HIGHLY CONFIDENTIAL

GREECE FISCAL POLICY ANALYSIS

Impact on Greece Net Debt of Revising Projected (2015e-2017e) Primary Balance Baseline to a % of GDP Equal to the Highest of Other EU Program Countries

WORKING DRAFT v.29.3

Four Key Conclusions

#1. Between 2015e and 2017e, Greece can **reduce its primary balance by €10.4 billion** (Cumulative New Funds Available) by lowering its primary balance as a % of GDP to be equal to the highest of EU program countries and still keep its Net Debt to GDP **equal to around 18%**.

#2. Under international accounting standards (IPSAS), at year-end 2013 Greece **Net Debt was 18% of GDP** and only one-third of other EU program countries.

#3. Debt measured based on Maastricht Treaty (face value) is a **political decision** in **direct conflict** with the debt valuation principles of both international accounting standards (IPSAS) and international statistics reporting systems.

#4. IPSAS measurement of debt improves **decision-making**, increases **transparency**, strengthens **accountability**, and facilitates global **comparability**.

A. Policy Model For Greece Primary Balance and Net Debt

B. International Accounting Standards Provide an Accurate Measurement of the Economic Reality of Greece Debt

C. All Three International Statistics Reporting Systems Measure Debt Similar to IPSAS and Not Maastricht Treaty

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Appendices

A. Policy Model For Greece
Primary Balance and Net Debt

1. Greece Baseline and Revised Projections to 2017e: Summary

(Euros, billions)

S/N		Note	2013	2014e	2015e	2016e	2017e
1.	**Primary Balance - Baseline** (Less ANFA/SMP Rebates)	*(a)*	-€ 1.2	€ 2.4	€ 5.6	€ 8.8	€ 9.5
2.	**Primary Balance - Revised (Revised to Primary Balance as a % of GDP Equal to Highest of EU Program Countries)**	*(b)*	N/A	N/A	€ 3.0	€ 3.9	€ 6.6
3.	**Cumulative New Funds Available**	*(c)*	*N/A*	*N/A*	*+€ 2.6*	*+€ 7.5*	*+€ 10.4*
4.	**Greece IPSAS Net Debt - Revised as a % of GDP**	*(d)*	17.8%	18.6%	19.6%	18.7%	18.7%
5.	**Ratio: Greece - Revised / Other EU Program Countries IPSAS Net Debt as a % of GDP**	*(e)*	26.7%	26.3%	28.0%	27.2%	27.4%

Notes:

(a) Primary Balance - Baseline (Less ANFA/SMP Rebates): ANFA/SMP rebates (€2 bn in 2015e, €1.7bn in 2016e, and €1.4 bn in 2017e) are reclassified according to IPSAS from revenue to a reduction in interest expense, which results in no change in fiscal balance. 2013 primary balance figure is from IMF 5th Review, page 45, as AMECO 2013 figure is not adjusted for extraordinary items. 2014e-2016e estimates from AMECO database. Greece 2017e figure was calculated based on the 2016e-2017e increase in the primary balance in the IMF 5th Review, page 45, which is the same as that of EC SEAP 4th Review, page 137. This increase was then added to the 2016e primary balance estimate from AMECO to get the 2017e estimate.

(b) Primary Balance - Revised: Calculated to be equal to the primary balance as a % of GDP equal to the highest of EU program countries for 2015e, 2016e, and 2017e. Greece's primary balance excludes ANFA/SMP rebates.

(c) Cumulative New Funds Available: Difference between Primary Balance - Baseline and Primary Balance - Revised, cumulative starting from year-end 2014e.

(d) Greece IPSAS Net Debt - Revised as a % of GDP: Calculated as Greece's Maastricht Treaty debt, adjusted according to IPSAS where required for any concessionary loans or rescheduled securities, less all financial assets (ex. receivables) and after accounting for the cumulative adjustments.

(e) Ratio: Greece - Revised / Other EU Program Countries IPSAS Net Debt as a % of GDP: Calculated as Greece IPSAS Net Debt - Revised as a % of GDP as a percentage of Other EU Program Countries IPSAS Net Debt as a % of GDP.

2. Greece Net Debt Comparison to Other EU Program Countries: 2013-2017e

(Euros, billions)

S/N		Note	Greece 2013	Greece 2014e	Greece 2015e	Greece 2016e	Greece 2017e	Other EU Program Countries Average 2013	2014e	2015e	2016e	2017e
1.	IPSAS Gross Debt	*(a)*	€ 124	€ 131	€ 138	€ 144	€ 150					
2.	Financial Assets	*(b)*	€ 91	€ 96	€ 102	€ 108	€ 111					
3.	**IPSAS Net Debt**	*(c)*	**€ 33**	**€ 35**	**€ 36**	**€ 36**	**€ 40**					
	As a % of GDP		***18%***	***19%***	***19%***	***18%***	***19%***	***67%***	***71%***	***70%***	***69%***	***68%***
4.	Nominal GDP	*(d)*	€ 182	€ 181	€ 187	€ 196	€ 206					
	Maastricht Treaty Debt	*(e)*	€ 319	€ 317	€ 316	€ 309	€ 307					
	Change in Debt	*(f)*		-€ 2	-€ 3	-€ 10	-€ 12					

