACTIVITIES - BREAKDOWN BY COUNTRY 2003**

PFS Program Regional Activities: January - December 2003	Number of Participants							
	Czech R.	Estonia	Hungary	Latvia	Lithuania	Poland	Slovak R.	Slovenia
<b>Study Tour of Baltic Financial Intelligence Units (FIUs) to the US</b> Washington, United States - January 25 - February 1, 2003		2		2	3			
<b>Bond Market Roundtable Discussion</b> Budapest, Hungary - February 11, 2003			10				2	
<b>International Accounting Standards Seminar</b> Vilnius, Lithuania - February 19, 2003		1			74			
<b>Study Tour for Internal Auditors of CEE FSAs to the US</b> Washington, United States - February 22 - March 1, 2003		1	1	1		1	1	
<b>Corporate Governance Workshop</b> Ljubljana, Slovenia - March 26, 2003					1			50
<b>International Accounting Standards Seminar</b> Poznan, Poland - April 14, 2003						35		
<b>International Accounting Standards Seminar</b> Warsaw, Poland - April 15, 2003						46		
<b>International Accounting Standards Seminar</b> Katowice, Poland - April 16, 2003						47		
<b>Ljubljana Stock Exchange Annual Conference</b> Porotoz, Slovenia - May 15-16, 2003								60
<b>Regional Workshop on Prevention of Money Laundering</b> Gdansk, Poland - May 22 - 23, 2003		1		3	3	32		1
<b>CEE Regional INPRS Seminar</b> Zagreb, Croatia - May 27 - 28, 2003	3	2	5		2	2	6	3
<b>International Seminar of Insurance Supervisors</b> Wroclaw, Poland - June 25 - 29, 2003	1	1	2	2	2	37	2	2
<b>Presentation of Survey of Online Investor Relations of Polish Listed Companies</b> Warsaw, Poland - July 11, 2003						84		
<b>PFS Program Internship</b> Budapest, Hungary - July 19 - August 16, 2003						1		
<b>US SEC Workshop on Disclosure and Corporate Governance</b> Tallinn, Estonia - September 15-19, 2003	2	13	1	2	3	3	1	1
<b>Investor Relations magazine Second Annual CEE Conference &amp; Awards</b> Warsaw, Poland - September 17, 2003	8	3	11		10	95	1	1
<b>International Accounting Standards (IAS) Seminar</b> Horny Smokovec, Slovak Republic - October 2-3, 2003	1		1				129	
<b>Regional Workshop on Prevention of Money Laundering</b> Krakow, Poland - October 16-17, 2003						22	2	1
<b>5th Regional INPRS Seminar on Private Pensions</b> Prague, Czech Republic - December 4-5, 2003	15	2	13		2	4	1	1
<b>The Economic Impact of Registered Pledge Systems in Transition Economies</b> Budapest, Hungary - December 11, 2003			8	2		2	2	
<b>Investor Relations Presentation at PKN Orlen SA</b> Warsaw and Plock, Poland - December 15, 2003						9		
<b>TOTAL</b>	<b>30</b>	<b>26</b>	<b>52</b>	<b>12</b>	<b>100</b>	<b>420</b>	<b>147</b>	<b>120</b>

**ATTACHMENT I: PFS PROGRAM - PARTICIPATION IN REGIONAL ACTIVITIES - BREAKDOWN BY COUNTRY 2003**

Number of Participants by Region

Central and Eastern Europe	769
Baltic Republics	138
<b>TOTAL</b>	<b>907</b>



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Total
7
12
75
5
51
35
46
47
60
40
23
49
84
1
26
129
131
25
38
14
9
907

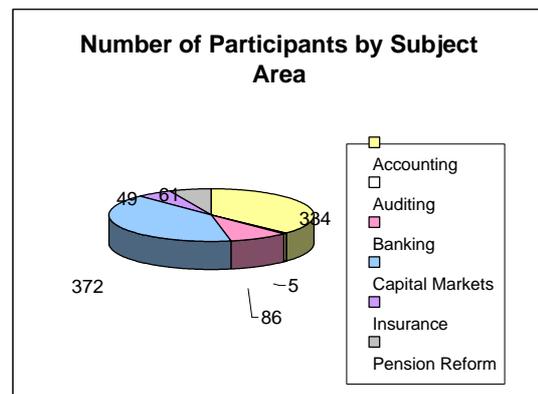
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ATTACHMENT II: PFS PROGRAM - PARTICIPATION IN REGIONAL ACTIVITIES - BREAKDOWN BY SUBJECT AREA 2003

