

20100302 IFC: Joint IFI Action Plan in support of banking systems and lending to the real economy in Central and Eastern Europe

Source: IFC

1 March 2010

Our institutions – the European Bank for Development and Reconstruction, the European Investment Bank Group, and the World Bank Group – launched a Joint IFI Action Plan in support of banking systems and lending to the real economy in Central and Eastern Europe a year ago, on February 27, 2009. The objective was to support banking sector stability and lending to the real economy in crisis-hit Central and Eastern Europe. We put together a financing plan of up to €24.5 billion for 2009-2010 and committed to deploy rapid assistance in a coordinated manner, according to each institution's policy and product remit. We sought to complement our financing with efforts to coordinate national support packages and policy dialogue among key stakeholders in the region, in close collaboration with the International Monetary Fund and the European Commission, and other key European institutions.

We are pleased to report that our institutions have already made available over €19 billion in 2009 in crisis-related financial support for financial sectors in the region. In close collaboration with the IMF and the European Commission, we have participated in policy dialogue in the financial sector. These efforts have contributed to avert a systemic crisis and a collapse in credit to the real economy. The resources not yet taken up remain available for mobilisation during 2010 and beyond; each institution believes on the basis of present forecasts that these resources will be utilised.

Looking forward, we will concentrate our efforts on dealing with the legacy of the crisis: contraction in credit in many countries; rising non-performing loans; and still weak bank balance sheets in several countries. Accordingly, we will assist banks and corporates with balance sheet restructuring and clean-up, risk-mitigation, and instruments to provide lending, particularly to SMEs. We will also work together to address special needs in the region, including local currency lending to unhedged borrowers and the development of domestic capital markets, in close collaboration with other international and European institutions and governments.

Thomas Mirow for the EBRD

Philippe Maystadt for the EIB Group

Robert B. Zoellick for the World Bank Group

NovaRes Team