S/N		Note	Ireland 2013	Ireland 2014e	Ireland 2015e	Ireland 2016e	Ireland 2017e	Spain 2013	Spain 2014e	Spain 2015e	Spain 2016e	Spain 2017e	Portugal 2013	Portugal 2014e	Portugal 2015e	Portugal 2016e	Portugal 2017e
1.	IPSAS Gross Debt	*(a)*	€ 189	€ 204	€ 212	€ 217	€ 221	€ 940	€ 1,014	€ 1,077	€ 1,130	€ 1,165	€ 185	€ 199	€ 201	€ 208	€ 212
2.	Financial Assets	*(b)*	€ 65	€ 69	€ 73	€ 77	€ 79	€ 292	€ 310	€ 328	€ 348	€ 355	€ 69	€ 73	€ 78	€ 82	€ 84
3.	**IPSAS Net Debt**	*(c)*	**€ 124**	**€ 135**	**€ 139**	**€ 139**	**€ 142**	**€ 648**	**€ 704**	**€ 749**	**€ 783**	**€ 810**	**€ 116**	**€ 125**	**€ 124**	**€ 126**	**€ 128**
	As a % of GDP		***71%***	***73%***	***72%***	***69%***	***68%***	***62%***	***66%***	***69%***	***69%***	***70%***	***68%***	***72%***	***69%***	***68%***	***67%***
4.	Nominal GDP	*(d)*	€ 175	€ 184	€ 192	€ 202	€ 210	€ 1,049	€ 1,059	€ 1,088	€ 1,129	€ 1,149	€ 171	€ 175	€ 179	€ 185	€ 192
	Maastricht Treaty Debt	*(e)*	€ 216	€ 203	€ 210	€ 214	€ 217	€ 966	€ 1,039	€ 1,101	€ 1,153	€ 1,186	€ 219	€ 223	€ 224	€ 229	€ 231
	Change in Debt	*(f)*		€ 203	€ 210	€ 214	€ 217		€ 823	€ 886	€ 937	€ 970		-€ 743	-€ 742	-€ 737	-€ 735

Notes:

(a) IPSAS Gross Debt: Calculated as Maastricht Treaty debt revalued under International Public Sector Accounting Standards (IPSAS) as of 31 December 2013 with subsequent annual accretion.

(b) Financial Assets: Assumes a 5.0% average annual return on financial assets, based on average projected returns contained in government benchmark annual reports and third-party research.

(c) IPSAS Net Debt: Calculated as Maastricht Treaty debt, adjusted according to IPSAS where required for any concessionary loans or rescheduled securities, less all financial assets (ex. receivables).

(d) Nominal GDP: 2013-2017e from AMECO database. Greece 2017e figure was calculated based on the average 2016e-2017e increase in the nominal GDP in the IMF 5th Review, page 45, and EC SEAP 4th Review, page 137. This average increase was then added to the 2016e GDP estimate from AMECO to get the 2017e estimate.

(e) Maastricht Treaty Debt: 2013-2017e from AMECO database. As 2017e estimates not provided by AMECO or the EC SEAP 4th Review, the 2017e estimate was calculated based on the 2016e-2017e increase in the gross debt from IMF 5th Review, page 45. This increase was then added to the 2016e debt estimate from AMECO to get to the 2017e estimate.

(f) Change in Debt: The cumulative change in Maastricht Treaty debt from 2013.

3. Greece Primary Balance as a % of GDP Comparison to Other EU Program Countries: Projections 2014e-2017e

(As a % of GDP)

	Note	2014e	2015e	2016e	2017e
Greece Baseline	*(a)*	**2.7%**	**4.1%**	**5.4%**	**5.3%**
Greece Less ANFA/SMP Rebates	*(b)*	**1.3%**	**3.0%**	**4.5%**	**4.6%**
Greece Less ANFA/SMP Rebates - Revised	*(c)*	**N/A**	**1.6%**	**2.0%**	**3.2%**
Ireland	*(d)*	0.4%	0.9%	0.8%	3.2%
Spain	*(e)*	-2.3%	-1.2%	-0.5%	0.6%
Portugal	*(f)*	0.1%	1.6%	2.0%	2.8%
Other EU Program Countries Average:		**-0.6%**	**0.4%**	**0.8%**	**2.2%**

(a) Greece Baseline: See Policy Model. When available, from AMECO (accessed on 30 December 2014).

(b) Greece Less ANFA/SMP Rebates: Primary balance figures from AMECO database were adjusted by removing the ANFA/SMP rebates. 2014e-2016e estimates from AMECO database. Greece 2017e figure was calculated based on the 2016e-2017e increase in the primary balance in the IMF 5th Review, page 45, which is the same as that of EC SEAP 4th Review, page 137. This increase was then added to the 2016e primary balance estimate from AMECO to get the 2017e estimate.

(c) Greece Less ANFA/SMP Rebates - Revised: Calculated to be equal to the highest primary balance as a % of GDP of EU program countries for 2015e, 2016e, and 2017e. Greece's primary balance excludes ANFA/SMP rebates.

(d) Ireland: Primary balance figures for 2014e-2016e from AMECO database. 2017e primary balance (excluding financial sector support) from IMF 12th Review, page 41.

(e) Spain: Primary balance figures for 2014e-2016e from AMECO database. 2017e primary balance (excluding financial sector support and including interest income) from IMF 2014 Article IV, page 43.

(f) Portugal: Primary balance figures for 2014e-2016e from AMECO database. 2017e primary balance from IMF 11th Review, page 38.

4. Greece Primary Balance: Comparison Between Different Sources of Data

(Euros, billions)

	PRIMARY BALANCE:				
	AMECO *(a)*	**2015 BUDGET** *(b)*	**IMF** *(c)*	**EC** *(d)*	**ANFA/SMP Rebates** *(e)*
2014	€ 4.9	€ 5.3	€ 2.7	€ 2.8	€ 2.5
2015	€ 7.6	€ 7.4	€ 5.6	€ 5.6	€ 2.0
2016	€ 10.5	N/A	€ 8.9	€ 8.9	€ 1.7
2017	N/A	N/A	€ 9.3	€ 9.3	€ 1.4

Notes:

(a) AMECO database (accessed on 30 December 2014).
(b) Greece Budget 2015 (unofficial translation), page 1.
(c) IMF 5th Review, page 45.
(d) EC SEAP 4th Review, page 137.
(e) ANFA/SMP Rebates: IMF 5th Review, page 56, for 2013-2016e. IMF 4th Review, page 115, for 2017e.

