



DIRECTORATE GENERAL FOR INTERNAL POLICIES

DIRECTORATE FOR ECONOMIC & SCIENTIFIC POLICIES

ECONOMIC GOVERNANCE SUPPORT UNIT (EGOV)

FINANCIAL ASSISTANCE TO EU MEMBER STATES

"STATE OF PLAY", 18 December 2012

This table provides regular update on the EU Member States receiving financial assistance in the form of either Balance of Payments assistance, Economic Adjustment Programme or Assistance to Financial Institutions from EFSM and/or EFSF/ESM.

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State-of-play of financial assistance instruments in the EU

	ROMANIA	GREECE	IRELAND	PORTUGAL	SPAIN	CYPRUS
Type	Pre-cautionary Balance of Payments Assistance	Economic Adjustment Programme	Economic Adjustment Programme	Economic Adjustment Programme	Financial Assistance for Recapitalisation of Financial Institutions	Economic Adjustment Programme (tbc)
Duration	2011-2013	2010-2014	2010-2013	2011-2014	2012-2013	2013-2015 (tbc)-
MoU	29 June 2011	3 May 2010 and 14 March 2012	07 December 2010	17 May 2011	20 July 2012	agreed at staff level on 23 November 2012
Conditionality and Objectives	<ul style="list-style-type: none"> ▶ fiscal consolidation ▶ financial sector regulation and supervision ▶ fiscal governance and structural fiscal reforms <p>See June 2012 Euro Summit conclusions for a more flexible use of the ESM</p> <p><i>*[for the 1st programme 2009-2011 see the next page]</i></p>	<ul style="list-style-type: none"> ▶ fiscal consolidation (debt-to-GDP ratio in 2020 of 124% of GDP); see also Eurogroup statement of 27.11.2012 ▶ reforms in labour and product markets ▶ strengthening of fiscal institutions, including tax administration ▶ recapitalisation and supervision of banks ▶ dismissal (privatisation) of State assets ▶ successful debt exchange with Private Sector (PSI)** 	<ul style="list-style-type: none"> ▶ immediate strengthening and comprehensive overhaul of the banking sector ▶ fiscal adjustment to restore fiscal sustainability, correction of excessive deficit by 2015 ▶ growth-enhancing reforms, in particular on the labour market 	<ul style="list-style-type: none"> ▶ structural reforms to boost growth, create jobs, and improve competitiveness ▶ a fiscal consolidation strategy, supported by structural fiscal measures and better fiscal control over public-private-partnerships and state-owned enterprises, reducing the deficit below 3% of GDP by 2014 ▶ a financial sector strategy based on recapitalisation and orderly deleveraging 	<ul style="list-style-type: none"> ▶ bank specific (including recapitalisation, restructuring and/or resolution of banks) ▶ horizontal (including supervisory and regulatory framework strengthening, correction of excessive deficit and CSR-structural reforms) ▶ IMF to provide technical assistance 	<ul style="list-style-type: none"> ▶ conditionality to be agreed with the EC+ECB+IMF ▶ <i>foreseen: restructuring and recapitalisation of banks, fiscal adjustment and structural reforms</i>
Monitoring by	▶ EC, ECB and IMF	▶ EC, ECB and IMF	▶ EC, ECB and IMF	▶ EC, ECB and IMF	▶ EC, ECB and EBA	
Total amount	€5bn	€246.3bn ▶ commitments under 2nd programme and ▶ disbursed under 1st programme (see rows below)	€85bn	€78bn	up to €100bn***	(tbc)
Break-down by lender (original)	▶ €1.4bn - EU (BoP) ▶ €3.6bn - IMF	<i>First Programme:</i> ▶ €80bn - EA MSs	▶ €22.5bn - EFSM ▶ €17.7bn - EFSF	▶ €26bn - EFSM ▶ €26bn - EFSF	▶ up to €100bn - ESM	▶ EFSF/ESM (tbc) ▶ IMF (tbc)

