BRIEFING

Macro-Financial Assistance to EU Member States

State of Play – October 2018

This document provides regularly updated information on EU Member States which receive or received financial assistance from the ESM, EFSF, EFSM, the EU balance of payments assistance facility, other Member States and/or the IMF. Against the background that since August 2018 all financial assistance programmes to EU Member States have been concluded, the document focuses now on the implementation of the enhanced surveillance framework for Greece and post-programme reviews (including IMF Article IV assessments) for Ireland, Portugal, Romania and Spain undertaken by the European Commission (EC) in liaison with the ECB (Post-Programme Surveillance, PPS), the IMF (Post-Programme Monitoring, PPM) and the ESM (Early Warning System, EWS).

Greece (enhanced surveillance/PPS since 21 August 2018): Article 2(1) of Regulation 472/2013 states that the EC may decide to subject to enhanced surveillance a Member State experiencing or threatened with serious difficulties with respect to its financial stability which are likely to have adverse spill-over effects on other Member States in the euro area. On 11 July 2018, the EC decided that Greece shall be subject to enhanced surveillance under Article 2(1) of Regulation 472/2013 for a period of six months, commencing on 21 August 2018. In accordance with this decision and with Art. 2(1) Regulation 472/2013, Greece is expected to continue and complete key reforms in line with the policy commitments monitored under enhanced surveillance. The EC intends to closely collaborate with the ESM, in the context of its EWS, in implementing the enhanced surveillance.

First post-programme mission: The mission (staff from the EC, in liaison with staff from the ECB, ESM and IMF) visited Athens from 10 to 14 September 2018. The EC reports that key elements were discussions on the situation and key challenges facing the Greek economy in the post-programme period, as well as the state of play and next steps in the implementation of Greece's commitment to continue and complete the key reforms launched under the programme. This included discussions on the fiscal situation and outlook, which will feed into the preparation of Greece's Draft Budgetary Plan for 2019, to be submitted to the EC by 15 October 2018, as well as on the implementation of the Non-Performing Loans (NPL) resolution strategy. No conclusions or report on this mission has been published yet. The first quarterly enhanced surveillance report will be issued in November, together with the EC's Autumn Package under the European Semester.

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Conclusion of the programme: The third economic adjustment programme for Greece (19 August 2015- 20 August 2018) contained four reviews, on the basis of which €61.9 billion were disbursed by the ESM in support of macroeconomic adjustment and bank recapitalization in Greece.

Fourth and final review: The **Eurogroup of 21 June 2018** (see also statement of 22 June 2018) concluded that Greece has implemented all the 88 prior actions under the fourth and final review, showing that Greece has successfully completed its ESM programme. Further conclusions were that: (1) there will be no follow-up programme in Greece; (2) altogether, Greece adopted over 450 policy actions during this ESM programme alone; (3) over 240 billion euros were disbursed at low interest rates during the three fully-fledged programs; (4) the Eurogroup has agreed on a debt relief package to safeguard Greece's debt sustainability; it includes substantial upfront measures such as a 10 year extension on EFSF loans and 10 year deferral on interest and amortization (this will allow Greece to return to market financing, issuing bonds across the maturity curve); (5) Greece is committed to preserve its programme achievements, by completing the reforms that were enacted under the programme and continuing to implement further reforms, with the aim of increasing its growth potential (these reforms are published here and contain measures by mid-2022); (6) Greece will furthermore be able to retrieve the interest accumulated by the Euro-system on Greek government bonds, by semi-annual payments until 2022, if it implements all key reforms adopted under the ESM programme. The institutions will monitor this via the so–called "Enhanced Surveillance"; (7) the IMF will actively participate in this monitoring; (8) the Eurogroup has mandated the ESM to disburse 15 billion euros to Greece as the last programme tranche, subject to the completion of national procedures (note that this amount was disbursed in August 2018). Overall, Greece leaves the programme with a sizeable cash buffer of 24.1 billion euros, covering the sovereign financial needs in the next 24 months. This represents a significant backstop against any foreseeable risk; (9) with all these measures, based on a new Debt Sustainability Analysis by the institutions, the Greek debt is sustainable.