5. Projections Methodology Highlights

S/N	Methodology Highlights
1	**Data:** As available, data from AMECO (accessed on 30 December 2014). EC and IMF reports used as necessary to provide supplemental data.
2	**2017e:** When 2017e data is unavailable, AMECO 2016e is increased by an amount equal to the projected increase from 2016e to 2017e based on either IMF or EC data for 2017e, depending on the availability of data or the average if both are available.
3	**IPSAS Gross Debt:** Calculated as Maastricht Treaty debt revalued under International Public Sector Accounting Standards (IPSAS) as of 31 December 2013 with subsequent annual accretion.
4	**IPSAS Net Debt:** Calculated as IPSAS Gross Debt less financial assets (excluding receivables). Financial assets (at market value) for 2013 from Eurostat and confirmed with IMF reports, with 5% annual appreciation assumed for all countries.
5	**Greece Primary Balance - Revised:** Calculated to be equal to the highest primary balance as a % of GDP of EU program countries for 2015e, 2016e, and 2017e. Greece's primary balance excludes ANFA/SMP rebates.
6	**Cumulative Adjustments for Baseline Revised to Highest of EU Program Countries Based on Primary Balance as a % of GDP:** Cumulative adjustments include the difference in primary balance and primary balance imputed from the highest of other EU program countries primary balance as a % of GDP ratio and the resulting increase in borrowing (including interest on interest).
7	**Cumulative Adjustments for AMECO Updates in Maastricht Treaty Debt:** 2014e-2016e Maastricht Treaty Debt increased based on AMECO increases through 2016e and based on either IMF or EC data for 2017e, depending on the availability of data or the average if both are available.
8	**Cumulative New Funds Available:** Difference between Primary Balance - Baseline and Primary Balance - Revised, cumulative starting from year-end 2014e.
9	**Net Cash Interest:** Reported interest expense less ANFA/SMP rebates and EFSF non-PSI deferred interest of €1.6 billion assumed constant to 2017e.
10	**ANFA/SMP Rebates:** Greece ANFA/SMP interest and principal rebates deducted from primary balance and also deducted from interest expense.

6. Greece Policy Model: Projections to 2017e

(Euros, billions)

S/N		Note	2013	2014e	2015e	2016e	2017e
1.	IPSAS Gross Debt 12/31/2013 With Projected Accretion - Baseline	*(a)*	€ 123.5	€ 131.0	€ 137.8	€ 144.1	€ 150.3
2.	Cumulative Adjustments for Baseline Revised to Highest of EU Program Countries Based on Primary Balance as a % of GDP	*(b)*		+€ 0.0	+€ 2.6	+€ 7.6	+€ 10.7
3.	Cumulative Adjustments for AMECO Updates in Maastricht Treaty Debt	*(c)*		-€ 1.9	-€ 3.4	-€ 9.7	-€ 12.0
3.	IPSAS Gross Debt - Revised	*(d)*		€ 129.1	€ 137.0	€ 142.0	€ 149.1
4.	Financial Assets	*(e)*	€ 91.0	€ 95.6	€ 100.3	€ 105.3	€ 110.6
5.	IPSAS Net Debt - Revised	*(f)*	€ 32.5	€ 33.5	€ 36.7	€ 36.7	€ 38.4
6.	***IPSAS Net Debt - Revised as a % of GDP***		***17.8%***	***18.6%***	***19.6%***	***18.7%***	***18.7%***
7.	***Other EU Program Countries IPSAS Net Debt as a % of GDP***	*(g)*	***66.8%***	***70.6%***	***70.0%***	***68.8%***	***68.3%***
8.	***Ratio: Greece - Revised / Other EU Program Countries IPSAS Net Debt as a % of GDP***	*(h)*	***26.7%***	***26.3%***	***28.0%***	***27.2%***	***27.4%***
9.	Primary Balance - Baseline	*(i)*	€ 1.5	€ 4.9	€ 7.6	€ 10.5	€ 10.9
10.	*as a % of GDP*		*0.8%*	*2.7%*	*4.1%*	*5.4%*	*5.3%*
11.	Primary Balance Less ANFA/SMP Rebates	*(j)*	(€ 1.2)	€ 2.4	€ 5.6	€ 8.8	€ 9.5
12.	*as a % of GDP*		*-0.7%*	*1.3%*	*3.0%*	*4.5%*	*4.6%*
13.	Primary Balance Revised to Highest of EU Program Countries Based on Primary Balance as a % of GDP	*(k)*	N/A	N/A	*€ 3.0*	*€ 3.9*	*€ 6.6*
14.	*as a % of GDP*		*N/A*	*N/A*	*1.6%*	*2.0%*	*3.2%*
15.	Annual New Funds Available	*(l)*	*N/A*	*N/A*	€ 2.6	€ 4.9	€ 3.0
16.	**Cumulative New Funds Available**	*(m)*	***N/A***	***N/A***	**€ 2.6**	**€ 7.5**	**€ 10.4**
	<u>Other Baseline Data:</u>						
18.	Nominal GDP	*(n)*	€ 182.4	€ 180.8	€ 187.0	€ 196.1	€ 205.6
19.	Maastricht Treaty Debt	*(o)*	€ 319.1	€ 317.2	€ 315.7	€ 309.4	€ 307.1
20.	*as a % of GDP*		*175%*	*175%*	*169%*	*158%*	*149%*
21.	Revenue	*(p)*	€ 79.5	€ 80.4	€ 81.8	€ 83.7	€ 87.3
22.	Revenue Less ANFA/SMP Rebates	*(q)*	€ 76.8	€ 77.9	€ 79.8	€ 82.0	€ 85.9
23.	Fiscal Balance	*(r)*	(€ 22.3)	(€ 2.9)	(€ 0.1)	€ 2.6	€ 2.4
24.	Interest Expense	*(s)*	€ 7.3	€ 7.8	€ 7.8	€ 7.9	€ 8.5
25.	Net Cash Interest	*(t)*	€ 3.0	€ 3.7	€ 4.2	€ 4.6	€ 5.5
26.	*as a % of Revenue*		*3.7%*	*4.6%*	*5.1%*	*5.5%*	*6.3%*
27.	*as a % of GDP*		*1.6%*	*2.0%*	*2.2%*	*2.3%*	*2.7%*
28.	ANFA/SMP Rebates	*(u)*	€ 2.7	€ 2.5	€ 2.0	€ 1.7	€ 1.4

7. Greece Policy Model: Projections to 2017e - Notes

Notes:

(a) IPSAS Gross Debt: Calculated as Maastricht Treaty Debt, adjusted according to IPSAS where required for any concessionary loans or rescheduled securities. Debt is accrued at the following annual rates: EFSF (7.1%), EFSF PSI (5.8%), GLF (6.8%), IMF (2.9%), and New GGB (7.3%). The accretion for ANFA/SMP debt was calculated for each security as of 31 December 2013.

