

THE EUROPEAN BANK COORDINATION 'VIENNA' INITIATIVE A Time Line ¹

September-October 2008 – EBRD Chief Economist Erik Berglöf repeatedly warns about uncoordinated national crisis responses in Europe and related prospects of regional systemic risks in emerging Europe where a limited number of EU-based parent banks owns a large part of the banking sectors.

October 26 2008 - [IMF approves US\\$16.5 billion Stand-By Agreement with Ukraine.](#)

November 6 2008 - [IMF approves €12.3 billion Stand-By Arrangement for Hungary. European Commission approves a balance of payments support program for Hungary, amounting to €6.5 billion.](#)

November 27 2008 - [Six parent banks write a letter to the EC President Barroso and G20 chair Madame Lagarde on financial stability concerns in emerging Europe and urge action by host governments.](#)² EBRD is copied and takes the initiative to call EIB and IFC to put together a joint action plan, which culminates in the announcement of the Joint IFI Action Plan on February 27 2009 (see below).

December 4 2008 - Thomas Wieser, Director General of the Ministry of Finance of Austria, participates in an EBRD conference in London on the crisis in emerging Europe and agrees with Piroska M Nagy, Senior Advisor, EBRD, to organise an urgent meeting with the home and host supervisory and fiscal authorities of the large EU-based bank groups operating in emerging Europe. The objective is to come to an agreement on the basic principles of crisis burden-sharing among home and host authorities (the meeting takes place on January 23, see below).

December 23 2008 - [IMF announces €1.7 billion Stand-By Agreement with Latvia. European Commission approves a coordinated balance of payment support program for Latvia in the amount of €7.5 billion.](#)

December 17 2008- The six parent banks, under the chair of Raiffeisen International's CEO Herbert Stepic, meet in Vienna to consider next steps by the industry. EBRD and EIB are invited; P. Nagy suggests linking up with the IMF and is asked to follow up.

January 16 2009 - [IMF approves €402.5 million Stand-By Arrangement for Serbia.](#)

¹ Prepared by Piroska M. Nagy and Franziska Ohnsorge, with the assistance of Eva Jansky and Hannah Levinger.

² Raiffeisen, Erste, Intesa SP, Société Générale, KBC, Unicredit

January 23 2009 - First "Vienna Initiative" (VI) meeting takes place at the Austrian Ministry of Finance under T. Wieser's chairmanship, with participation from central banks and ministries of finance from many Central and Eastern European countries, key advanced EU countries which are home authorities of cross-border banks, and IFIs (IMF, EBRD, EIB, World Bank, IFC). [EBRD / E. Bergl f introduces the concept of a collective action platform between the public and private sectors labeled "Vienna Club"](#). It is agreed that the IMF (with the lead of Anne-Marie Gulde-Wolf, Senior Adviser) develops principles of burden sharing between home and host authorities and banks.

End January and early February 2009 - In-country meetings for coordinated action in Ukraine and Romania, bringing together the key subsidiaries of bank groups with the IMF and other IFIs and, in Ukraine, the government (P. Nagy, as well as Jeffrey Franks, IMF mission chief for Romania, and Ceyla Pazarbasoglu, IMF mission chief for Ukraine).

February 27 2009 - The heads of EBRD, EIB, and the World Bank Group launch their [Joint IFI Action Plan](#), offering up to €24.5 billion in support to systemic banks in the region and to bolster lending to the real economy. This is part of the funding incentives for banks under the Vienna Initiative.

March 17, 2009 – The second "Vienna Initiative" meeting takes place in the Joint Vienna Institute under the chairmanship of T. Wieser (now also head of EFC). [IMF \(David Hardy, Division Chief\) presents a distribution of burden sharing rules between home and host country authorities which are broadly agreed on to be used during the crisis.](#)

March 15- June 15 2009 – Under the Joint IFI Action Plan the EBRD, EIB, WB/IFC/MIGA meet jointly with all 17 major parent bank groups to assess their needs and each institution's comparative advantage to address them.

March 26 and March 27 2009 – First set of parent bank commitment letters to maintain their exposure and recapitalize their subsidiaries according to stress test results signed for [Romania](#) and [Serbia](#) at the Joint Vienna Institute, Vienna.

April 25 2009 – IFI and home and host governments meeting during the IMF-World Bank Spring meetings, Washington DC to take stock and agree on next steps under the Vienna Initiative.

May 4 2009 - [IMF approves €12.9 billion Stand-By Arrangement for Romania. On May 6 2009, the European Commission approves €20 billion in balance of payments support for Romania.](#)

May 7 2009 - EBRD makes investments worth over €430 million to [UniCredit](#) subsidiaries across eight eastern European countries, as part of a joint effort to tackle the impact of the global economic crisis on the region.

May 15 2009 – Joint IFI Action Plan: Meeting of key parent banks, home and host governments and IFIs, chaired by EBRD President Mirow during the EBRD Annual Meetings, London, to take stock and identify emerging issues.

May 19/20 2009 - Parent bank commitment letter signed for [Hungary](#) and [Romania](#) in Brussels.

June 22 2009 - Parent bank commitment letter signed for [Bosnia and Herzegovina](#) at the Joint Vienna Institute, Vienna. Preceding mission by P. Nagy on June 3 2009 to Bosnia to forge consensus by stakeholders.

July 8 2009 - [IMF €1.52 billion Stand-By Agreement with Bosnia and Herzegovina](#)

July 10 2009 – EBRD announces a €220 million financing facility to the Hungarian subsidiaries of [OTP Bank](#) and €100 million to [Erste Bank](#).

