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EFSF/ESM Financial Assistance

Evaluation Report

CEPS
Brussels
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OVERVIEW

- Mandate & method
- Participants
- Main findings
- Recommendations
- Issues for discussion

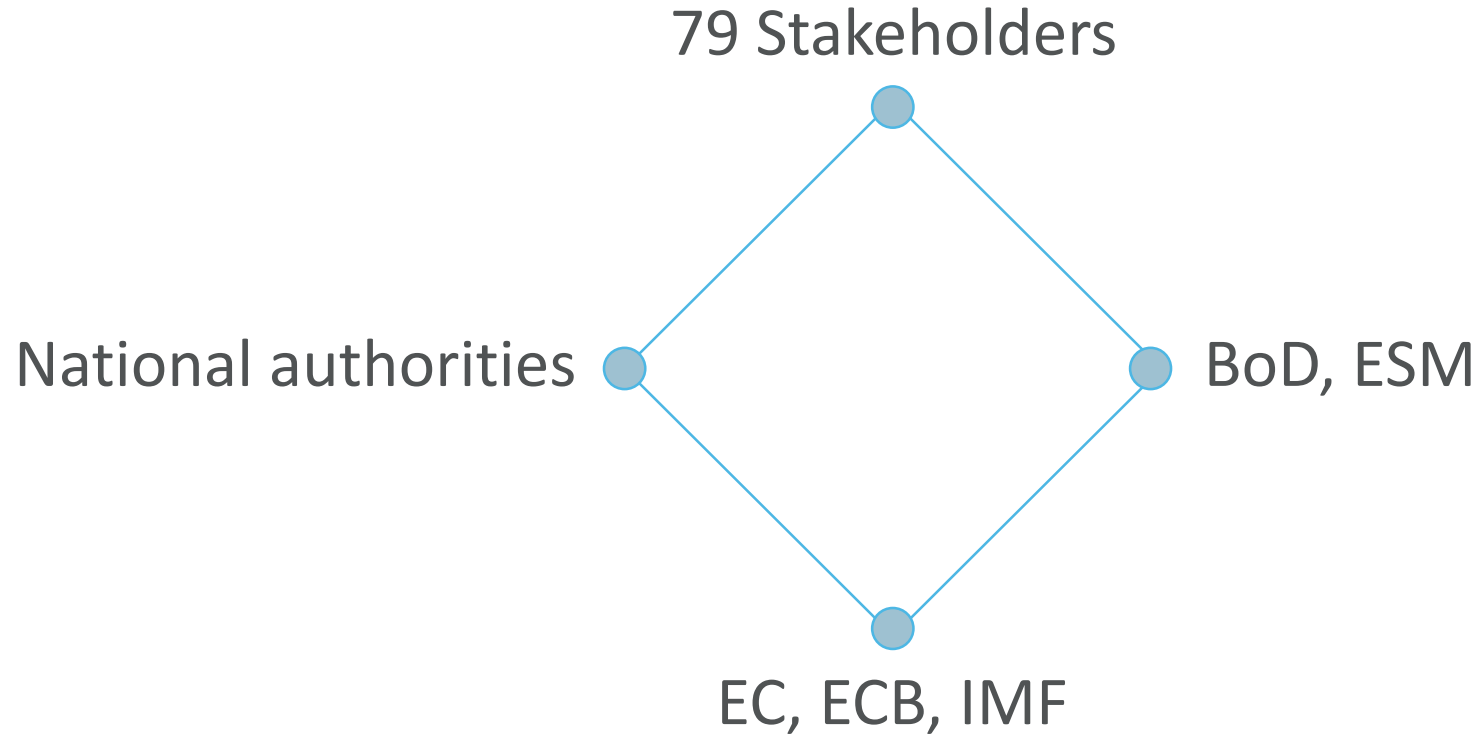


MANDATE & METHOD

- Relevance
- Effectiveness
- Efficiency
- Interviews, desk studies



PARTICIPANTS



MAIN FINDINGS (1/2)

- Firewall - financial stability
- Resilience - macro-outcomes mixed
- Financing sufficient - repayment terms eased
- Financial sector recovery when upfront strategy



MAIN FINDINGS (2/2)

- Market access - structural reforms
- Early Warning - limited enforcability
- Complex framework - coordination challenges
- Transparency - data accessibility



1. FIREWALL WORKED

- Pre-empt delays: stagger programmes to increase ownership
- Communicate jointly

Recommendation:

The ESM should focus on programme credibility and support ownership.



2. FOCUS ON MACRO-CRITICAL CONDITIONALITY

- Focus on the return to market financing
- Structural reforms require adequate timeframe
- Keep reform momentum

Recommendation:

Programme design should have clear objectives and priorities.

3. ADDRESS FINANCIAL SECTOR UPFRONT AND CONDITION DISBURSEMENTS

Recommendation:

The programmes should address financial sector issues upfront, but associated disbursements should be phased, based on progress.



4. AGREE ON ROLES AND RESPONSIBILITIES FOR PROGRAMMES EX ANTE

- Simplify governance
- Clearer compliance criteria
- More formal cooperation arrangements

Recommendation:

The Board should further refine and develop the ESM governance framework.

5. INCREASE TRANSPARENCY

- Evaluate risk-relevant activities
 - ➔ Early Warning System and
 - ➔ Greek programmes

Recommendation:

The ESM should enhance programme transparency and evaluability.



6. OUTLOOK: ESM AS GUARDIAN OF SYSTEMIC STABILITY

- Evolving European financial architecture
- Euro area prosperity requires a preventive capacity
- The current Early Warning mandate targets monitoring only

Recommendation:

ESM Members may clarify the ESM's role in euro area institutional development.



ISSUES FOR DISCUSSION (1)

- Setup of Country programmes - Sovereignty vs Stabilization
- Timing and financing needs - precaution and scope



ISSUES FOR DISCUSSION (2)

- Financial sector repair - enforcement
- Governance, transparency, surveillance, early intervention