(b) Cumulative Adjustments for Baseline Revised to Highest of EU Program Countries Based on Primary Balance as a % of GDP: Cumulative adjustments include the difference in primary balance and primary balance imputed from the highest of other EU program countries primary balance as a % of GDP ratio and the resulting increase in borrowing (including interest on interest).

(c) Cumulative Adjustments for Projected Change in Maastricht Treaty Debt: 2014e-2016e Maastricht Treaty Debt increased based on AMECO increases through 2016e and based on either IMF or EC data for 2017e, depending on the availability of data or the average if both are available.

(d) IPSAS Gross Debt - Revised: IPSAS Gross Debt, after accounting for the cumulative adjustments.

(e) Financial Assets: Assumes a 5.0% annual return on financial assets, based on average projected returns contained in a government benchmark annual reports and third-party research.

(f) IPSAS Net Debt - Revised as a % of GDP: IPSAS Gross Debt (calculated as Maastricht Treaty Debt, adjusted according to IPSAS where required for any concessionary loans or rescheduled securities) less all financial assets (ex. receivables).

(g) Other EU Program Countries IPSAS Net Debt as a % of GDP: Other EU program countries include Ireland, Spain, and Portugal.

(h) Ratio: Greece - Revised / Other EU Program Countries IPSAS Net Debt as a % of GDP: Calculated as Greece IPSAS Net Debt - Revised as a % of GDP as a percentage of IPSAS Net Debt as a % of GDP for the other EU program countries.

(i) Primary Balance - Baseline: 2013 figure from IMF 5th Review, page 45. The AMECO figure from 2013 includes ANFA/SMP rebates. 2014e-2016e estimates from AMECO database. Greece 2017e figure was calculated based on the 2016e-2017e increase in the primary balance in the IMF 5th Review, page 45, which is the same as that of EC SEAP 4th Review, page 137. This increase was then added to the 2016e primary balance estimate from AMECO to derive the 2017e estimate.

(j) Primary Balance Less ANFA/SMP Rebates: Reported primary balance less ANFA/SMP rebates.

(k) Primary Balance Revised to Highest of EU Program Countries Based on Primary Balance as a % of GDP: Primary Balance is revised to highest of EU program countries.

(l) Annual New Funds Available: Difference between Primary Balance - Baseline and Primary Balance - Revised for each year.

(m) Cumulative New Funds Available: Difference between Primary Balance - Baseline and Primary Balance - Revised, cumulative starting from year-end 2014e.

(n) Nominal GDP: 2013-2016e from AMECO database. Greece 2017e figure was calculated based on the average 2016e-2017e increase in the nominal GDP in the IMF 5th Review, page 45, and EC SEAP 4th Review, page 137. This average increase was then added to the 2016e GDP estimate from AMECO to derive the 2017e estimate.

(o) Maastricht Treaty Debt: 2013-2016e from AMECO database. As 2017e estimates not provided by AMECO or the EC SEAP 4th Review, the 2017e estimate was calculated based on the 2016e-2017e increase in the gross debt from IMF 5th Review, page 45. This increase was then added to the 2016e debt estimate from AMECO to derive the 2017e estimate.

7. Greece Policy Model: Projections to 2017e - Notes

Notes:

(p) Revenue: Total Current Revenue 2013-2016e from AMECO database. Greece 2017e figure was calculated based on the average 2016e-2017e increase in the revenue in the IMF 5th Review, page 45, and EC SEAP 4th Review, page 137. This average increase was then added to the 2016e revenue estimate from AMECO to derive the 2017e estimate.

(q) Revenue Less ANFA/SMP Rebates: Reported revenue less ANFA/SMP rebates.

(r) Fiscal Balance: 2013-2016e from AMECO database. Greece 2017e figure was calculated based on the 2016e-2017e increase in the fiscal balance in the IMF 5th Review, page 45, which is the same as that of EC SEAP 4th Review, page 137. This increase was then added to the 2016e fiscal balance estimate from AMECO to derive the 2017e estimate.

(s) Interest Expense: 2013-2016e estimates from AMECO database. Greece 2017e figure was calculated based on the average 2016e-2017e increase in the interest expense in the IMF 5th Review, page 45, and EC SEAP 4th Review, page 137. This average increase was then added to the 2016e interest expense estimate from AMECO to derive the 2017e estimate.

(t) Net Cash Interest: Reported interest expense less ANFA/SMP rebates and EFSF non-PSI deferred interest of €1.6 billion assumed constant to 2017e.

(u) ANFA/SMP Rebates: Confirmation that ANFA/SMP rebates is included in primary balance is from EC bridge table of EC SEAP 4th Review, page 22, and table from government's Greece 2015 Budget. IMF 5th Review, page 56, for 2013-2016e. IMF 4th Review, page 115, for 2017e.

B. International Accounting Standards Provide an Accurate Measurement of the Economic Reality of Greece Debt

8. Debt Measurement Frameworks: Accounting vs. Statistics - Key Traits*

International Accounting

- “Double-Entry” accuracy
- Arm’s length most comparable market data
- Performance decision-making
- Full financials transparency
- Independent audits

Macro Statistics

- “Quadruple-Entry” symmetry
- Implementation varies based on political agendas
- Fiscal policy decision-taking
- Data output transparency
- Reliance on submitted data

**Simplification for discussion purposes*

9. What is IPSAS?

IPSAS: International Public Sector Accounting Standards

- IPSAS is the only set of international accounting standards for governments
- IPSAS is the public sector version of IFRS, the international accounting standards used by leading companies globally
- Accrual-based standards used by public sector entities around the world in the preparation of financial statements
- Independent standards setting board

10. Goals of IPSAS

#1. Improve Decision-Making (improves financial performance)

* Before (internal stakeholders) and after (external stakeholders)

#2. Increase Transparency (minimizes corruption)

* Provides details to the public that empower investigative analysis

#3. Strengthen Accountability (combats kleptocracy risks)

#4. Facilitate Global Comparability (contributes to stability and sustainability)

11. BENEFITS of IPSAS – Stakeholders

(See BENEFITS Testimonials packet.)

