2010–2020
A decade supporting euro area stability: the EFSF and ESM
Ten years ago, the temporary EFSF was created to address a crisis where the survival of the currency union was at stake. Some member states faced the loss of market access, while others began to feel spillover effects. As that crisis gathered steam, it became clear that a permanent response was needed. The ESM was created with the mandate to safeguard financial stability for the euro area as a whole and its member states.

With a solid financial base of €80 billion in paid-in capital, €620 billion in callable capital, €500 billion in lending capacity, and the ability to raise money cheaply on the markets, the ESM provided a convincing answer to the crisis that markets had been looking for. Together with its temporary predecessor, the ESM financed six assistance programmes in five countries: Ireland, Greece, Spain, Cyprus, and Portugal. Today, the ESM and its partners look upon the five programme countries as five success stories.

The mandate of safeguarding financial stability does not mention programme countries’ social welfare, but by granting loans to troubled countries when no one else will the ESM allows a country to spread the adjustment burden over several years, thereby easing the pain for citizens.

After a successful first 10 years, we now turn to the future. The ESM is part of the €540 billion European Covid-19 crisis response. The ESM is evolving: like any crisis fund or institution, it is adapting to the circumstances. Our Pandemic Crisis Support credit line demonstrates yet again our commitment to the mandate of safeguarding the euro.
Signing ceremony of the European Financial Stability Facility on 7 June 2010. The EFSF, established to tackle the crisis and provide emergency financing to euro area member states, is a temporary institution, is also provided by the European Commission via its lending facility, the European Financial Stabilisation Mechanism (EFSM). The EFSF contributes €17.7 billion, with loans financed by the EFSF and the IMF. The EFSF's first office had a makeshift feel, in keeping with the rescue fund's hasty set-up.

The ESM grants its first financial assistance to repair its banking system. Its success demonstrates that the strategy to grant assistance from the EFSF, European and International Monetary Fund leads to economic growth. Portugal exits the EFSF programme and starts operating.

The ESM issues a new €1 billion 40-year benchmark bond, the longest maturity bond available, the country draws only €41.3 billion of the €26 billion in loans to support Portugal. The ESM does not use this money to finance its loans. Paid-in capital ensures that the ESM remains solvent.

The ESM adopts the third programme reforms, Cyprus to €10 billion, with the ESM contributing €9 billion and the IMF €1 billion, Cyprus is able to modernise its economy and regain the euro in times of crisis. The world's regional rescue programmes have ended. Portugal issues a 30-year bond in October.

The ESM issues the first bond under the Crisis Support credit line. European crisis response is the Pandemic Crisis Support credit line, as part of the overall EU response to the most serious health crisis in a century, seen in a century, strikes Europe. European governments agree on large-scale fiscal and liquidity measures to safeguard jobs, social safety nets, and...
ESM Pandemic Crisis Support

The outbreak of the coronavirus escalated within weeks from a local health issue far from European shores to a global crisis of unprecedented proportions. The March 2020 outbreak confronted Europe with new health and financial realities. European governments responded swiftly with large-scale fiscal and liquidity measures to safeguard jobs, social safety nets, and companies. This extraordinary expenditure is propelling member state deficit and debt levels sharply higher. The European Commission, the European Investment Bank, and the ESM will finance more than €540 billion to complement national efforts in the fight against the pandemic’s effects. The safety nets that make up the package match each institution’s expertise. They can be deployed rapidly, complementing national measures and ensuring an even-handed policy response across the EU’s single market.

The ESM is contributing the Pandemic Crisis Support credit line. Based on its existing precautionary credit line, this credit line is available to all euro area member states, at a volume of 2% of the respective member states’ gross domestic product as of end-2019, as a benchmark. The credit line will support domestic financing of direct and indirect healthcare, cure, and prevention-related costs due to the Covid-19 crisis. As a temporary credit line, tailored to the pandemic crisis, the European Commission’s surveillance and reporting will be limited to healthcare-related expenses. It will be available until the end of 2022.

