

# EFSF approves seventh successive reduction of step-up interest margin for Greece

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Press releases

EFSF



(Luxembourg) - The Board of Directors of the European Financial Stability Facility (EFSF) decided to reduce to zero the step-up margin accrued by Greece for the period between 1 January and 17 June 2022, as part of the medium-term debt relief measures agreed for the country in 2018. The value of this seventh successive reduction amounts to €103.3 million and will be reimbursed to Greece by the EFSF.

Additionally, as part of the debt relief measures, on 15 July 2022, the European Stability Mechanism (ESM), acting as an agent for the euro area member states and after their approval, made a transfer of €644.42 million to Greece. This corresponds to the income earned on holdings regarding the Securities Markets Programme (SMP) and the Agreement on Net Financial Assets (ANFA).

“Greece has made continued progress with reform implementation in the challenging circumstances of the pandemic crisis and the economic fallout of the war in Ukraine. The government carried out reforms concerning public financial management, property taxation, the justice system, and the Hellenic Financial Stability Fund. The European institutions delivered a positive assessment regarding the completion of Greece’s reform commitments in the first half of 2022. This cleared the way for this tranche of debt relief measures tied to those commitments,” said ESM Managing Director and EFSF CEO Klaus Regling.

He added: “Greece’s reform progress, and the approaching end of the enhanced surveillance framework are signs of the country’s economic recovery and normalisation. Further efforts should continue, particularly regarding financial sector policies, the clearance of arrears, primary health care, the land register, and labour legislation.”

The step-up margin of 2% relates to the €11.3 billion EFSF loan for Greece (part of the second Greek programme), which was used to fund a debt buy-back in 2012. The margin had originally been foreseen to apply to this loan from 2017 onwards. Under the [short-term debt-relief measures](#), the step-up interest margin was reduced to zero for the year 2017. As part of the subsequent [medium-term debt relief measures](#) for Greece, the EFSF Board of Directors agreed to a conditional mechanism to reduce the step-up margin to zero, starting with the year 2018. Such a reduction is possible by Board decision every six months until 1 January 2023, based on a positive assessment of Greece’s continued implementation of key reforms under the ESM programme, and compliance with its post-programme policy commitments.

The transfer of SMP/ANFA income equivalent amounts to Greece on a semi-annual basis depends on the country’s compliance with its policy commitments. This was one of the medium-term debt relief measures for Greece listed in the [Eurogroup statement of 22 June 2018](#).

The reduction of the step-up margin and transfer of SMP/ANFA income equivalent amounts represent the seventh tranche of policy-contingent debt relief measures for Greece. The total value of all tranches of debt relief amounts to over €5.7 billion.

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