



**DIRECTORATE GENERAL FOR INTERNAL POLICIES**  
**DIRECTORATE FOR ECONOMIC & SCIENTIFIC POLICIES**  
**ECONOMIC GOVERNANCE SUPPORT UNIT (EGOV)**

**FINANCIAL ASSISTANCE TO EU MEMBER STATES**

**"STATE OF PLAY", 20 January 2014**

**This table provides a 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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## Recent developments in the EU Member States, which are receiving or have applied for the EU financial assistance

**Greece:** The current review by COM, ECB and IMF is on-going, with interruptions, since September 2013. The length and interruptions of this review and its missions to Athens are explained by the Troika inter alia by "[unusually large number of complex issues that need to be resolved in the course of this review \(...\)](#)". The Troika also states that, even if the missions are interrupted, the work would continue from the headquarters (see for instance [this press release](#)). Before the current review, [on 5 September 2013](#), the President of the Eurogroup addressed the situation of Greece in front of the EP's Economic and Monetary Affairs Committee. As regards the progress made, he highlighted (on the basis of the third [3rd Troika review](#) concluded on 8 July 2013) the following two aspects: (1) Real progress has been made by the Greek authorities to reduce fiscal and external imbalances; (2) Further reform progress is needed regarding the Greek public sector (including the lagging privatisation process) and tax administration. Furthermore, he assumed that that additional support will be needed beyond the 2nd programme and reminded MEPs of the Eurogroup's commitment to "providing adequate support to Greece during the current programme and beyond, until it had regained market access, providing that Greece fully complies with the conditions of the programme". Measures that could be considered include a further reduction to the interest rates on the Greek loan facility and a lower co-financing requirement for structural funds. [On 17 December 2013](#), the EFSF disbursed €0.5 billion to Greece for budget financing needs, given that the review concluded on 8 July 2013 assessed that "*the programme was broadly on track*". Greece has now received from the EFSF €133.6 billion out of the total committed amount of €144.6 billion, of which €48.2 billion was for bank recapitalization. The last IMF disbursement (of €1.72 billion) dates from [29 July](#); it brings the total disbursements of the IMF to Greece under the 2nd programme to € 8.24 billion.<sup>1</sup>

**Ireland:** The [final review mission](#) (which took place between 29 October 2013 and 7 November 2013) concluded that programme implementation remains robust overall, although there remain challenges (such as high unemployment, fragile public debt sustainability, heavy private sector debts and banks' slow progress in resolving nonperforming loans) which require on-going commitment from the authorities to reforms after the programme expires. On 13 December 2013, both the [Commission](#) and the [IMF Executive Board](#) adopted decisions authorising the final disbursements of respectively €0.8 billion (EU - EFSM) and about € 0.65 bn (IMF). This brings the total amount authorised for disbursement under the programme to 100% of the overall international assistance of EUR 67.5 bn.

**Portugal:** on [16 December 2013](#) the COM, ECB and IMF concluded the tenth review mission. According to preliminary observations, growth is broadly in line with projections, while unemployment has fallen more than expected. External rebalancing has continued, although imports have picked up, reflecting stronger-than-expected domestic demand. With tax collections performing well the 2013 deficit target of 5.5 % of GDP is achievable. The banking sector is stable, but low profitability signals that challenges remain. Market sentiment towards Portugal's sovereign debt has gradually improved, as also evidenced by robust demand for a debt exchange at the end of 2013. The government is implementing measures to safeguard the 2014 fiscal deficit target after a pension cut was rejected by the Constitutional Court.

**Spain:** on [31 December 2013](#) the ESM financial assistance programme expired with a successful exit. The ESM disbursed a total of €41.3 billion for the recapitalization of the banking sector. The ESM financial assistance was provided in the form of debt securities to the bank recapitalization fund of the Spanish government, and then channeled to the financial institutions concerned. The average maturity of the loan is 12.5 years. Spain will not request any follow-up assistance from the ESM.

**Cyprus:** The Eurogroup endorsed the second Troika (ECB, COM, IMF) review on [9 December 2013](#) and thus the disbursement of the next tranche of [€100 million by the ESM](#). The IMF published its country report on [23 December 2013](#) stating that although the programme is on-track and the policy conditionality for this review has largely been met, the situation remains difficult. Unemployment is on the rise and disposable incomes are falling. Banks are curtailing credit as asset quality continues to deteriorate and private sector indebtedness remains very high. Significant progress has been made in restructuring and recapitalizing the banking sector, but more needs to be done to clean up balance sheets and ensure credit to the private sector. Fiscal structural reforms are proceeding, but strong resolve is needed to start the privatization process.<sup>1</sup>