The EC compliance report on the fourth review has been published in July 2018; it contains the new Debt Sustainability Analysis, **which shows a significantly more optimistic baseline scenario than the IMF**, also published in July 2018: (1) The EC expects a continuously decreasing evolution of the Debt-to-GDP, until it passes the symbolic threshold of 100% of GDP in 2060. For the IMF, the debt-to-GDP would initially fall, but then begin an uninterrupted rise from around 2038; (2) For the EC, Gross Financing Needs (GFN) to GDP would steadily increase after 2030, but remain below the threshold of 20%; for the IMF, the indicator will breach the 20% threshold by 2038 and continue rising thereafter, requiring additional relief to secure debt sustainability. The Eurogroup statement of 22 June 2018 included that "*based on a debt sustainability analysis to be provided by the European institutions, the Eurogroup will review at the end of the EFSF grace period in 2032, whether additional debt measures are needed to ensure the respect of the agreed GFN targets, provided that the EU fiscal framework is respected, and take the appropriate actions, if needed.*"

Previous reviews: Please see pp 8-11 of separate EGOV briefing on Greece of June 2018.

Ireland: End of 2013, Ireland exited the 3-year-programme (see ex-post evaluation of 2015) and became subject to PPS/EWS/PPM (see page 11 for the legal background). The latest PPS/EWS and PPM were conducted in May 2018. The EC and ECB staff concluded after the mission (see also PPS report of July 2018 for further information) that: (a) domestic economic activity is expected to stay robust in the short term, but risks remain (to a big extent linked to the unknown terms of the UK's withdrawal from the EU as well as changes to the international taxation and trade environment); (b) the shortage of housing supply and continued significant increases in residential property prices and rents remain a major domestic challenge; (c) Standard public finance indicators have further improved underpinned by robust output growth; the favourable cyclical situation combined with strong tax receipts implies a strong case for accelerating deficit and debt reduction or creating the envisaged Rainy Day Fund; (c) the current benign economic environment provides a window of opportunity to continue to reduce legacy NPLs in a decisive manner. The next PPS mission is planned to take place in the autumn of 2018. End of December 2017, Ireland repaid the remaining €4.5bn it owed the IMF just a day after it paid back €1bn it owed Sweden (€0.6bn) and Denmark (€0.4bn). On the basis of the IMF criteria for PPM, Ireland is not any more automatically subject to PPM; the same criteria stipulate also that PPM may be required even if the country has paid back its credit to the IMF, *"if economic developments call into question the country's progress toward external viability"*. On 14 May 2018, the IMF staff concluded after the 2018 Art. IV staff visit to Ireland that the policy challenge is to harness the strong economic momentum to avoid a new boom-bust cycle, address remaining crisis legacies, and bolster the economy's resilience for the event adverse risks materialize. The IMF staff adds: *"To this end, fiscal policy should become countercyclical, while making room for much-needed infrastructure investments. This would involve broadening the tax base, which is also prudent in view of the high dependency on possibly volatile corporate tax revenues. Further action should be taken to boost housing supply in a sustainable manner. Efforts to repair banks' balance sheets should be stepped up and preparations in the financial sector for Brexit need to continue. Structural reforms should focus on fostering higher productivity and inclusiveness to promote high, sustainable growth."* These recommendations correspond in essence to the IMF Executive Board Assessment of 28 June 2018.

