

ESM and EFSF waive Greece's repayment obligation, clearing way for second early IMF repayment

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Press releases



The Boards of Directors of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) agreed today to waive the mandatory early repayment obligation of ESM/EFSF loans in connection with Greece's planned second early repayment to the International Monetary Fund (IMF).

Under the ESM and EFSF loan agreements with Greece, an early repayment to the IMF results in a proportional amount of ESM and EFSF loans becoming immediately due and payable. The waiver granted by the ESM and EFSF means that Greece will not be required to make an early repayment to either institution.

"Thanks to the waiver approved today, Greece will be able to make a second early repayment to the IMF. This will have a positive impact on the country's finances, thanks to a reduction in debt servicing costs. It will also strengthen market confidence in Greece, as it follows ESM/EFSF programme countries Ireland, Portugal and Cyprus, who have repaid their IMF loans ahead of schedule. The ESM and EFSF

are Greece's long-term partner, and we will continue to support Greece in its efforts to implement policies that enhance growth and safeguard debt sustainability – this is in our mutual interest,” said ESM Managing Director and EFSF CEO Klaus Regling.

On 8 February 2021, the Greek government sent formal requests to the ESM and EFSF proposing an early repayment of part of its outstanding loans to the IMF, amounting to approximately €3.3 billion (around 65% of the outstanding loan to the IMF). This will be Greece's second early repayment to the IMF, after repaying €2.7 billion in November 2019.

The EFSF and ESM lending documentations contain proportional repayment provisions when parallel official sector financing is repaid ahead of schedule. Without the waiver approved today, Greece would have been obliged to make a cumulative repayment of €104.5 billion to the ESM and EFSF in parallel to its IMF repayment.

More information on [ESM](#) and [EFSF](#) programmes for Greece

Contacts



[Cédric Crelo](#)

Head of Communications and Chief Spokesperson

+352 260 962 205

c.crelo@esm.europa.eu



[Anabela Reis](#)

Deputy Head of Communications and Deputy Chief Spokesperson

+352 260 962 551

a.reis@esm.europa.eu



[Juliana Dahl](#)

Principal Speechwriter and Principal Spokesperson

+352 260 962 654

j.dahl@esm.europa.eu