PFS Program Regional Activities: January - December 2003	Number of Participants								
	Czech R.	Estonia	Hungary	Latvia	Lithuania	Poland	Slovak R.	Slovenia	Total
<b>ACCOUNTING</b>									
International Accounting Standards (IAS) Seminar Vilnius, Lithuania - February 19, 2003		1			74				75
International Accounting Standards Seminar Poznan, Poland - April 14, 2003						35			35
International Accounting Standards Seminar Warsaw, Poland - April 15, 2003						46			46
International Accounting Standards Seminar Katowice, Poland - April 16, 2003						47			47
International Accounting Standards (IAS) Seminar Horny Smokovec, Slovak Republic - October 2-3, 2003	1		1				129		131
<b>ACCOUNTING - TOTAL</b>	<b>1</b>	<b>1</b>	<b>1</b>		<b>74</b>	<b>128</b>	<b>129</b>		<b>334</b>
<b>AUDITING</b>									
Study Tour to the US on Internal Audit of Financial Supervisory Authorities - Washington, US - February 22 - March 1, 2003		1	1	1		1	1		5
<b>AUDITING - TOTAL</b>		<b>1</b>	<b>1</b>	<b>1</b>		<b>1</b>	<b>1</b>		<b>5</b>
<b>BANKING</b>									
Study Tour to the US for Baltic Financial Intelligence Units Washington, DC - January 25 - February 1, 2003		2		2	3				7
Regional Workshop on Prevention of Money Laundering Gdansk, Poland - May 22 - 23, 2003		1		3	3	32		1	40
Regional Workshop on Prevention of Money Laundering Krakow, Poland - October 16-17, 2003						22	2	1	25
The Economic Impact of Registered Pledge Systems in Transition Economies Budapest, Hungary - December 11, 2003			8	2		2	2		14
<b>BANKING - TOTAL</b>		<b>3</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>56</b>	<b>4</b>	<b>2</b>	<b>86</b>
<b>CAPITAL MARKETS</b>									
Bond Market Roundtable Discussion Budapest, Hungary - February 11, 2003			10				2		12
Corporate Governance Workshop Ljubljana, Slovenia - March 26, 2003					1			50	51
Ljubljana Stock Exchange Annual Conference Porotoz, Slovenia - May 15-16, 2003								60	60
Presentation of Survey of Online Investor Relations of Polish Listed Companies Warsaw, Poland - July 11, 2003						84			84
PFS Program Internship Budapest, Hungary - July 19 - August 16, 2003						1			1
US SEC Workshop on Disclosure and Corporate Governance Tallinn, Estonia - September 15-19, 2003	2	13	1	2	3	3	1	1	26
Investor Relations magazine Second Annual CEE Conference & Awards Warsaw, Poland - September 17, 2003	8	3	11		10	95	1	1	129
Investor Relations Presentation at PKN Orlen SA Warsaw and Plock, Poland - December 15, 2003						9			9
<b>CAPITAL MARKETS - TOTAL</b>	<b>10</b>	<b>16</b>	<b>22</b>	<b>2</b>	<b>14</b>	<b>183</b>	<b>4</b>	<b>112</b>	<b>372</b>
<b>INSURANCE</b>									
International Seminar of Insurance Supervisors Wroclaw, Poland - June 25 - 29, 2003	1	1	2	2	2	37	2	2	49
<b>INSURANCE - TOTAL</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>37</b>	<b>2</b>	<b>2</b>	<b>49</b>
<b>PENSION REFORM</b>									
CEE Regional INPRS Seminar Zagreb, Croatia - May 27 - 28, 2003	3	2	5		2	2	6	3	23
5th Regional INPRS Seminar on Private Pensions Prague, Czech Republic - December 4-5, 2003	15	2	13		2	4	1	1	38
<b>PENSION REFORM - TOTAL</b>	<b>18</b>	<b>4</b>	<b>18</b>		<b>4</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>61</b>
<b>GRAND TOTAL - A + AU + B + CM + I + PR</b>									<b>907</b>

ATTACHMENT II: PFS PROGRAM - PARTICIPATION IN REGIONAL ACTIVITIES - BREAKDOWN BY SUBJECT AREA 2003

Number of Participants by Subject Area	
Accounting	334
Auditing	5
Banking	86
Capital Markets	372
Insurance	49
Pension Reform	61
<b>TOTAL</b>	<b>907</b>



**APPENDIX III TO 2003 ANNUAL REPORT**  
**PFS Program Grants - 2003**

Association of Latvian Commercial Banks  
Riga, Latvia  
Economic Impact of the Registered Pledge System in Latvia  
Grant approved on April 7, 2003.

Gdansk Academy of Banking  
Gdansk, Poland  
Economic Impact of the Registered Pledge System in Poland: 2002/2003  
Grant approved on April 7, 2003.

MAKK Hungarian Environmental Economics Center  
Budapest, Hungary  
Survey of Reporting on Corporate Social Responsibility by Listed Companies in Hungary  
Grant approved on May 8, 2003.

The Gdansk Institute for Market Economics  
Gdansk, Poland  
Survey of Reporting on Corporate Social Responsibility by Banks, Financial Institutions and Listed Companies in Poland  
Grant approved on May 8, 2003.

FI-AD Financial Advisory Ltd.  
Budapest, Hungary  
Research Study: "Investment Strategies of Pension Funds in CEE Countries"  
Grant approved on May 12, 2003.

The Leadership Forum  
Prague, Czech Republic  
Survey of Reporting on Corporate Social Responsibility by Listed Companies in the Czech Republic  
Grant approved on August 18, 2003.