Portugal: Portugal has been subject to PPS/EWS/PPM following the government's decision of June 2014 to exit the programme before its expiration. The latest PPS/EWS/PPM mission took place in June 2018. The EC staff concluded that economic growth moderated in the first semester of 2018, although domestic demand remains robust. The current account retains a small surplus that is projected to remain throughout 2018 and 2019. Risks to the outlook have increased due to the more uncertain external environment. House prices and transactions accelerated, on the back of booming tourism in particular in the areas of Lisbon, Porto and Algarve. The EC staff consider that budget execution appear to be broadly in line with full-year targets up to June, with risks to the cash based execution broadly balanced. Public sector arrears continue on a rising trend, mainly due to state-owned hospitals. Although NPL levels are still very high, banks appear to have adequate liquidity and their returns have turned positive. Yields remain vulnerable to external events, due to the interlinkages with other economies, and the high levels of debt. The Staff of the EC and ECB recommended implementing the necessary structural reforms on the back of the benign conditions. In September 2018, the IMF Executive Board concluded the Article IV consultation with Portugal: (1) the economy performed strongly in 2017 (driven by investments and exports) but somewhat slowed in the first quarter of 2018; (2) output gap is estimated to have narrowed and turn positive in 2018; (3) budgetary execution has been prudent and the sovereign access to markets has improved; (4) banks' balance sheets have improved on the back of successful efforts by banks to raise capital and reduce NPLs (the latter remain a concern). The IMF Executive Board recommended further structural reforms to foster investment and potential growth and stated that favorable economic conditions provide an opportunity to frontload planned fiscal consolidation. The Staff commented that although housing prices continue to increase, there is no significant overvaluation yet. Portugal reimbursed €0.8 billion to the IMF on 24 January 2018, bringing the total amount of loans repaid to €22.3 billion (approximately 83% of the IMF funds borrowed). Following Fitch Ratings upgrade of 15 December 2017 by two notches, from BB+ to BBB (with a stable outlook released on 1 June 2018), DBRS also announced un upgrade from BBB- to BBB. Moodys decided to postpone the review of their rating until October. On 14th September 2018, S&P, in turn, revised its outlook on Portugal to positive from stable while affirming its BBB-/A-3. The Portuguese Debt Management Agency aggregated the relevant ratings disclosure calendar in a presentation to investors (page 46). DBRS and Moodys are both expected to release ratings for Portugal on 12 October 2018 and Fitch on the 31 November 2018.

Spain: The ESM programme for the recapitalisation of the Spanish banking sector expired on 31 December 2013. Spain is since then subject to PPS/EWS, with the latest visit taking place in April 2018. The EC staff concluded that the Spanish economy has continued to grow at a robust pace and its rebalancing has progressed further, although private and public debt as well as unemployment still remain at high levels. Putting in place policy efforts so as to achieve a durable growth path and higher productivity growth, while pursuing fiscal consolidation with a view to ensure a decisive reduction in the government debt ratio would help address these vulnerabilities. At the same time, against the backdrop of positive macroeconomic developments, the Spanish banking sector enjoys overall comfortable liquidity and several banks increased their issuance of debt securities. Capital buffers have been supported by the issuance of both core and non-core capital instruments, facilitating further reduction in the ratio of non-performing loans which declined to close to the EU average. IMF Staff released their Concluding Statement on the 2018 Article IV Mission on 3 October 2018. The Staff concluded that Spain continues in a cycle of growth, but at a moderate speed and with risks looming ahead. Structural fiscal adjustment and preserving the thrust of the labor market reforms are seem as major policies going forward, as well as rebuilding fiscal buffers, a sustainable and comprehensive pension package and a more inclusive labour market. The Staff also pointed out to the positive effects of reforming the supervisory structure. Spain made its eighth voluntary repayment of € 3 billion to the ESM in September 2018, bringing the total amount of loans repaid to €14.6 billion (about 35% of the funds borrowed). Spain did also a scheduled payment of unused funds in July 2014.

Cyprus: In March 2016, Cyprus successfully exited from the ESM and IMF financial assistance programme. Cyprus used about €7.3 billion out of €10.0 billion available under the programme. The latest PPS/EWS mission, including an assessment of macroeconomic imbalances, took place in September 2018 and was coordinated with the IMF Article IV surveillance mission. The EC staff concluded that the ongoing strong recovery creates favorable conditions for tackling the vulnerabilities of the country, namely improving the payment culture and pursuing the structural reform agenda (judicial system, enforcement of commercial claims, issuance and transfer of title deeds, strategic investment law, opening the electricity market, advancing privatisations, local government reform and integration of pensions and insurance supervision). The sale of Cyprus Cooperative Bank (CCB) reduced uncertainty and reinforced depositor confidence, but its fiscal and budgetary impacts are yet to be fully seen. Persistently high levels of NPL, high private and public debt and the impact of external events may affect the outlook. On the other hand, inflation remains subdued, unemployment is falling (youth unemployment is still at high levels) and growth should remain solid although might decelerate over the medium term. Strong tax revenues and prudent expenditure management resulted in an impressive fiscal performance. In March 2018, the IMF staff conducted its PPM (see also the staff report on this PPM), noting that strengthening payment discipline, avoiding pro-cyclical policies and adopting macro-critical structural reforms would help preserve financial stability, protect the downward trajectory of public debt and support balanced and durable growth. On 20 April 2018, Fitch Ratings upgraded Cyprus by one notch, from BB to BB+, on the back of improving external financing flexibility, large inflows of foreign direct investments and strong fiscal performance.

