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ESM Board of Directors approves €2.8 billion disbursement to Greece

Luxembourg – The Board of Directors of the European Stability Mechanism (ESM) today authorised the disbursement of €2.8 billion to Greece, which is the remaining amount of the second tranche of ESM financial assistance.

“Today’s decision to disburse €2.8 billion to Greece is a sign that the Greek people are steadily making progress in reforming their country. The government has completed key milestones in the area of pension reform, bank governance, the energy sector, and revenue collection. It has also taken further steps in making the new privatisation and investment fund operational. If the government continues to implement the reforms agreed in the ESM programme, growth of the Greek economy could accelerate next year and the government may be able to start issuing bonds again next year,” said ESM Managing Director Klaus Regling.

This €2.8 billion disbursement consists of two parts: €1.1 billion was approved for release following the full implementation of a set of 15 milestones by the Greek authorities, and is to be used for debt servicing. A further €1.7 billion can now also be disbursed after a positive assessment of the clearance of net arrears by Greece; this amount will be disbursed to a dedicated account for clearing arrears.

“I am also pleased to note that the Greek government has fulfilled its commitment to clear arrears, as this will have a positive impact on the country’s economy. I hope our good cooperation with the Greek government continues, so that the second review of the programme can be completed in a timely manner,” said Mr Regling.

After the disbursement approved today, ESM financial assistance for Greece will reach €31.7 billion, out of a total programme volume of up to €86 billion. The ESM and the EFSF together have so far disbursed €173.5 billion to Greece (including the amount approved today), making the rescue funds by far the largest creditor of Greece.

About the ESM

The European Stability Mechanism (ESM) has the mandate to preserve financial stability in the euro area by providing financial assistance to Member States with severe financing problems. It is a permanent inter-governmental institution, inaugurated on 8 October 2012. ESM assistance may include loans, precautionary credit lines, the purchase of bonds of ESM Members in primary and secondary markets, and the recapitalisation of financial institutions directly and through loans to governments. All financial assistance to Member States is linked to appropriate conditionality. The ESM finances its assistance by issuing bonds and other debt instruments. The shareholders of the ESM are the 19 euro area Member States. It has a total subscribed capital of approximately €700 billion, which comprises €80 billion in paid-in capital and €620 billion in committed callable capital. The ESM’s maximum lending capacity is €500 billion.



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