1. **Better information** improves decision-making. 2. **Better information** increases transparency.	1. **Financing competitiveness** decreases borrowing costs. 2. **Financing competitiveness** increases global access.
1. **Economic efficiencies** through better balance sheet management. 2. **Economic efficiencies** through better cost management.	1. **Investor confidence** through comparable financial statements. 2. **Investor confidence** through credible financial management.
1. **Net debt reduction** is the top priority financial metric. 2. **Net debt reduction** summarizes financial performance.	1. **Tax relief** through better financial management. 2. **Tax relief** through economic prosperity.
1. **Education** strengthens accountability. 2. **Education** minimizes expectation gaps.	1. **Sustainable growth** through sound financial management. 2. **Sustainable growth** through minimizing risk.

12. IPSAS/IFRS for Setters of International Statistics

Entity	Supported Statistics Reporting System	Accounting Standard for Entity Financial Statements	Auditor
EU	ESA 95 / ESA 2010 / PSDS / EDS / SNA 2008	EC: IPSAS EFSF: IFRS	EC: European Court of Auditors EFSF: PWC
IMF	GFSM / PSDS / EDS / BPM6 / SNA 2008	IFRS	Deloitte
OECD	SNA 2008 / PSDS / EDS	IPSAS	Cour des comptes
UN	SNA 2008 / PSDS / EDS	UN-SOs: IPSAS	UN Board of Auditors
WB	SNA 2008 / PSDS / EDS	US GAAP	IDA Audit Committee
The Commonwealth	PSDS / EDS	IPSAS	Deloitte

ESA 95 / ESA 2010: *European System of Accounts*
EDS: *External Debt Statistics Guide for Compilers and Users*
GFSM: *Government Finance Statistics Manual*
PSDS: *Public Sector Debt Statistics*
SNA 2008 *: System of National Accounts 2008.*
UN-SOs: *United Nations System Organizations*

The Commonwealth *: The Commonwealth of Nations is a voluntary intergovernmental association of 53 member sovereign states.*

13. Major Organizations Support IPSAS

- **IMF:** IPSAS are **the only** international accounting standards designed for the public sector. (January 2014)
- **EC:** IPSAS is currently **the only** internationally recognized set of public sector accounting standards. (June 2013)
- **WB:** As **the only** available international financial reporting standards for governments that are based on generally accepted accounting principles, IPSAS can contribute to greater quality, consistency, and comparability of governmental financial information within and between jurisdictions. (February 2004)
- **FEE:** International standards (IPSAS) already exist. They are **the only** recognized set of international standards. (March 2014)
- **IFAC:** High-quality and timely accrual-based financial reporting in the public sector can be achieved through the adoption of globally-accepted, high quality reporting standards developed **specifically for the public sector**, i.e., IPSAS. (April 2014)

14. Sea Change in Government Accounting

- 1995: Three major public sector entities had accrual accounting (New Zealand, Sweden, and World Bank).
- Today: a long list of governments progressing on accrual accounting.
- Includes: UK, France, Austria, Portugal, Spain, Ireland, Estonia.
- EU Examples: Austria IPSAS Financials, UK IFRS Financials, Portugal IPSAS report.

15. IPSAS 29 / IAS 39 (IFRS): Highlights

No material differences between the standards on the below.

Objective: IPSAS improves decision-making, increases transparency, strengthens accountability, and facilitates global comparability.

1. Initial Recognition

- **Fair value** of debt is market value (confirming arm's length) at date of event.
- **Market price/YTM** or most comparable market price/YTM.
- **If necessary**, PV with maximum use of observable/prevailing market YTM.

2. Substantial Modification

- If PV of cash flows is at least 10% different from PV of original financial liability.
- All financial liabilities utilize the **same market based principles**.

3. Concessionary Loans and Grants

- **Fair value** measurement.
- Recognized existence of **non-exchange transaction** as a subsidy.

4. Subsequent Measurement: At amortized cost using **EIR method** accretion.

16. International Accounting Liabilities Standards Matrix

All four world-class accounting standards are very similar

<table>
<tr><th></th><th>IPSAS</th><th>IFRS</th><th>FASB</th></tr>
<tr><td>Initial Recognition</td><td rowspan="4">IPSAS 29 — Financial Instruments: Recognition and Measurement</td><td rowspan="4">IFRS 13 — Fair Value Measurement

IAS 39 — Financial Instruments: Recognition and Measurement (IFRS 9 Financial Instruments)</td><td rowspan="2">FASB 157 — Fair Value Measurements

FAS 140 — Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</td></tr>
<tr><td>Substantial Modification</td></tr>
<tr><td>Concessionary Loans</td><td>FAS 15 — Accounting by Debtors and Creditors for Troubled Debt Restructurings</td></tr>
<tr><td>Debt Cancellation</td><td rowspan="2">FAS 140 — Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</td></tr>
<tr><td>In-Substance Defeasance</td><td>IPSAS 28—Financial Instruments: Presentation</td><td>IAS 32 — Financial Instruments: Presentation</td></tr>
</table>

Notes

IPSAS: International Public Sector Accounting Standards

IFRS: International Financial Reporting Standard

FASB: Financial Accounting Standards Board

GASB: Governmental Accounting Standards Board

IAS: International Accounting Standards

17. Illustrative Examples Where Initial Book Value of Debt Differs From Face Value

If the U.S. were to report the below Brady debt examples according to Maastricht Treaty, its debt would not have been reported as $3.7 billion, but reported as $37.3 billion.

Issuer	Debt Type	Face Value	Initial Book Value	Initial Book Value as % of Face Value	Original Maturity	Initial Yield	Issue Date
U.S. Treasury	Zero-coupon bonds to Mexico for Brady Bonds	$30.0 billion	$3.0 billion	10%	30 years	7.9%	Mar-1990
U.S. Treasury	Zero-coupon bonds to Venezuela for Brady Bonds	$7.3 billion	$0.7 billion	10%	30 years	8.1%	Dec-1990
Burger King	Zero-coupon first 5 years, 11% thereafter	$685.0 million	$401.5 million	59%	8 years	11.0%	Apr-2011
Caterpillar	Zero-coupon bond	$15.0 million	$13.4 million	89%	2 years	5.7%	Jun-1998
Toyota	Zero-coupon bond	$124.5 million	$30.0 million	24%	30 years	4.8%	Mar-2008

Most T-Bills and commercial paper have similar accounting.