Romania: PPS started in October 2015, with the end of the third balance of payments programme (BoP). It is linked to the loans under the 2009-2011 BoP (when €5 billion were disbursed). PPS missions took place in May 2016, March 2017 and November 2017. All three missions concluded that the risks related to the repayment of the debt to the EU are very low. The second mission further concluded that the medium term outlook presents vulnerabilities due to fiscal policies which turned pro-cyclical in 2016. The third mission, however, assessed that macroeconomic imbalances seem subdued despite the pro-cyclical fiscal policy, strong wage growth and some deterioration of the current account balance. On fiscal policy, the report on the third mission noted: (a) a Significant Deviation Procedure was initiated in June 2017 due to Romania's deviation from its medium-term budgetary objective (MTO) in 2016, (b) given the lack of policy action, the structural deficit is projected to further deteriorate in 2017 and 2018, (c) the headline deficit may breach the Treaty reference value of 3% of GDP in 2018 and (d) the implementation of the national fiscal framework remains insufficient. On the banking sector, the report on the third mission concludes that it remains well-capitalised and asset quality has further improved, but risks from potential changes to the legal framework could re-emerge. It also informs that Romania is supposed to pay back to pay back EUR 1.2 bn, of its outstanding BoP loan by April 2017, which would imply that more than 70% of the BoP loan has been paid back and that therefore no PPS will be required anymore. The EC has, however, not informed yet on its website whether the expected payment by Romania has been carried out.

Table overleaf provides an updated overview of various elements of the financial assistance granted to EU Member States since 2009.

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	ROMANIA	GREECE	IRELAND	PORTUGAL	SPAIN	CYPRUS
CURRENT STATUS	Post-Programme Surveillance (as of October 2015)	Post-Programme Surveillance/Enhanced Surveillance (as of August 2018)	Post-Programme Surveillance (as of January 2014)	Post-Programme Surveillance (as of July 2014)	Post-Programme Surveillance (as of January 2014)	Post-Programme Surveillance (as of April 2016)
COMPLETED OR ENDED	*BoP Assistance (2009-2011)* *Pre-cautionary BoP Assistance (2011-2013)* *Pre-cautionary BoP Assistance (2013-2015)*	*First Economic Adjustment Programme (2010-2012)* *Second Economic Adjustment Programme (2012- 2015; IMF Extended Fund facility Arrangement until 2016)* *Third Economic Adjustment Programme (2015-2018)*	*Economic Adjustment Programme (2010-2013)*	*Economic Adjustment Programme (2011-2014)* Portugal decided to leave the programme without completing the final review and without receiving the final tranche (€1.7bn by EFSM and €0.9bn by IMF)	*Financial Assistance for Recapitalisation of Financial Institutions (2012-2013)*	*Economic Adjustment Programme (2013-2016)* Cyprus cancelled its financial arrangement with the IMF, effective 7 March 2016
MoUs SIGNED	First: 23 June 2009 Second: 29 June 2011 Third: 7 November 2013	First: 3 May 2010 Second: 14 March 2012 Third: 19 August 2015	07 December 2010	17 May 2011	20 July 2012	26 April 2013
CONDITIONALITY & OBJECTIVES	While there is in accordance with two-pack Regulation (EU) N°472/2013 no policy conditionality under PPS, the Council can issue recommendations for corrective actions if necessary and where appropriate. PPS is biannual in terms of reporting and missions.	In accordance with the EC decision of 11 July 2018 (enhanced surveillance) and with Art. 2(1) of Regulation 472/2013, Greece is expected to continue and complete key reforms in line with the policy commitments monitored under enhanced surveillance.; these reform commitments are published **here** and contain measures by mid-2022.	While there is in accordance with two-pack Regulation (EU) N°472/2013 no policy conditionality under PPS, the Council can issue recommendations for corrective actions if necessary and where appropriate. PPS is biannual in terms of reporting and missions.	While there is in accordance with Article 14 of the two-pack Regulation (EU) N°472/2013 no policy conditionality under PPS, the Council can issue recommendations for corrective actions if necessary and where appropriate. PPS is biannual in terms of reporting and missions.	While there is in accordance with Article 14 of the two-pack Regulation (EU) N°472/2013 no policy conditionality under PPS, the Council can issue recommendations for corrective actions if necessary and where appropriate. PPS is biannual in terms of reporting and missions.	► Restore the soundness of the banking sector and rebuild depositors' and market confidence ► Fiscal consolidation, supported by structural fiscal reforms ► Structural reforms to support competitiveness and sustainable and balanced growth ► Further strengthening of the anti-money laundering framework in line with best practice

