

# ESM and EFSF approve waiver of Greece's mandatory repayment obligation

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Press releases

ESM

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The Boards of Directors of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) agreed today to waive the mandatory repayment obligation of ESM/EFSF loans in connection with a partial early repayment by Greece to the International Monetary Fund (IMF).

Under the ESM and EFSF loan agreements with Greece, upon early repayment to the IMF, a proportional amount of the financial assistance provided under ESM and EFSF facilities becomes immediately due and payable. The waiver granted by the ESM and EFSF means that Greece will not be required to make an early repayment to either institution.

“Greece’s early partial repayment to the IMF will be beneficial for both Greece and the ESM. It will generate savings as Greece can now finance itself on the market at a lower cost compared to the cost of servicing the tranche to be repaid to the IMF. This will improve Greece’s debt sustainability and should be positively perceived by financial markets. These benefits, which can materialise only if the ESM and EFSF waive their early repayment rights, will improve the EFSF’s and ESM’s position as Greece’s main creditors,” said ESM Managing Director and EFSF CEO Klaus Regling.

On 16 September 2019, the Greek government sent formal requests to the ESM and EFSF proposing an early repayment on part of its outstanding loans to the IMF, amounting to approximately €2.7 billion. The EFSF and ESM lending documentation contain proportional repayment provisions when parallel official sector financing is

repaid ahead of schedule. Without the waiver approved today, Greece would have been obliged to make a cumulative repayment of €52.2 billion to the ESM and EFSF in parallel to its IMF repayment.

More information on [ESM](#) and [EFSF](#) programmes for Greece  
[Link to ESM/EFSF Programme Database](#)

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