These European measures, including the ESM pandemic credit line, are designed to help particularly the most-affected countries. For the medium-term, the European Council decided to establish a recovery fund to finance the repair of the economic damage the pandemic caused in EU Member States.

- **Total loans disbursed:** €203.8 billion
- **Total loans outstanding:** €190.8 billion
- **Loan repayments:** 2023–2070
- **Final weighted average loan maturity:** 42.3 years (EFSF) and 32.3 years (ESM)

52.7% of Greek public debt is held by the EFSF and ESM (as of March 2020)

Financial assistance disbursed to Greece, 2010–present
(in € billion)

- **EFSF:** 141.8
- **ESM:** 61.9
- **IMF:** 32.1
- **Greek Loan Facility (bilateral):** 52.9
Ireland

**EFSF programme (2010–2013)**

- **Total loans disbursed:** €17.7 billion
- **Total loans outstanding:** €17.7 billion
- **Loan repayments:** 2029–2042
- **Final weighted average loan maturity:** 20.7 years

Portugal

**EFSF programme (2011–2014)**

- **Total loans disbursed:** €26 billion
- **Total loans outstanding:** €24 billion
- **Loan repayments:** 2025–2040
- **Final weighted average loan maturity:** 20.8 years
Cyprus

ESM programme (2013–2016)

- Total loans disbursed: €6.3 billion
- Total loans outstanding: €6.3 billion
- Loan repayments: 2025–2031
- Final weighted average loan maturity: 14.9 years

Spain

ESM programme (2012–2013)

- Total loans disbursed: €41.3 billion
- Total loans outstanding: €23.7 billion
- Loan repayments: 2022–2027
- Final weighted average loan maturity: 12.5 years
Policy-related facts

The ESM's mission is to enable the countries of the euro area to avoid and overcome financial crises and to maintain long-term financial stability and prosperity.

- **€704.5 billion**: Total subscribed capital
- **€88.5 billion**: ESM paid-in capital
- **€410.1 billion**: ESM's remaining lending capacity
- **€18.2 billion**: Total 2019 budgetary savings of all five programme countries as a result of EFSF/ESM financing
- **€248 billion**: Volume of Pandemic Crisis Support credit lines if all ESM Members apply and draw loans

**€295 billion in loans disbursed by EFSF and ESM, by country**

- Greece: 203.8 billion
- Spain: 41.3 billion
- Portugal: 17.7 billion
- Ireland: 6.3 billion
- Cyprus: 26 billion
### Funding-related facts

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<td><strong>€316.4 billion</strong></td>
<td>Total volume of outstanding EFSF and ESM bonds and bills at end July 2020: €198 billion of EFSF bonds, €94 billion ESM bonds, and €24.4 billion ESM bills.</td>
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<td><strong>EFSF's and ESM's own profile and funding strategy</strong></td>
<td>Funds use typical elements of government debt market issuers (auctions, issuance calendar, regular bill-programme).</td>
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<td><strong>Bill programme</strong></td>
<td>In December 2011, the EFSF started to issue bills on a regular basis via auction. In January 2013, the bill programme was moved to the ESM, the only supranational issuer with a regular and strategic bill programme.</td>
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<td><strong>The ESM issues bonds in euros and in US dollars</strong></td>
<td>This allows the ESM to diversify further its investor base. The ESM runs no currency risk, as it swaps the proceeds back into euros.</td>
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<td><strong>1,700 investors</strong></td>
<td>Expanded from a pool of 500 investor in early 2011, the 1,700-strong investor base today is drawn 56% from the euro area and 44% from the rest of the world.</td>
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<td><strong>Environmental, Social and Governance considerations</strong></td>
<td>Central to ESM activities in recent years. In June 2020, it announced a framework for issuing the first ESM social bonds.</td>
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<td><strong>The ESM's robust ratings</strong></td>
<td>Enjoying Standard &amp; Poor's AAA stable outlook, Moody's Investors Service Aa1 stable outlook, and Fitch Ratings AAA stable outlook, the ESM can raise funds in capital markets at the lowest possible cost.</td>
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