	ROMANIA	GREECE	IRELAND	PORTUGAL	SPAIN	CYPRUS
MONITORING	▶ EC ECB (PPS) ▶ No PPM, since the outstanding credit with the IMF has already fallen well below the threshold for PPM by the IMF	▶ EC, ECB, ESM and IMF	▶ EC and ECB (PPS) ▶ ESM (EWS) ▶ MF (PPM)	▶ EC and ECB (PPS) ▶ ESM (EWS) ▶ IMF (PPM)	▶ EC and ECB (PPS) ▶ ESM (EWS) ▶ IMF (regular IMF surveillance)	▶ EC, ECB, ESM and IMF
TECHNICAL ASSISTANCE	-	On 17 June 2015, the EC decided to replace the Task Force for Greece by the structural reform service.	-	-	-	On 17 June 2015, the EC decided to replace the Support Group for Cyprus by the structural reform service.
TOTAL AMOUNT COMMITTED	**€31bn** 2009-11 programme: €20bn 2011-13 programme: €6bn 2013-2015 programme: €5bn	**€331.7bn** ▶ commitments under 2nd and 3rd programmes & ▶ disbursed under 1st programme (see rows below)	**€85bn**	**€78bn**	**up to €100bn**	**€10bn**

	ROMANIA	GREECE	IRELAND	PORTUGAL	SPAIN	CYPRUS
BREAK-DOWN BY LENDER (ORIGINAL COMMITMENTS)	*2009-11 programme*: ▶ €5bn - EU (BoP) ▶ €13bn - IMF (SBA) ▶ €1bn – World Bank ▶ €1bn – EIB + EBRD *2011-13 precautionary programme (funds not used)*: ▶ €1.5bn - EU (BoP) ▶ €3.5bn - IMF ▶ €1.15bn – World Bank *2013-2015 precautionary programme (funds not used)*: ▶ €2bn - EU (BoP) ▶ €2bn - IMF ▶ €1bn – World Bank	*All three programmes together* ▶ EA-MSs+EFSF+ESM: €308bn ▶ IMF (SBA+EFF): €58bn *First Programme*: ▶ EA MSs: €80bn *(subsequently reduced by €2.7bn as SK did not participate and IE and PT required assistance themselves)* ▶ IMF (SBA): €30bn Second Programme: ▶ EFSF: €144.7bn ▶ IMF (EFF): €28bn *[Bridge financing: €7.2 bn EFSM – fully paid back*] Third Programme: ▶ ESM: Up to €86bn	▶ EFSM: €22.5bn ▶ EFSF: €17.7bn ▶ IMF: €22.5bn ▶ Bilateral (UK, DK, SE): €4.8bn ▶ Ireland (Treasury and National Pension Reserve Fund): €17.5bn	▶ EFSM: €26bn ▶ EFSF: €26bn ▶ IMF: €26bn	▶ ESM: up to €100bn	▶ ESM: €9bn ▶ IMF: €1bn
PREFERRED CREDITOR	IMF	IMF	IMF	IMF	ESM	IMF
ALREADY DISBURSED	***Total: € 21.05bn*** *2009-2011 programme* ▶ €5bn - EU (BoP) ▶ €12.9bn - IMF (SBA) ▶ €1bn - World Bank ▶ €1bn – EIB + EBRD *2011-13 and 2013-15 programmes:* ▶ Pre-cautionary assistance; no request for disbursement of BoP and IMF funds was made	***Total: € 288.9bn*** ***All three programmes together*** ▶ EA-MSs+ EFSF + ESM: €240.6bn ▶ IMF: €32.3bn *First Programme (closed)*: ▶ EA MSs: €52.9bn ▶ IMF: €20.7bn *Second Programme, including PSI participation (closed)*: ▶ EFSF: €141.8bn ▶ IMF: €11.6bn	***Total: € 67.5bn*** ▶ EFSM: €22.5bn ▶ EFSF: €17.7bn ▶ IMF: €22.6bn ▶ Bilateral (UK, DK, SE): €4.8bn	***Total: € 76.0bn*** ▶ EFSM: €24.3bn ▶ EFSF: €26.0bn ▶ IMF: €25.7bn	***Total: € 41.3bn*** ▶ ESM: €41.3bn	***Total: €7.3bn*** ▶ ESM: €6.3bn ▶ IMF: €1bn

