



TRANSPARENT FINANCIAL REPORTING IN FIVE NEW EU MEMBER STATES INCREASED INVESTMENTS AND STABILITY



EXCHANGE PROMOTES SOLUTIONS TO COMMON CHALLENGES

One focal point of the programme is the development of specialist knowledge. For example, courses on International Standards on Auditing (ISA) and International Financial Reporting Standards (IFRS) were offered for authorities and industry associations. In Estonia and Latvia, these international standards are also being translated into the national language.

The five partner countries being supported all have different starting situations, but in terms of fulfilling EU financial reporting laws they face similar challenges. For this reason, the exchange of knowledge and experience is being promoted at regional seminars – a measure that also saves programme costs.

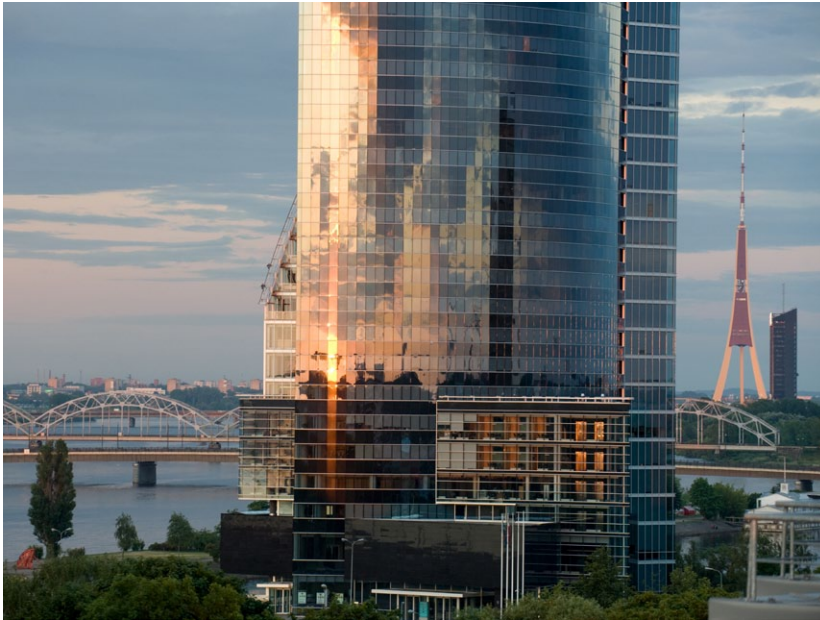
The application of international standards to accounting and auditing practices improves the investment climate and helps prevent financial crises. This is why Switzerland is supporting Estonia, Latvia, Poland, Slovenia and the Czech Republic in their efforts to implement EU law governing financial reporting and audits.

In the wake of both globalisation and a number of significant financial reporting scandals, the EU has agreed upon uniform requirements in accounting and corporate audits for its member states. Its aim is to create better conditions for the development of the private sector through increased quality, transparency and comparability of financial reporting. Switzerland is supporting Estonia, Latvia, Poland, Slovenia and the Czech Republic in the implementation of these EU regulations with a total of just under CHF 17 million.

PREVENTING CORPORATE AND FINANCIAL OFFENCES

The programme especially helps ensure both a competitive market in auditing and the high quality of auditing services. In concrete terms, public supervision of auditors is to be strengthened in all five countries and a quality assurance system to be developed. Independent, high-quality audits inhibit the falsifica-





tion of corporate accounts and thus also help prevent balance sheet fraud and the economic instability that accompanies it.

In addition, courses and seminars will be held for the tax authorities in Latvia, Poland and the Czech Republic. They will focus on the question of how improved quality and transparency in accounting can be used to prevent tax evasion.



ATTRACTING INVESTORS

Transparent, high-quality and reliable accounting is also a pre-condition of investment: the use of international accounting standards makes companies more comparable and, in turn, simplifies decisions for international investors who are considering whether to invest in a certain company. Credible auditors are just as important: investors must be able to trust the statements in a company's annual accounts.

THE PROJECT IN BRIEF

SUBJECT

Regulation of the financial sector

COUNTRIES

Estonia, Latvia, Poland, Slovenia, Czech Republic

PARTNER

Federal Financial Market Supervisory Authority (FINMA)

STARTING POINT / BACKGROUND INFORMATION

The countries which joined the EU in 2004 have committed themselves to the adoption of EU regulations on financial reporting. However, the specialist knowledge and institutional conditions that enable the implementation of these regulations both contain gaps.

PURPOSE

Fulfilment of EU regulations in the areas of financial reporting and auditing; increased investments thanks to reliable, internationally comparable accounting and credible audits; promotion of stability in the financial sector; improved system for levying corporate taxes.

ACTIVITIES

Technical support and training in areas of financial reporting and auditing.

TARGET GROUPS

Financial and corporate sectors (authorities and industry associations)

COSTS

Total project budget (corresponds to amount of Swiss contribution):

CHF 16.83 million

Contribution per country:

Estonia: CHF 1.8 million

Latvia: CHF 1.53 million

Poland: CHF 10 million

Slovenia: CHF 1.5 million

Czech Republic: CHF 2.0 million

RESPONSIBILITY FOR PROJECT IMPLEMENTATION

Latvia, Poland, Slovenia, Czech Republic: World Bank (Centre for Financial Reporting Reform)

Estonia: Ministry of Finance

DURATION

Estonia: 2009-2014

Latvia 2009-2014

Poland 2009-2015

Slovenia 2008-2012

Czech Republic 2010-2014