

July 9, 2002

To: Mr. Dusan Lukasik
Chairman of the Board
Honors a.s.

From: George W. Handy
Director, U.S.-EU-Slovakia Action Commission

RE: Report of the International Pension Reform Seminar, June 12, 2002

The U.S.-EU-Slovakia Action Commission organized an international seminar on pension reform in Slovakia on June 12, 2002. This comprehensive seminar built upon the discussions and agreements of the previous two meetings from March and April 2002, which focused on the World Bank experience with pension reform in Central and Eastern Europe, and on the private sector review of the draft Capitalization Pillar 2 for pension insurance.

The international seminar on June 12 was chaired by Mr. Vladimir Kesjar, Deputy General Manager of AMSLICO. Its purpose was to review best practices for pension reform available worldwide based on the experience of the private sector, foreign governments, and non-governmental organizations. We were indeed fortunate in the quality of the participants. Foreign speakers included:

- Ms. Michele Breton, who presented the Quebec pension system
- Ms. Polly Kossoras of ALICO, who spoke on the experience of Greece and Poland with pension reform
- Mr. Geoffrey Mazullo, who addressed progress in Central and Eastern Europe

Principal Slovak speakers included:

- Mr. Michal Szabo of the Ministry of Labor spoke on the progress of the Slovak government with pension reform
- Mr. Dusan Lukasik presented selected elements of pension systems abroad and their applicability in the Slovak system
- Mr. Michal Horvath discussed one of the proposed pension systems for Slovakia
- Mr. Ivan Svejna of the F.A. Hayek Foundation spoke on barriers for speedy development and introduction of a reformed pension system in Slovakia.

This seminar identified significant lessons learned, which despite the differences in pension system reforms in other countries are valuable to Slovak government in choosing among the wide array of proven options and practices in forming the new pension system for Slovakia. We also believe that the seminar provided costs and benefits of each of the discussed systems in sufficient detail to permit easy evaluation of this information and its possible usefulness to Slovakia.

Enclosed with this letter is a detailed report in the Slovak language of the presentations and discussions at the seminar, prepared by Ms. Patricia Hradilova. It highlights those best practices and lessons learned from the experience of foreign governments and the private sector, which appeared to be particularly useful and appropriate for consideration of the Slovak government in modernizing the Slovak pension system. Very soon a summary of the seminar in English as well as all the presentations will be posted on the website of East-West Management Institute at www.ewmi.hu/activities_pension.php.

As agreed at the meeting, may we ask you to review the attached report and identify critical areas for a possible follow-up meeting, should you deem such a meeting to be useful. Major points and recommendations from this report will also be organized into a series of recommendations to appropriate members of the next Slovak government. Our pension reform effort will continue to be led by Mr. Zack Abounassar of AMSLICO, and managed on his behalf by Mr. Vladimir Kesjar and Mr. Roman Holcek.

Thank you very much for your input and involvement in this project