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18. Progression of Maastricht Treaty Gross Debt to IPSAS Net Debt

(Euros, billions)

		Maastricht	IPSAS Adjustments (Includes Accretion)					IPSAS	
		Debt	OSI #1:	OSI #1:	OSI #2/PSI #1	OSI #3/PSI #2		Net Debt	
	Type of	(Face Value)	Loans	Loan Modification	Extensive Restructuring	Modification/Buyback	Total	(Fair Value)	
SN	**Debt/Asset**	**31 Dec 2013**	**May 2010**	**June 2011**	**Feb/Mar 2012**	**December 2012**	**Adjustments**	**31 Dec 2013**	**SN**
1.	Modified Securities	€ 62.8	€ 0.0	€ 0.0	€ 36.7	€ 5.8	€ 42.5	€ 20.3	1.
2.	Modified/Concessionary Loans	€ 212.4	€ 11.0	€ 5.7	€ 84.9	€ 51.3	€ 152.9	€ 59.5	2.
3.	Non-Revalued Debt	€ 43.5	€ 0.0	€ 0.0	€ 0.0	€ 0.0	€ 0.0	€ 43.5	3.
4.	Adjustments		€ 11.0	€ 5.7	€ 121.6	€ 57.1	€ 195.4		4.
5.	Total Gross Debt	€ 318.7	€ 307.7	€ 302.0	€ 180.4	€ 123.3		€ 123.3	5.
6.	GDP	€ 182.0						€ 182.0	6.
7.	Debt/GDP	**175%**						68%	7.
8.	Financial Assets Funded w/ Loans							€ 33.6	8.
9.	Other Financial Assets							€ 57.1	9.
10.	Total Financial Assets							€ 90.7	10.
11.	Net Debt							€ 32.6	11.
12.	Net Debt/GDP							**18%**	12.

Concessionary Terms and Modifications: Highlights

OSI #1: Loans May 2010	OSI #1: Loan Modification June 2011	OSI #2/PSI #1 Extensive Restructuring Feb/Mar 2012	OSI #3/PSI #2 Modification/Buyback December 2012
EU Loans: 3M Euribor plus 300-400 bps. Maturities: 5 yrs. Grace period: 1.5 yrs.	**EU Loans** cut to 3M Euribor plus 200-300 bps. Maturities up to 10 yrs. Grace period up to 4.5 yrs.	**EU Loans** cut to 3M Euribor plus 150bps. Maturities up to 15 yrs. Grace period up to 10 yrs.	**EU Loans** cut to 3M Euribor plus 50bps. Maturities extended to 30 yrs.
		EFSF Loans: Cost-of-funding plus 200-300bps. Maturities: 30 yrs.	**EFSF Loans** cut to cost-of-funding. Interest deferred for 10 yrs. Maturities extended to maximum 45 yrs.
		ANFA bonds issued on extant terms with interest and partial principal rebate.	
		SMP bonds issued on extant terms.	**SMP** interest and partial principal rebate.
		GGBs start at 2% coupon with maturities up to 30 yrs.	

Most Comparable Debt Instrument

	OSI #1: Loans May 2010	OSI #1: Loan Modification June 2011	OSI #2/PSI #1 Extensive Restructuring Feb/Mar 2012	OSI #3/PSI #2 Modification/Buyback December 2012
	~400 bps below market YTMs.	Market prices/YTMs reflect GGB high yield status.	Market prices/YTMs reflect GGB high yield status.	Market prices/YTMs reflect GGB high yield status.
Maastricht Debt - Face Value Amount Adjusted	€ 70.8	€ 70.8	€ 275.2	€ 275.2

Note: Simplification for presentation purposes.

19. Ask the Right Net Debt Integrity Question

Did the Net Debt number earn the following Expert's Opinion statement by a Big Four accounting/auditing firm whose independence is beyond question?

"Nothing has come to our attention that causes us to believe that the calculations of Greece financial liabilities as reported to us as of December 31, 2013 have not been, in all material respects conducted reasonably in accordance with IAS 39 and IFRS 13, which are deemed an appropriate approximation of IPSAS 29, applicable for Greece."

20. Greece IPSAS Net Debt as a Percent of GDP is One-Third (1/3) of Peers

(€, billions; 2013 data except as noted.)

		Greece	Peer Average	Ireland	Italy	Spain	Portugal
1.	Maastricht Debt/GDP	**175%**	**120%**	124%	133%	94%	129%
2.	GDP	€ 182		€ 164	€ 1,560	€ 1,023	€ 166
3.	Maastricht Debt (EDP)	€ 319		€ 203	€ 2,069	€ 961	€ 214
	IPSAS/IFRS:						
4.	Gross Debt	€ 124		€ 189	€ 2,069	€ 940	€ 185
5.	Financial Assets	€ 91		€ 65	€ 317	€ 292	€ 69
6.	Net Debt	€ 33		€ 125	€ 1,752	€ 647	€ 116
7.	Net Debt/GDP	**18%**	**80%**	76%	112%	63%	70%
8.	IAS Impacted Debt	€ 275		€ 62	€ 0	€ 41	€ 72
9.	IAS Impacted Debt (%)	86%		31%	0%	4%	34%

GREECE IPSAS/IFRS NET DEBT HAS BEEN INDEPENDENTLY VERIFIED ON 15 AUGUST 2014.

