

ESM Board of Governors approves decision to grant, in principle, stability support to Greece

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Press releases

ESM

Luxembourg – The Board of Governors of the European Stability Mechanism (ESM) approved today a decision to grant, in principle, stability support to Greece in the form of a loan programme. This decision follows the completion of national procedures that involved parliamentary approval in some of the ESM Member States. The basis for the Board of Governors’ approval was the assessment by the institutions and the proposal by ESM Managing Director Klaus Regling.

This in-principle decision paves the way for the institutions to negotiate a Memorandum of Understanding (MoU) detailing the agreed macroeconomic reforms, or policy conditionality, linked to the ESM financial assistance facility. Simultaneously, the ESM Managing Director will prepare a proposal for the loan contract with Greece, the Financial Assistance Facility Agreement (FFA).

Once the MoU is finalised, the Board of Governors must take a further decision, involving national parliaments in some Member States, to approve the MoU as well as the FFA proposal. The European Commission must sign the MoU. Finally, the ESM Board of Directors must adopt the FFA and agree to disburse the first tranche of the loan.

Klaus Regling, ESM Managing Director, said: “We welcome that the Greek government and parliament voted in favour of the reforms with a very broad majority. This has paved the way for today’s decision in principle to start negotiations on a new programme for the benefit of Greece. Let me stress that thanks to reform implementation, Greece had started to grow again in 2014, unemployment had begun to decline, and the country had regained some market

access. The ESM has a remaining lending capacity of €455 billion but only a small part of this sum will be needed. The ESM stands ready to provide financial assistance when our Members fully adopt an ESM programme.”

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