BRIEFING

European Parliament

Macro-Financial Assistance to EU Member States

State of Play – May 2018

This document provides regularly updated information on EU Member States receiving financial assistance from the ESM, EFSF, EFSM, the EU balance of payments assistance facility, other Member States and/or the IMF. It also covers the post-programme reviews 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).

On-going programme implementation

Greece (third economic adjustment programme)

Fourth review: The debriefing of the April 2018 Eurogroup meeting mentions, without providing details, that progress was made on the ongoing fourth review and that Minister Tsakalotos presented Greece's forthcoming comprehensive growth strategy for the coming years (in January 2018, the Eurogroup requested it to be finalized well before the end of the programme). Ministers were also briefed on the key topics that are relevant to the successful completion of the programme. They were informed on the technical work that has been done to date on the growth adjustment mechanism, as part of the possible medium-term debt measures for Greece. They also discussed the possible form that the post-programme framework could take. In addition, the Eurogroup President stated after the April meeting: a) the institutions will return to Athens on 14 May 2018 for their next mission and that ahead of the May Eurogroup the institutions and the Greek authorities will work towards an agreement on all policies that need to be implemented for the final review - the so-called staff level agreement; (b) he took note of the intention of the Greek government not to request a successor arrangement; (c) on the future monitoring of the economic, fiscal and financial developments, the Eurogroup took note of the so-called 'enhanced surveillance', as proposed by the Commission; (d) on the basis of a successful review, the Eurogroup will decide in June all the elements that can help facilitate the exit of Greece from the programme by August.

Third review: On 22 January 2018, the Eurogroup welcomed the implementation of almost all of the agreed prior actions for the third review. Notably, the Greek authorities have adopted the 2018 State Budget which is compliant with the agreed primary surplus target of 3.5% of GDP. Moreover, the Eurogroup

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PE 497.721 - 15 May 2018

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stated that the draft Compliance Report of 20 January 2018 (finalized in March 2018) shows that the Greece has over-achieved the fiscal targets set for 2015-2017. Furthermore, the Eurogroup mentioned progress regarding structural reforms in a number of areas (stronger tax collection through the Independent Authority of Public Revenue, enhanced fairness and effectiveness of the social welfare system, opening of regulated professions, product and energy markets and improving the investment licensing system). It also stated progress on NPL resolution through further actions related to the effective operationalization of the out-of-court workout scheme and the start-up of electronic auctions. Following the full implementation of the prior actions and the completion of national procedures, the ESM endorsed on 27 March 2018 a supplemental MoU and approved the fourth tranche of €6.7 bn. Immediately after the endorsement, a first disbursement of €5.7 bn (bringing the total sum of ESM funds disbursed to Greece to €45.9bn) was made to cover Greece's debt servicing needs, to allow the further clearance of arrears and to support the build-up of the cash buffer of the Greek State, in order to support Greece's return to the market. The subsequent disbursements may be approved after 1 May 2018 subject to a positive reporting by the European Institutions on the clearance of net arrears using also own resources and a confirmation from the European institutions that the unimpeded flow of e-auctions has continued. Finally, the January 2018 Eurogroup confirmed the start of the technical work by the Eurogroup Working Group on the growth-adjustment mechanism, as part of the medium-term debt relief measures to be implemented, if needed, following the successful conclusion of the programme, in line with the Eurogroup agreement of June 2017; in this context, it invited the European institutions and the IMF to take into account the holistic Greek growth strategy when updating the Debt Sustainability Analysis. Further recent programme documents are the technical MoU of 22 March 2018, the Asset Development Plan (privatisation programme) of December 2017, and the current government pending actions (dated 18 January 2018) under the privatisation programme. Note also that the annex of the Compliance Report on the third review includes an updated Debt Sustainability Analysis which presents four different scenarios on long-term growth and fiscal performance.

Background: The second economic adjustment programme expired on 30 June 2015. On 9 July 2015, Greece submitted to the ESM a request for financial assistance (a separate request was sent to the IMF). On 20 July 2015, Greek banks reopened after a three-week bank-holiday, following the adoption by the Greek Parliament of the required actions to initiate negotiations on a third programme. The reopening was accompanied by capital control measures (subsequently repeatedly relaxed). The EC eventually signed on 19 August 2015 (on behalf of the euro area members) a MoU with Greece for a third economic adjustment programme (for 2015-18) of up to €86 billion. In June 2016, the EC published the compliance report upon conclusion of the *first review.* Short-term debt relief measures were endorsed by the Eurogroup in December 2016 and adopted by the ESM in January 2017. The 2017 budget confirmed the primary balance target of 1.75% of GDP and allowed for the national rollout of the Guaranteed Minimum Income. In May 2017, Greece agreed with the institutions on policy reforms (such as pensions, income tax, privatization, land use, labour market as well as the financial and energy sectors) updating the policy conditionality presented in the original MoU, including the prior actions for the second review. In June 2017, the Eurogroup finalised its discussion on the *second review*. It invited Greece and the institutions to develop and support a holistic, growth enhancing strategy. The Eurogroup welcomed Greece's commitment to maintain a primary surplus of 3.5% of GDP until 2022 and a fiscal path consistent with the European fiscal framework thereafter (according to EC of equal to or above but close to 2.0% of GDP over the period 2023-2060). During the Eurogroup meeting, the IMF informed of its intention to recommend to the IMF's Executive Board the approval in principle of Greece's request for a 14-month standby arrangement. Also in June 2017, the Compliance Report completing the second review that the Greek authorities have completed the 140 prior actions set out in the supplemental MoU (sMoU). The sMoU was published only in July 2017, i.e. after its implementation has been assessed in the Compliance Report. In July 2017, on the basis of the Eurogroup agreement and the Compliance Report, the ESM disbursed €7.7 billion (€6.9 billion for debt servicing needs and €0.8 billion for arrears clearance) and in

October 2017 (following the clearance of net arrears by the Greek government) another €0.8 billion for further arrears clearance. The third tranche is therefore completed.