21. Greece Cash Interest Expense as a Percent of Revenue is One-Third (1/3) of Peers.

(€, billions; as of 31 December 2013)

		Greece	Peer Average	Ireland	Italy	Spain	Portugal
1.	Revenue	€ 80		€ 60	€ 762	€ 390	€ 76
2.	Interest Expense	€ 7.3		€ 7.7	€ 78.2	€ 34.2	€ 8.5
3.	Interest Expense % of Revenue	**9.2%**	**10.8%**	12.8%	10.3%	8.8%	11.2%
4.	EFSF Non-Cash Interest	€ 1.6					
5.	ANFA/SMP Rebates	€ 2.7					
6.	Cash Interest Payments	€ 3.0		€ 7.7	€ 78.2	€ 34.2	€ 8.5
7.	**Cash Interest Payments % of Revenue**	**3.8%**	**10.8%**	12.8%	10.3%	8.8%	11.2%
8.	Cash Interest Expense % of Debt	**0.9%**	**3.7%**	3.6%	3.8%	3.5%	3.9%

Potential Better Financial Asset Management

10.	€11 Billion Cash Buffer at 500bps above T-bills	€ 0.6
11.	€20 Billion in Bank Investments Earn 8%	€ 1.5
12.	Other Interest Income on Fin. Assets	TBD
13.	Interest Income Subtotal	€ 2.1
14.	Cash Net Interest Payments	**€ 0.9**
15.	**Cash Net Interest Payment % of Revenue**	**1.1%**

22. Debt Ranking Comparison of Select Eurozone Countries[1] - Maastricht vs. IPSAS/IFRS

(As of 31 December 2013)

Maastricht Treaty
Gross Debt as % of GDP[2]

Rank	Country	Debt as % of GDP
1.	Slovakia	55%
2.	Slovenia	72%
3.	Netherlands	74%
4.	Austria	75%
5.	Germany	78%
6.	France	93%
7.	Spain	94%
8.	Belgium	101%
9.	Ireland	124%
10.	Portugal	129%
11.	Italy	133%
12.	Greece	175%

IPSAS/IFRS
Net Debt as % of GDP[2]

Rank	Country	Net Debt as % of GDP
1.	Slovenia	17%
2.	Greece	18%
3.	Slovakia	28%
4.	Netherlands	42%
5.	Austria	42%
6.	Germany	46%
7.	Spain	63%
8.	France	65%
9.	Portugal	70%
10.	Ireland	76%
11.	Belgium	84%
12.	Italy	112%

Notes:
1. OECD Eurozone countries with debt in excess of financial assets.
2. Source: EC AMECO Online and Eurostat databases. Net Debt calculated as Maastricht debt, adjusted according to IPSAS/IFRS where required for any concessionary loans or rescheduled securities, less all financial assets (ex. receivables). IPSAS/IFRS debt adjustments include Greece, Ireland, Portugal, and Spain data. Extensive granular analysis on Greece.

23. Net Debt Really Matters

Canada Public Sector Accounting Standards Board: **Net debt** and the change in net debt is the single most important performance metric. See Canada 20 Questions booklet.

Australia National Audit Commission: **Net debt** as the main stock indicator.

New Zealand Treasury: **Net debt** better reflects the underlying strength.

Austrian Federal Ministry of Finance: **Net debt** is one of the ratios we discuss first and foremost.

Portugal Ministry of Finance: Portugal will use **net debt** and not gross debt as a key performance metric.

C. All Three International Statistics Reporting Systems Measure Debt Similar to IPSAS and Not Maastricht Treaty

24. Debt Measurement Within the Frameworks

INTERNATIONAL ACCOUNTING STANDARDS

IPSAS

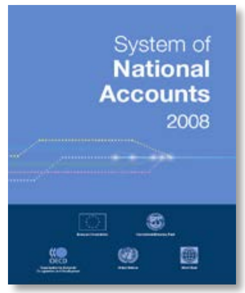
IPSAS 29 – FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

IFRS

IAS 39 – FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

INTERNATIONAL STATISTICS GUIDELINES

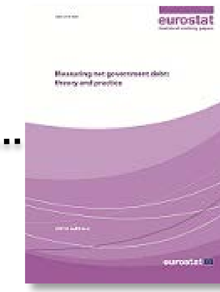
SNA 2008



ESA 2010

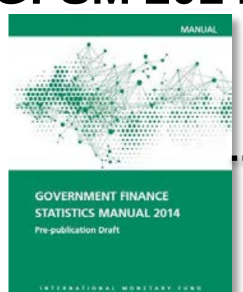
MGDD

NET DEBT

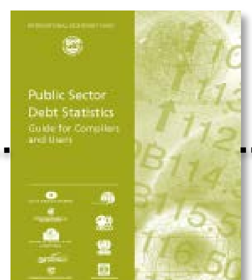


INTERNATIONAL STATISTICS LENDER COVENANT GUIDELINES

GFSM 2014



PSDS



EDS

Maastricht Treaty

25. IPSAS Debt Principles Summary: International Statistics and Maastricht Treaty

Maastricht is a **political decision** in **direct conflict** with the debt valuation principles of both international accounting standards and international statistics reporting systems.

S/N	**IPSAS Debt Principle**	**International Statistics**	**Maastricht Definition**
1.	Market Value at time of Initial Recognition	YES	NO
2.	Hierarchy of Valuation	YES	NO
3.	Arm's Length Concept	YES	NO
4.	Restructured Debt Acknowledged	YES	NO
5.	Concessionary Debt Acknowledged	YES	NO
6.	Net Debt	YES	NO
7.	Ongoing Market Price Changes	Varies	NO
8.	Audit Integrity	NO	NO

International Statistics: SNA 2008, GFS, and ESA 2010. See Supplemental Details sheet.

26. International Statistics Systems: Supplemental Details

1. Market Value at Time of Initial Recognition: All three systems use market value for debt that is traded, including discount debt.   Non-traded debt, e.g. private placements and loans varies.
2. Hierarchy of Valuation: All three use the same hierarchy of valuation, which are (1st) market prices/YTMs, (2nd) market prices/YTMs of most comparable, and (3rd) market yield-to-maturity of most comparable to determine a present value.
3. Arm’s Length Concept: SNA and GFS specifically use the terms arm’s length as a part of market valuation. ESA uses the phrase market transaction between two parties.
4. Restructured Debt Acknowledged: SNA is most similar to IPSAS. GFS discusses but deviates from basic principles, even citing policy exemptions. ESA cites difference in value as transfer.
5. Concessionary Debt Acknowledged: All three acknowledge and note underdeveloped status, with varying levels of supplemental disclosure.
6. Net Debt: Each recognizes the concept of net debt, but the focus and the definitions appear to be based on policy not basic principles.
7. Ongoing Market Price Changes: Unlike IPSAS, all three revalue debt that is traded at the date of each balance sheet.
8. Audit Integrity: None of the three international statistics systems require audits based on internationally recognized auditing standards.

