

EFSF/ESM programme evaluation report published today

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Press releases

Luxembourg - The first [Evaluation Report](#) on European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM) financial assistance programmes was published today. The Independent Evaluator, Gertrude Tumpel-Gugerell, presented her report to the Board of Governors, after nine months of work and consultation.

This evaluation is the first of its kind and covered all five programme countries: Ireland, Portugal, Spain, Cyprus, and the EFSF programme for Greece up to December 2014.

“The assessment made in this independent evaluation is unequivocal: the establishment of the ESM was indispensable for the financial stability of the euro area. It shows all five programme countries improved their debt sustainability and economic fundamentals thanks to EFSF/ESM programmes, and it points to lessons that could improve the ESM’s future operations,” said Ms Tumpel-Gugerell.

The evaluation found that the EFSF and ESM fulfilled their mandate, helping programme countries improve their economic resilience and regain market access. Financing envelopes were sufficient and disbursements were appropriate. However, precautions taken against programme risks were not always communicated explicitly. Moreover, programme requests could have been made earlier and exit strategies considered sooner. Some programme countries exited without completing a final review, which can be considered a governance flaw.

The ESM Board of Governors mandated the ESM to conduct an evaluation in June 2016. The Chairman of the ESM Board of Governors, Jeroen Dijsselbloem, appointed Ms Tumpel-Gugerell, a former ECB executive board member, in September of the same year to lead the exercise as the independent evaluator. She produced this

report with the assistance of an ESM team and external advisers who had been involved in similar evaluations in the past.

The evaluation consisted of desk studies, surveys, and interviews with authorities in ESM Members and international institutions.

Based on the evaluation, Ms Tumpel-Gugerell made the following recommendations:

- **ESM should support programme credibility and ownership.** This requires pre-empting delays in programme requests, appropriate communication, and maintaining political legitimacy.
- **Programme design should have clear objectives and priorities.** It should focus on a return to market financing and provide an adequate timeframe for structural reforms.
- **The programmes should address financial sector issues upfront, but associated disbursements should be phased, based on progress.** An explicit and comprehensive financial sector strategy should be in place, including the management of non-performing loans.
- **The Board of Governors should further refine and develop the ESM governance framework** to increase the effectiveness of cooperation.
- **The ESM should enhance programme transparency and evaluability.** The ESM should set up a public programme database and evaluate the Early Warning System and the third Greek programme.
- **ESM Members may review the ESM's role and strengthen the preventive capacity for the euro area.**

These recommendations are intended to guide the design of future programmes and to invite ESM shareholders to develop the policy framework further.

For more information on the evaluation, please consult the Board of Governors' statement on the Evaluation report.

For further information on the recommendations of the independent evaluator, please consult the Explainer on the ESM website.

For enquiries, please [contact us](#).

About the independent evaluator

Gertrude Tumpel-Gugerell has extensive experience in economic policy and financial stability. From 2003 to 2011, she served as a member of the ECB Executive Board, responsible for market operations, payment systems and market infrastructure, human resources, budget, and organisation. Beforehand, from 1998 to 2003, she was vice governor of the Austrian Central Bank. Currently, Ms Tumpel-Gugerell is an Emerita Consultant at the Austrian Institute of Economic Research. She holds a doctoral degree in economics and social sciences from the University of Vienna.

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The Evaluation report should not be reported as representing the views of the ESM. The views expressed in this Evaluation Report are those of the Independent Evaluator and do not necessarily represent those of the ESM or ESM policy.

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