July 29 2009 – EBRD announces investment of €400 million in the subsidiaries of [Société Générale](#).

September 11 2009 – [Parent bank commitment letter signed for Latvia](#), Stockholm³

September 23 2009 – EBRD approves a €150 million financing package to [Raiffeisen Bank](#) subsidiaries in Ukraine, Romania and Russia.

September 24 2009 – First [Full-Forum meeting of the Vienna Initiative in Brussels](#) under the chairmanship of John Berrigan, Director DG ECFIN. [The meeting takes stock of progress under the VI and discusses, for the first time, possible relaxation of deleveraging in the future – first signal of moving out of the systemic risk phase](#). Participants: 17 parent bank groups, their home and host supervisors and fiscal authorities, IMF, EC (also Competition policy), EBRD, EIB, WB, ECB, and CEBS.

October 5 2009 – Meeting with CEOs of parent bank groups, home and host governments and heads of IFIs at the IMF-World Bank Annual Meetings, Istanbul. Issuance of [The Joint Progress Report of the Joint IFI Action Plan](#), participants (EBRD, EIB, WB).

November 18-19 2009 – Follow-up meetings with parent banks for [Romania](#) and [Hungary](#) in Brussels. Start of discussions with banks on [addressing the vulnerability of foreign exchange exposures by a presentation of EBRD / P. Nagy, Brussels](#).

³ The only country with an IMF program but without a parent bank commitment letter in emerging Europe is Ukraine, owing to the authorities' inability to engage and commit in the process.

January 18 2010 – Coordination meeting with the IMF, World Bank, EIB, European Commission in Vienna on possible next steps: shifting from crisis management to addressing the region's vulnerabilities (lack of local capital markets, FX exposures) and legacy of crisis (balance sheet clean-up, distressed asset management).

February 25 2010 – EBRD provides a €100 million financing package to [Intesa Sanpaolo](#) subsidiaries in Bosnia and Herzegovina, Serbia and Hungary.

February 26 2010 – Follow-up meetings on [Serbia](#) (with exposure commitments relaxed on the back of good macro adjustment and recovery) as well as Bosnia, Joint Vienna Institute, Vienna

March 17/18 2010 – Second [Full-forum meeting under the Vienna Initiative in Athens](#) to take stock; signal a moving out of the systemic risk phase (while the framework remains in place for future use and for selected countries); and [discuss how to use the Vienna Initiative's collective action framework beyond crisis management](#). Deputy Governor of the Bank of Greece Mr. Papadakis summarised that the VI had worked and should continue in view of continued risks. To test the usefulness of using the framework for policy discussions, two working groups are set up with topics of urgent relevance for the VI stakeholders: one on local currency market development and one on the absorption of EU funds. Participants: 20 bank groups, their home and host supervisors and fiscal authorities, IMF, EC, EBRD, EIB, WB, ECB, CEBS.

May 4, July 8, and November 10 2010 – Meetings of the Working Group on local currency development under the Vienna Initiative at the EBRD in London

May 9 2010 - [IMF approves €30 Billion Stand-By Arrangement for Greece](#).

June 17 2010 – First event for the Working Group on the absorption of EU structural funds at an Information session on JASPERS, Sofia

July 22/23 2010 – Follow-up Vienna parent bank meeting on [Romania](#) and [Hungary](#)

July 26 – August 4 – [Joint Commission-IMF-WB mission to Romania](#) to discuss measures that would accelerate the absorption of EU structural funds, with EBRD participation on this subject

October 4 2010 – EBRD extends €1 billion financing to subsidiaries of Greek parent banks [Piraeus Bank](#), [National Bank of Greece](#), [Alpha Bank](#), and [EFG Eurobank](#).

October 6, 2010 – Second [Progress Report](#) on implementation of Joint IFI Action Plan.

End-2010 – The Joint IFI Action Plan expires and its [Final Report](#) is published. Joint IFI Action Plan delivered €33 billion crisis-related assistance to banks in Emerging Europe in 2009-10, in excess of the initial plan of up to €24.5 billion. The Presidents of the three participating institutions note that the Joint IFI Action Plan model can be used in other regions.

March 17 2011 – Follow-up meeting with parent banks on [Romania](#), Brussels

March 17/18 2011 – Third [Full Forum meeting of the Vienna Initiative in Brussels](#) to consider the recommendations of the two working groups ([Local Currency and Capital Market Development](#) and [Absorption of EU funds](#)) and decide on the [Future of Vienna Initiative](#). The stakeholders assess that (i) the VI was a success for crisis management and its framework should be preserved as such given remaining risks; (ii) the VI's main focus should be shifted to cover issues of crisis prevention that benefit from its unique private-public sector composition, based on the model of the first two working groups. Two new Working Groups are set up, one on the implications of the new Basel III regulations for emerging Europe; and the other on dealing with nonperforming assets. Interim reports are expected by end-September 2011.

March 24/25 2011 – The approach of the Vienna Initiative is brought to the euro zone discussions. In the [European Council's Conclusion on the new European Monetary System \(EMS\)](#) the Vienna Initiative is cited as an approach for private sector involvement: "If, on the basis of a sustainability analysis, it is concluded that a macro-economic adjustment programme can realistically restore the public debt to a sustainable path, the beneficiary Member State will take initiatives aimed at encouraging the main private investors to maintain their exposures (e.g. a "Vienna Initiative" approach)."