



International
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IMF Completes First Review Under Stand-By Arrangement with Greece and Approves €2.57 Billion Disbursement

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The Executive Board of the International Monetary Fund (IMF) today completed the first review of Greece's performance under an economic program supported by a 3-year, SDR 26.4 billion (about €30 billion) Stand-By Arrangement (SBA). The completion of the review enables the immediate disbursement of an amount equivalent to SDR 2.16 billion (about €2.57 billion), bringing total disbursements under the SBA to SDR 6.97 billion (about €8.28 billion).

The SBA, which was approved on May 9, 2010 (see [Press Release No. 10/187](#)), is part of a cooperative package of financing with Euro area member states amounting to €110 billion over three years. It entails exceptional access to IMF resources, amounting to more than 3,200 percent of Greece's quota, and was approved under the Fund's fast-track Emergency Financing Mechanism procedures.

Following the Executive Board's discussion, Mr. Murilo Portugal, Deputy Managing Director and Acting Chair said:

"The Greek authorities have made a strong start with their economic program, and their determined implementation has started to deliver results. All quantitative performance criteria for end-June were met, and major structural reforms are ahead of schedule. It is essential to continue implementing the program rigorously, supported by the large-scale financial support of the international community, while securing public consensus for reforms.

"The fiscal strategy is on track. Continued tight expenditure control and monitoring will be key, in particular at sub-national levels. The authorities are determined to strengthen tax administration and reduce tax evasion to secure revenues and promote fairness in adjustment.

"Restoring competitiveness and boosting potential growth is critical. Impressive progress has been made in structural reforms. A far-reaching pension reform has been approved by parliament, and substantive labor market reform is underway. Priority now needs to be given to opening closed professions, moving forward with deregulation, implementing the services directive, and eliminating barriers to tourism and retail trade, where potential for growth remains high.

"Liquidity in banks remains tight but manageable, supported by the ECB and the government's guarantee program. The new Financial Stability Fund provides an important back-stop for capital adequacy. Moreover, the Greek authorities have commissioned a strategic review for the banking sector and a due diligence for state banks. Continued close monitoring of the financial sector will be important," Mr. Portugal said.

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