Post-programme surveillance

Ireland: End of 2013, Ireland exited the 3-year-programme (see ex-post evaluation of 2015) and became subject to PPS/EWS/PPM. The latest PPS/EWS and PPM were conducted in November/December 2017. The EC and ECB staff concluded on 1 December 2017 that growth of the domestic economy remains robust but that risks remain tilted to the downside, notably due to uncertainty linked to the Brexit and due to the possibility that strong increases in property prices continue over the medium term. In addition, it was noted (like after previous PPS) that the resilience of public finances to economic fluctuations and adverse shocks could be strengthened by broadening the tax base. On banking and housing issues, the EC and ECB (mission staff) assessed that (1) non-performing loans (NPLs) continue to decline although the pace of decline has slowed and the high share of long-term mortgage arrears remains a concern.; (2) persistent supply shortages coupled with increased demand continue to drive strong increases in residential property prices and rents. More details on the latest PPS/EWS are available in the PPS Report published in February 2018. The next PPS mission is planned to take place in spring 2018 (the IMF conclusions of the December 2017 PPM have not been published). 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 concluded after the 2018 Art. IV staff visit to Ireland (which does not constitute a PPM) 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 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."*

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 seventh PPS/EWS/PPM mission took place in November/December 2017. The EC staff concluded that the short-term economic and financial situation in Portugal has improved and important progress has been made in addressing near-term risks. Overall, Portugal's economic rebalancing has made good progress, though elevated public and private sector debt, and prevailing rigidities in the economy continue to weigh on growth potential. Ambitious growth-enhancing reforms and sustained fiscal structural consolidation are essential to improve the economy's resilience to shocks and the medium-term growth prospects. In February 2018 the IMF Executive Board concluded the sixth PPM, noting that the job-rich and broad-based growth has gathered momentum, contributing to better-than-expected fiscal outcomes in 2017, including the exit from the EDP. Financial stability has also improved. At the same time, current favourable conditions provide an opportunity to further reduce remaining vulnerabilities stemming from high public and private debt as well as the still large stock of bad loans on banks' balance sheets. 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). On 15 December 2017, Fitch Ratings upgraded Portugal by two notches, from BB+ to BBB, lifting it to investment grade. This upgrade reflects, inter alia, the favourable public debt dynamics, the fifth consecutive current account surplus in 2017 as well as recapitalisation of Portugal's two largest banks.

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 ninth 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. Spain made its seventh voluntary repayment of €2.0 billion to the ESM in February 2018, bringing the total amount of loans repaid to €11.6 billion (about 28% of the funds borrowed).

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 fourth PPS/EWS mission took place in March 2018 and was coordinated with the IMF. The EC staff concluded that the ongoing strong recovery and the renewed reform mandate following the presidential elections provide a window of opportunity to reduce the key vulnerabilities of the Cypriot economy, namely the still high, though declining, level of non-performing loans, private and public debt as well as youth unemployment. The fiscal position has remained strong, reflecting buoyant tax revenues and, to a lesser extent, lower-than-expected expenditure. Looking ahead, renewed structural reform commitment by all national stakeholders is necessary to maintain growth over the medium term and safeguard fiscal sustainability. In March 2018, the IMF staff reached similar conclusions, 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)	Third Economic Adjustment Programme (2015-2018) IMF (second Programme: March 2010-March 2016)	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 ongoing until 2016)*	*Economic Adjustment Programme (2010-2013)*	*Economic Adjustment Programme (2011-2014)* Portugal decided to leave the programme without completing the final review and without re-ceiving 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.	*Third programme:* ► Restoring fiscal sustainability ► Safeguarding financial stability ► Growth, competitiveness and investment ► A modern State and public administration	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

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	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
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 parti-cipate 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 ▶ €1.15 bn - World Bank	***Total: € 272.9bn*** ***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 *Third Programme* ▶ ESM: €45.9bn	***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
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 €22.7bn to the IMF (latest repayments: 19 March 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 January 2016: "The next principal repayment of EFSM/EFSF loans is due in 2018."	▶ January 2018: €0.8bn (early repayment to the IMF) ▶ In total, €22.3bn to the IMF in a series of early voluntary repayments (as of 31 March 2018). ▶ Overview of the planned early repayments to the IMF over the period 2018-2021 (p. 35)	▶ February 2018: €2.0bn (early repayment to the ESM) ▶ In total, €11.6bn to the ESM (as of 31 March 2018). ▶ 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)

TOTAL OUTSTANDING LOANS (AS OF 30 APRIL 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 outstanding loans amount to €1.15bn. ▶ €0bn (IMF) 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. ▶ €0 – IMF (SBA)	***Total: €238.5bn*** ▶ EA MSs+EFSF +ESM: €227.7bn ▶ IMF: €10.8bn	***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: Investment Outlook: stable (status 12 January 2018)	**Rating: B** Grade: Non-investment Outlook: positive (status 16 February 2018)	**Rating: A+** Grade: Investment Outlook: stable (status 15 December 2017)	**Rating: BBB** Grade: Investment Outlook: stable (status 15 December 2017)	**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.
PPS	Post-Programme Surveillance: under the so-called “two pack” rules, countries exiting a bailout must be subject to a PPS until 75% of its rescue loans are paid back (see Article 14 of Regulation 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.