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<sup>1</sup> IMF disbursements are made in Special Drawing Rights (SDRs) and therefore the € amounts change over time.

| Country                     | 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   |
| Duration                    | 2013-2015 (previous: 2011-2013)  | 2010-2014 (IMF: 2010-2016)  | 2010-2013 ( <a href="#">completed</a> )   | 2011-2014  | 2012-2013  | 2013-2016   |
| MoUs signed                 | Previous: <a href="#">29 June 2011</a><br>Current: <a href="#">22 October 2013</a>   | First: <a href="#">3 May 2010</a><br>Second: <a href="#">14 March 2012</a>  | <a href="#">07 December 2010</a>  | <a href="#">17 May 2011</a>  | <a href="#">20 July 2012</a>   | <a href="#">26 April 2013</a>   |
| Conditionality & Objectives | <ul style="list-style-type: none"> <li>▶ macroeconomic, fiscal and financial stability</li> <li>▶ enhancing administrative capacity in general <ul style="list-style-type: none"> <li>▶ reform of the tax administration and of the public financial management in particular</li> </ul> </li> <li>▶ increase of the resilience and the growth potential of the economy</li> </ul> | <ul style="list-style-type: none"> <li>▶ fiscal consolidation (<a href="#">debt-to-GDP ratio in 2020 of 124% of GDP</a>);</li> <li>▶ reforms in labour and product markets</li> <li>▶ strengthening of fiscal institutions, including tax administration</li> <li>▶ recapitalisation and supervision of banks</li> <li>▶ dismissal (privatisation) of State assets</li> <li>▶ successful debt exchange with Private Sector (PSI)</li> </ul> | <ul style="list-style-type: none"> <li>▶ immediate strengthening and comprehensive overhaul of the banking sector</li> <li>▶ fiscal adjustment to restore fiscal sustainability, correction of excessive deficit by 2015</li> <li>▶ growth-enhancing reforms, in particular on the labour market</li> </ul> | <ul style="list-style-type: none"> <li>▶ structural reforms to boost growth, create jobs, and improve competitiveness <ul style="list-style-type: none"> <li>▶ a fiscal consolidation strategy, supported by structural fiscal measures and better fiscal control over public-private-partnerships and state-owned enterprises, reducing the nominal deficit.</li> <li>▶ a financial sector strategy based on recapitalisation and orderly deleveraging</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▶ bank specific (including recapitalisation, restructuring and/or resolution of banks)</li> <li>▶ horizontal (including supervisory and regulatory framework strengthening, correction of excessive deficit and CSR-structural reforms)</li> <li>▶ IMF to provide technical assistance</li> </ul> | <ul style="list-style-type: none"> <li>▶ restore the soundness of the banking sector and rebuild depositors' and market confidence <ul style="list-style-type: none"> <li>▶ fiscal consolidation, supported by structural fiscal reforms</li> <li>▶ structural reforms to support competitiveness and sustainable and balanced growth</li> <li>▶ further strengthening of the anti-money laundering framework in line with best practice</li> </ul> </li> </ul> |
| Monitoring by               | ▶ EC, ECB and IMF  | ▶ EC, ECB and IMF   | ▶ EC, ECB and IMF   | ▶ EC, ECB and IMF  | ▶ EC, ECB and EBA  | ▶ EC, ECB and IMF   |
| Technical Ass.              |  | <a href="#">Task Force (report of October 2013)</a>   |   |  |  | A <a href="#">Support Group for Cyprus</a> exists since 19 June 2013.   |
| Total amount committed      | € 4 bn (previous programme: €5bn)  | €246.3bn<br><ul style="list-style-type: none"> <li>▶ commitments under 2nd programme &amp;</li> <li>▶ disbursed under 1st programme (see rows below)</li> </ul>   | €85bn   | €78bn  | up to €100bn   | €10bn   |

