

Eurogroup Statement on the Pandemic Crisis Support

1. On 23 April 2020, Leaders endorsed the agreement by the Eurogroup in inclusive format of 9 April 2020 on the three important safety nets for workers, businesses and sovereigns, amounting to a package worth EUR 540 billion, and called for their operationalisation by the 1st June 2020. The Leaders also agreed to work towards establishing a Recovery Fund and tasked the Commission to analyse the exact needs and to urgently come up with a proposal that is commensurate with the challenge. The Eurogroup in an inclusive format will continue to closely monitor the economic situation and prepare the ground for a robust recovery.

2. The Eurogroup welcomes the efforts that are well underway in the Council on the SURE proposal, and in the EIB Governing Bodies on the establishment of the pan-European guarantee fund, to support European workers and businesses, and confirms the agreement to establish the ESM Pandemic Crisis Support for sovereigns.

3. We agreed today on the features and standardized terms of the Pandemic Crisis Support, available to all euro area Member States for amounts of 2% of the respective Member's GDP as of end-2019, as a benchmark, to support domestic financing of direct and indirect healthcare, cure and prevention-related costs due to the COVID-19 crisis. We also welcomed the institutions' preliminary assessments on debt sustainability, financing needs, financial stability risks, as well as on the eligibility criteria for accessing this instrument. We agree with the view of the institutions that all ESM Members meet the eligibility requirements to receive support under the Pandemic Crisis Support. Subject to the completion of national procedures, we expect the ESM Board of Governors to adopt a resolution confirming this well before the 1st of June 2020. The provisions of the ESM Treaty will be followed.

4. The Eurogroup recalls that the only requirement to access the credit line will be that euro area Member States requesting support would commit to use this credit line to support domestic financing of direct and indirect healthcare, cure and prevention related costs due to the COVID 19 crisis. This commitment will be detailed in an individual Pandemic Response Plan to be prepared on the basis of a template, for any facility granted under the Pandemic Crisis Support.

5. We agree that monitoring and surveillance should be commensurate with the nature of the symmetric shock caused by COVID-19 and proportionate with the features and use of the Pandemic Crisis Support, in line with the EU framework^[1] and the relevant ESM guideline. We welcome the Commission's intention to apply a streamlined reporting and monitoring framework, limited to the commitments detailed in the Pandemic Response Plan, as outlined in the letter of 7 May of Executive Vice President Valdis Dombrovskis and Commissioner Paolo Gentiloni addressed to the President of the Eurogroup. The ESM will also implement its Early Warning System to ensure timely repayment of the Pandemic Crisis Support.

6. We agree with the ESM proposal on the common financial terms and conditions applicable to any facility granted under the Pandemic Crisis Support. This includes a maximum average maturity of 10 years for the loans and favourable pricing modalities adapted to the exceptional nature of this crisis^[2].

7. The Eurogroup confirms that the Pandemic Crisis Support is unique given the widespread impact of the COVID-19 crisis on all ESM Members. Requests for Pandemic Crisis Support may be made until 31 December 2022. Upon a proposal by the ESM Managing Director, the ESM Board of Governors may decide by mutual agreement to adjust this deadline. The Managing Director proposal would be based on objective evidence on the course of the crisis. Afterwards, euro area Member States would remain committed to strengthen economic and financial fundamentals, consistent with the EU economic and fiscal coordination and surveillance frameworks, including any flexibility applied by the competent EU institutions.

8. The initial availability period for each facility granted under the Pandemic Crisis Support will be 12 months, which could be extended twice for 6 months, in accordance with the standard ESM framework for precautionary instruments.

9. Following a request under the Pandemic Crisis Support, institutions are expected to confirm the assessments at the shortest possible notice, and prepare, together with the authorities, the individual Pandemic Response Plan, based on the agreed template.

10. Subject to the completion of national procedures in respect of each request, the ESM governing bodies will approve the individual Pandemic Response Plans, individual decisions to grant financial assistance and the financial assistance facility agreements, in accordance with Article 13 of the ESM Treaty.

[1] Notably recital 4 of Regulation (EU) No 472/2013: *“the intensity of economic and budgetary surveillance should be commensurate with, and proportionate to, the severity of the financial difficulties encountered and should take due account of the nature of the financial assistance received.”*

[2] As foreseen under all ESM instruments, the pricing structure under the Pandemic Crisis Support will comprise of a base rate and a commitment fee, reflecting the level of the ESM cost of funding, as well as the service fees to cover operating costs, and an appropriate margin. The margin charged for the loans disbursed under the instrument will be 10 basis points annually, the up-front service fee will be 25 basis points and the annual service fee will be 0.5 basis points.

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