	ROMANIA	GREECE	IRELAND	PORTUGAL	SPAIN	CYPRUS
	► €1.15 bn - World Bank	*Third Programme (closed):* ► ESM: €61.9bn				
LOANS ALREADY REPAID	***Total: € 15.55bn*** ► €2.65bn – EU (BoP); a tranche of € 1.2bn was due in April 2018, which would increase the sum of repaid loans to €3.85bn. The payment has however not been confirmed yet on the EC website. ► €12.9bn - IMF (SBA) ► No repayment figures have been published on the website of the World Bank and the EIB.	► On 27/02/2015, the Hellenic Financial Stability Fund (HFSF) redelivered €10.9 bn in bonds issued by the EFSF for the recapitalisation of Greek banks. This comprised: a full repayment of €7.2bn disbursed on 30/05/2013; and a partial repayment of €3.7bn of the loan tranche disbursed on 19/12/2012) ► €2 billion were paid back (contractual obligation) on 20 /2/2017 to the ESM following the sale of assets a bank that took part in the 2015 banking recapitalisation ► **Altogether €23.3bn** to the IMF (latest repayments: July 2018).	► On 20 December 2017, Ireland repaid the remaining €4.5bn it owed the IMF just a day after it paid back €1bn it owed Sweden (€0.6bn) and Denmark (€0.4bn). In November 2017, the EFSF allowed these early repayments. ► PPS report of July 2018: *"In June 2018, the EC adopted a Decision for the EU to borrow in order to extend the maturities of loans to Ireland under EFSM. This will allow for the maturity of EFSM loans to Ireland, including EUR 3.9 billion originally due in 2018 (of which EUR 3.4 billion were due in April and EUR 500 million in October) to be extended, within the limit of 19.5 years of average maturity established by the Council Decision on Union financial assistance to Ireland. It is therefore not expected that Ireland will actually have to repay any of its EFSF and EFSM loans before 2027."*	► In total, €22.3bn to the IMF in a series of early voluntary repayments (as of 31 March 2018). ► January 2018: €0.8bn (early repayment to the IMF) ► Overview of the planned early repayments to the IMF over the period 2018-2021	► In total, €14.612 billion to the ESM (as of 23 May 2018). ► February 2018: €2.0bn (early repayment to the ESM) ► On 8 February 2018, the Board of Directors of the ESM approved a request by Spain to make two voluntary early repayments of respectively €2.0 billion (planned for 23 February 2018) and €3.0 billion (scheduled for May 2018).	► July 2017: €0.3bn (early repayment to the IMF)

