28 November 2010

Statement by the Eurogroup and ECOFIN Ministers

Ministers unanimously agreed today to grant financial assistance in response to the Irish authorities' request on 22 November 2010. Ministers concur with the Commission and the ECB that providing a loan to Ireland is warranted to safeguard financial stability in the euro area and the EU as a whole.

Euro-area and EU financial support will be provided on the basis of a programme which has been negotiated with the Irish authorities by the Commission and the IMF, in liaison with the ECB. Ministers welcome the staff-level agreement on a three year joint EU/IMF financial assistance programme for Ireland. The Irish Government approved the programme on 28 November.

Ministers unanimously endorse the measures announced today. Building on the strong fundamentals of the Irish economy, the programme rests on three pillars:

- An immediate strengthening and comprehensive overhaul of the banking system
- An ambitious fiscal adjustment to restore fiscal sustainability, including through the correction of the excessive deficit by 2015
- Growth enhancing reforms, in particular on the labour market, to allow a return to a robust and sustainable growth, safeguarding the economic and social position of its citizens.

The financial package of the programme will cover financing needs up to € 85 billion, including € 10 billion for immediate recapitalisation measures, € 25 billion on a contingency basis for banking system supports and € 50 billion covering budget financing needs. Half of the banking support measures (€ 17½ billion) will be financed by an Irish contribution through the Treasury cash buffer and investments of the National Pension Reserve Fund. The remainder of the overall package should be shared equally amongst: (i) the European Financial Stabilisation Mechanism (EFSM), (ii) the European Financial Stability Facility (EFSF) together with bilateral loans from the UK, Denmark and Sweden, and (iii) the IMF (€ 22½ billion each).

The main elements of policy conditionality, as endorsed today, will be enshrined in Eurogroup and Council Decisions to be formally adopted on 6 and 7 December.

The Eurogroup will rapidly examine the necessity of aligning the maturities of the financing for Greece to that of Ireland.

Annex : Distribution of the loan to Ireland

Total programme volume	€ (billion)
Contribution by Ireland	17.5
External support	67.5
Total	85.0

External support breakdown	€ (billion)
IMF (1/3)*	22.5
Europe (2/3)	45.0
Total	67.5

European breakdown	€ (billion)
EFSM	22.5
EFSF (+ bilaterals)	22.5
Total	45.0

EFSF (+ bilaterals) breakdown	€ (billion)
EFSF (effective) euro area	17.7
United Kingdom	3.8
Sweden	0.6
Denmark	0.4
Total	22.5

*Subject to the IMF Board's approval