| Country  | ROMANIA   | GREECE  | IRELAND   | PORTUGAL  | SPAIN  | CYPRUS  |
|--|---|---|---|---|--|---|
| <b>Break-down by lender (original commitments)</b> | <p>2011-13 programme:</p> <ul style="list-style-type: none"> <li>► €1.4bn - EU (BoP)</li> <li>► €3.4bn - IMF</li> </ul> <p>2013-2015 programme:</p> <ul style="list-style-type: none"> <li>► €2bn - EU (BoP)</li> <li>► €2bn - IMF</li> </ul> | <p>First Programme:</p> <ul style="list-style-type: none"> <li>► €80bn - EA MSs</li> </ul> <p>(subsequently reduced by € 2.7bn as SK did not participate and IE and PT withdrew as they required financial assistance themselves)</p> <ul style="list-style-type: none"> <li>► €30bn - IMF</li> </ul> <p>Second Programme:</p> <ul style="list-style-type: none"> <li>► €144.7bn - EFSF</li> <li>► €28bn - IMF</li> </ul> | <ul style="list-style-type: none"> <li>► €22.5bn - EFSM</li> <li>► €17.7bn - EFSF</li> <li>► €22.5 bn - IMF</li> <li>► €4.8bn - bilateral (UK, DK, SE)</li> <li>► €17.5bn - Ireland (Treasury and National Pension Reserve Fund)</li> </ul> | <ul style="list-style-type: none"> <li>► €26bn - EFSM</li> <li>► €26bn - EFSF</li> <li>► €26bn - IMF</li> </ul>       | <ul style="list-style-type: none"> <li>► up to €100bn - ESM</li> </ul> | <ul style="list-style-type: none"> <li>► €9bn - ESM</li> <li>► €1bn - IMF</li> </ul>  |
| <b>Already Disbursed</b>                           | Pre-cautionary assistance; no request for disbursement of BoP funds   | <p>First Programme (closed):</p> <ul style="list-style-type: none"> <li>► €52.9bn - EA MSs</li> <li>► €20.7bn - IMF</li> </ul> <p>Second Programme (including PSI participation):</p> <ul style="list-style-type: none"> <li>► €133.6 bn - EFSF</li> <li>► €8.24bn - IMF</li> </ul>   | <ul style="list-style-type: none"> <li>► €22.5bn - EFSM</li> <li>► €17.7bn - EFSF</li> <li>► €22.5bn - IMF</li> <li>► €4.8bn - bilateral</li> </ul>   | <ul style="list-style-type: none"> <li>► €22.1bn - EFSM</li> <li>► €24.8bn - EFSF</li> <li>► €24.1bn - IMF</li> </ul> | <ul style="list-style-type: none"> <li>► €41.3bn - ESM</li> </ul>      | <ul style="list-style-type: none"> <li>► €4.6bn - ESM</li> <li>► €250.4 million - IMF</li> </ul>                            |
| <b>Next Disbursement</b>                           | Currently, <u>no disbursement</u> foreseen (loans would only be made available upon a request from Romania, in case of an unforeseen marked deterioration in the economic and/or financial situation)   | The next disbursement depends on the <u>completion of the on-going review</u> (which started in September 2013).  | The programme has been completed successfully and the last disbursements have been made (see <u>Commission</u> and <u>IMF</u> )   | <u>In February 2014</u> , after conclusion of 10th review: €0.9bn by IMF and €1.8bn by EFSF/EFSM.                     | <u>The programme expired on 31.12.2013.</u>                            | After the <u>next (3rd) review</u> , foreseen for first quarter of 2014, both ESM and IMF shall make further disbursements. |
| <b>Preferred Creditor (y/n)</b>                    | IMF - yes, EU - no  | IMF - yes, EU - no  | IMF - yes, EU - no  | IMF - yes, EU - no  | no   | IMF - yes, EU - yes   |

## ABBREVIATIONS/EXPLANATIONS

|                                   |   |
|-----------------------------------|---|
| <b>BoP Assistance</b>             | 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 <b>Romania</b>            | 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).   |
| <b>EFSF</b>                       | 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.  |
| <b>EFSM</b>                       | 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 COM 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 the MS, without any cost for the EU.  |
| <b>ESM</b>                        | European Stability Mechanism; entered into force on 27 September 2012. It is now the main instrument for providing financial assistance for the euro area MS. It has capital base of €700bn. Its lending capacity on its own is €500bn, once capital is fully paid in (Q1 2014), and together with the EFSF €700bn. It will enjoy preferred creditor status, junior only to the IMF.  |
| <b>PSI</b>                        | 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 NPV loss of about 73%), thus reducing Greek debt by about €100bn. EFSF notes were accounted as a loan made to Greece by the EFSF and thus as part of the EU financial assistance.  |
| DBB                               | 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 was reduced by <a href="#">€ 21.1bn in net terms</a> .   |
| 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 <a href="#">€52.9bn</a> were disbursed by the end of the 1st Programme. The loans were pooled by the COM, 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 through the EFSF. |
| IMF Disbursements                 | IMF disbursements are made in Special Drawing Rights (SDRs) and therefore the € amounts change over time.   |
| ELA                               | Emergency Liquidity Assistance: temporary liquidity assistance provided to banks that are solvent but illiquid. The liquidity is provided by the national central bank on the basis of adequate collateral. In the absence of other national supervisory schemes, the national central bank assesses the solvency of the banks in its prudential supervisory role.  |