	ROMANIA	GREECE	IRELAND	PORTUGAL	SPAIN	CYPRUS
TOTAL OUTSTANDING LOANS (AS OF 30 August 2018)	***Total : €2.35bn*** ▶ €2.35bn EU (BoP). If Romania carried out the expected payment of €1.2bn in April 2018 (no confirmation yet on the EC website), the out-standing loans amount to €1.15bn. ▶ €0 – IMF (SBA) In addition, there might be outstanding loans of €2.15bn to the World Bank and €1bn to EIB + EBRD, but the corresponding figures have not been published on the websites of the World Bank, EIB and EBRD.	***Total: €238bn*** ▶ EA MSs+EFSF +ESM: €227.7bn ▶ IMF: €10.3bn	***Total: €43.8bn*** ▶ EFSM: €22.5bn ▶ EFSF: €17.7bn ▶ IMF: € 0 ▶ Bilateral (UK): €3.6bn	***Total: €54.9bn*** ▶ EFSM: €24.3bn ▶ EFSF: €26.0bn ▶ IMF: €4.6bn	***Total: €29.7bn*** ▶ ESM: €29.7bn	***Total: €7.0bn*** ▶ ESM: €6.3bn ▶ IMF: €0.7bn
LATEST COUNTRY RATING (ACCORDING TO FITCH)	**Rating: BBB-** Grade: Non-Investment Outlook: stable (status 6 July 2018)	**Rating: BB-** Grade: Non-investment Outlook: stable (status 10 August 2018)	**Rating: A+** Grade: Investment Outlook: stable (status 15 December 2017)	**Rating: BBB** Grade: Investment Outlook: stable (status 1 June 2018)	**Rating: A-** Grade: Investment Outlook: stable (status 19 January 2018)	**Rating: BB+** Grade: Non-investment Outlook: positive (status 20 April 2018)

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 the IMF.
BoP for Romania	From 2009 to 2011 Romania was under a BoP assistance programme (€5bn) as part of multilateral assistance of €20bn (IMF €13bn; World Bank €1bn; EIB + EBRD €1bn).
EFSF	European Financial Stability Facility: it provides financial assistance to euro area MS. As of 1 July 2013, the EFSF may no longer engage in new financing programmes or enter into new loan facility agreements. The ESM is now the sole and permanent mechanism for responding to new requests for financial assistance by euro area MS.
ESM	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 €704.7987bn (including its recent member Lithuania). It enjoys preferred creditor status, junior only to the IMF.
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 EC in financial markets. The EC 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. The EFSM funding has been completed after Portugal´s exit from the programme.
PSI	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 €21.1bn in net terms.
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. The loans were pooled by the EC, 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 undisbursed part of €80bn was thus transferred to the 2nd programme which was disbursed by the EFSF.
EFF and SBA	When a country faces serious medium-term balance of payments problems because of structural weaknesses that require time to address, the IMF can assist with the adjustment process under an Extended Fund Facility (EFF). Compared to assistance provided under the Stand-by Arrangement (SBA), assistance under an extended arrangement features longer program engagement—to help countries implement medium-term structural reforms—and a longer repayment period.
IMF Disbursements	IMF disbursements are made in Special Drawing Rights (SDRs) and therefore the € amounts change over time, applying the current exchange rate.
IMF Article IV	Surveillance of Members' economies undertaken by the IMF under Article IV of the IMF Articles of Agreement. Annually, the IMF assesses the situation of a member country and reports to the relevant authorities, whose views are taken into account in preparing the reports that are presented to the IMF Executive Board. Although Article IV surveillance missions are somehow similar in scope to IMF PPM (see below), their legal bases are different. For countries that have received financial assistance, the IMF undertakes, in general, two missions per year, one under the PPM and the other under Article IV.
PPS	Post-Programme Surveillance: under the so-called "two pack", countries exiting a bailout are subject to PPS until 75% of its rescue loans are paid back (Art 14 of Reg. 472/2013).
EWS	Early Warning System: in accordance with Article 13(6) of the ESM Treaty, the ESM shall establish an appropriate warning system to ensure that it receives any repayments due by the ESM Member under the stability support in a timely manner. EWS thus detects repayment risks and allows for corrective actions. It applies not only to the ESM programme countries (Spain, Cyprus), as foreseen in the Treaty, but also to the EFSF programme countries (Greece, Ireland, Portugal).
PPM	Post-Programme Monitoring by the IMF.