commitments)		<ul style="list-style-type: none"> ▶ €30bn - IMF <i>Second Programme:</i> ▶ €144.6bn - EFSF ▶ €28bn - IMF 	<ul style="list-style-type: none"> ▶ €22.5bn - IMF ▶ €4.8bn - bilateral (UK, DK, SE) ▶ €17.5bn - Ireland (Treasury and National Pension Reserve Fund) 	▶ €26bn - IMF		
Already Disbursed ****	Pre-cautionary assistance-no request for disbursement	<i>First Programme (closed):</i> <ul style="list-style-type: none"> ▶ €52.9bn - EA MSs ▶ €20.7bn - IMF <i>Second Programme:</i> <ul style="list-style-type: none"> ▶ €1.6bn - IMF ▶ €73.9bn + €34.3bn - EFSF (including the new bonds issued under PSI**)	<ul style="list-style-type: none"> ▶ €33.8bn - EFSM / EFSF ▶ €19.1bn - IMF ▶ €2.75bn - bilateral 	<ul style="list-style-type: none"> ▶ €22.1bn - EFSM ▶ €18.2bn - EFSF ▶ €21.8bn - IMF 	n.a.	n.a.
Next Disbursement	Pre-cautionary assistance. No request for disbursement.	First quarter 2013: ▶ €14.8bn - EFSF January 2013: IMF board to approve the first review.	After the approval of the 8th Review Mission Report : <ul style="list-style-type: none"> ▶ €0.8bn - EFSM / EFSF ▶ €0.9bn - IMF ▶ €0.5bn -bilateral The next review mission is scheduled for January 2013.	After the approval of the 6th Review Mission by the IMF board and the EU (expected in January 2013): <ul style="list-style-type: none"> ▶ €1.6bn - EFSM/EFSF ▶ €0.9bn - IMF The next review mission is scheduled for February 2013.	<ul style="list-style-type: none"> ▶ Following 28 November EC State Aid Decision. ▶ Following next State Aid decision scheduled for the end of December 2012. ▶ The next review mission is scheduled for end of January 2013. 	n.a.
Preferred Creditor (y/n)	IMF- yes, EU - no	IMF - yes, EU - no	IMF - yes, EU - no	IMF - yes, EU - no	no	tbc

ABBREVIATIONS/EXPLANATIONS

BoP Assistance	Balance of Payments facility for non-euro area MS in BoP difficulties. It usually takes the form of medium-term financial assistance, in co-operation with IMF.
*BoP for Romania	From 2009 to 2011 Romania was under the first BoP assistance programme (€5bn) as part of multilateral financial assistance of €20bn (IMF €13bn; World Bank €1bn; EIB plus EBRD €1bn).
EFSF	European Financial Stability Facility: it provides financial assistance to euro area MS. It will cease to enter into new programmes now that the ESM is established.
EFSM	European Financial Stabilisation Mechanism: for any EU MS, it reproduces the basic mechanics of the existing Balance of Payments facility. The lending capacity is €60bn, raised by the Commission in financial markets. The Commission then on-lends to the beneficiary MS in form of loan or credit line. All interest and loan is repaid by MS, without any cost for the EU.
ESM	European Stability Mechanism; entered into force on 27 September 2012. It is now the main instrument for providing financial assistance for euro area MS. It has capital base of €700bn. Its lending capacity on its own is €500bn, and together with the EFSF €700bn. It will enjoy preferred creditor status, only junior to the IMF.
**PSI and DBB	<p>Private Sector Involvement: in March 2012 existing Greek bonds held by private institutions were exchanged on a voluntary basis. For each 100 of old Greek bonds, the bond holders received 31.5 of new Greek bonds and 15 of EFSF one-year and two-year notes (in equal proportions), which corresponded to a nominal reduction of 53.5% (and real loss of 73%), thus reducing Greek debt for €100bn . EFSF notes were accounted as a loan made to Greece by the EFSF.</p> <p>On 11 December 2012 Greece concluded the tendering process for a debt buy-back operation (DBB) to capture a substantial discount on Greek government bonds (GGB), thereby reducing public debt substantially. Before the DBB, the total of new GGBs amounted to €62bn (ensuing from the PSI). The DBB invitation yielded a total participation of approximately €31.9bn at an average price of 33.8% of the nominal value. Following the settlement of the operation, Greek debt will be reduced by € 21.1bn in net terms.</p>
Greek Loan Facility - EU MS Loans	The Greek Loan Facility was an instrument used for the 1st Greek Adjustment Programme agreed in May 2010: 15 Euro Area MS committed to provide bilateral loans of up to €80bn, of which €52.9bn were disbursed by the end of the 1st Programme (see 2nd Adjustment Programme, p. 5); The loans were pooled by the Commission, which was entrusted with the coordination, the administration and the disbursement. The 1st programme ceased in March 2012, when the 2nd Adjustment Programme started with the involvement of the EFSF. The remaining part of €80bn was thus transferred to the 2nd programme to be disbursed via the EFSF.
***€100bn	Results of an independent evaluation of capital needs of Spanish banks were published at the end of September 2012 estimating the needs close to €60bn. Spain has not requested for the funds as of yet. On 28 November 2012 the EC concluded that the restructuring plans of the four Spanish banks BFA/Bankia, NCG Banco, Catalunya Banc and Banco de Valencia are in line with EU state aid rules, enabling the use of EU funds as in line with the MoU.
****IMF Disbursements	IMF disbursements are made in Special Drawing Rights (SDRs) and therefore the € amounts change over time.