

ESM Board of Governors approves updated Memorandum of Understanding with Cyprus

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Press releases

ESM

Luxembourg - The Board of Governors of the European Stability Mechanism (ESM) approved today the updated Memorandum of Understanding (MoU) with Cyprus, following a positive assessment of the seventh review of Cyprus's macroeconomic adjustment programme.

The ESM Board of Directors is now expected to unlock the disbursement of €500 million to Cyprus tomorrow morning.

ESM Managing Director Klaus Regling said: "Cyprus has taken another step towards a successful completion of its ESM programme in the first quarter of 2016. The government has implemented the reform programme and the results are clear: not only with a correction of imbalances and a stabilisation of the financial sector but also a gradual return to growth and reduction in unemployment. This is the same pattern that we have seen in previous successful exits from ESM/EFSF programmes.

The need for reform does not expire as we reach the final stages of this programme: Cyprus has many challenges ahead, most importantly a pressing need to vigorously reduce the very high level of problem loans which are burdening the banks and limiting their capacity to support to the economy."

Once this €500 million tranche is released, the total amount of disbursed ESM financial assistance for Cyprus will add up to €6.3 billion out of the approximately €9 billion committed by the ESM at the start of the financial assistance programme.

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