27. Maastricht Treaty Measurement of Debt

1. Debt measured based on Maastricht Treaty (face value) is a **political decision** in **direct conflict** with the debt valuation principles of both international accounting standards and international statistics reporting systems.
2. Maastricht Treaty totally ignores the existence of either the **time-value-of-money** or market interest rates.
3. Of the **three streams of debt cash flows** (interest, interest-on-interest and principal), Maastricht Treaty considers only principal.
4. Maastricht Treaty even requires a **zero coupon** bond be measured at the principal amount due at maturity.

28. Greece Can Show the Real Debt Number, Now

- IPSAS: **Fair value** of net debt, including **rescheduled and concessionary debt**, should be reported in financials (IPSAS 29/ IAS 39).

- SNA 2008: **Fair value** (3.156-157 (a)). Present value of **rescheduled debt** should be recorded in financial accounts and as a capital transfer (22.106-113) and **concessionary debt** in supplemental tables (22.123-124).

- IMF GFS: **Fair value** (3.113-115). **Refinancing** (A.3.15-16). Present value of **concessionary debt** and transfer disclosed in memo item (7.246 and Table 4A.2.).

- EC ESA 2010: **Exchange value** (1.94-95). Present value change in **rescheduled debt** is a capital transfer (20.236) and **concessional debt** is a capital transfer and memo item (20.236, 20.241-242). Present value of debt disclosed in EDP Table #4.

29. EDP Table #4, Item #4

In case of substantial differences between the face value and the present value of government debt, please provide information on: (i) the extent of these differences; (ii) the reasons for these differences.

The answers provided by Greece in the table below are qualitative, not quantitative: (i) “Market value of securities much lower than nominal value” (ii) “Economic crisis”

4	In case of substantial differences between the face value and the present value of government debt, please provide information on	
	i) the extent of these differences:	Market value of securities much lower than nominal value
	ii) the reasons for these differences:	Economic crisis

30. Greece and Germany Examples: Statistics vs. Maastricht Debt

(Euros, Billions)

"Underdeveloped" statistics guidelines calculate a **counter-factual impact on Greece debt** from the OSIs/PSIs. **Germany's statistics debt is higher than Maastricht** because it trades at a premium to face value as market interest rates have declined.

		Greece			Germany	
S/N	**Data**	**2011**		**2012**	**2011**	**2012**
	Debt:					
1.	Statistics	**€211**	*March OSI-PSI and December OSI-Bond Buyback with a combined* €300+ PV creditors losses	**€297**	€2,240	€2,367
2.	Maastricht	€356		€305	€2,096	€2,174
3.	Difference	-€145		-€8	+€144	+€193
	% of GDP:					
4.	Statistics	**101%**		**153%**	83%	86%
5.	Maastricht	171%		157%	78%	79%
6.	Difference	**-70%**		**-4%**	5%	+7%
7.	**GDP**	€208		€194	€2,699	€2,750

OSI: Official Sector Involvement. PSI: Public Sector Involvement.
Present value (PV) losses to creditors are estimates consistent with international accounting standards. Statistics debt (which excluded payables for comparability) and GDP from OECD StatExtracts. Maastricht debt from AMECO.

Appendices for Greece Fiscal Policy Analysis

Appendix 1. Definitions

ANFA (Agreement on Net Financial Assets) / SMP (Securities Markets Programme): Greek government bonds held by ECB and national central banks for which they have agreed to rebate profit (portion of principal) and interest payments**.**

EU Program Country: Euro area member states that have received financial assistance as part of a temporary crisis resolution; these countries include Greece, Ireland, Spain, and Portugal.

Fiscal Balance: General government net borrowing or net lending including interest payments on consolidated government liabilities. This is the overall difference between government revenues and expenditures.

Maastricht Treaty: Treaty that is responsible for the creation of the European Union, signed in February 1992.

Primary Balance: General government fiscal balance excluding interest payments on consolidated government liabilities.

Appendix 2. Backup: Primary Balance as a % of GDP

	2013	2014e	2015e	2016e	2017e	Change (percentage pts) 2013-2016	2016-2017
Greece:							
AMECO	-8.2%	2.7%	4.1%	5.4%	N/A	13.6%	N/A
IMF 5th Review, pg 45	0.8%	1.5%	3.0%	4.5%	4.5%	3.7%	0.0%
EC SEAP 4th Review, pg 137	0.8%	1.6%	3.0%	4.5%	4.5%	3.7%	0.0%
Ireland:							
AMECO	-1.3%	0.4%	0.9%	0.8%	N/A	2.1%	N/A
IMF Post-Programme Surveillance	-2.7%	-0.3%	2.0%	2.7%	3.2%	5.4%	0.5%
EC Post-Programme Surveillance, pg 39	2.3%	0.3%	-0.7%	-0.3%	-0.1%	-2.6%	0.2%
Spain:							
AMECO	-3.5%	-2.3%	-1.2%	-0.5%	N/A	3.0%	N/A
IMF 2014 Article IV Consultation, pg 43	-3.2%	-2.2%	-1.2%	-0.2%	0.6%	3.0%	0.8%
EC Post-Programme Surveillance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Portugal:							
AMECO	0.1%	0.1%	1.6%	2.0%	N/A	1.9%	N/A
IMF 11th Review, pg 38	-0.7%	0.3%	1.9%	2.4%	2.8%	3.1%	0.4%
EC EAP 11th Review, pg 70	-0.7%	0.3%	1.9%	2.4%	2.8%	3.1%	0.4%

Appendix 3. Backup: Fiscal Balance as a % of GDP

	2013	2014e	2015e	2016e	2017e	Change (percentage pts) 2013-2016	Change (percentage pts) 2016-2017
Greece:							
AMECO	-12.2%	-1.6%	-0.1%	1.3%	N/A	13.5%	N/A
IMF 5th Review, pg 45	-3.2%	-2.7%	-1.9%	-0.6%	-0.7%	2.6%	-0.1%
EC SEAP 4th Review, pg 137	-3.2%	-2.9%	-2.1%	-0.7%	-0.7%	2.5%	0.0%
Ireland:							
AMECO	-5.7%	-3.7%	-2.9%	-3.0%	N/A	2.7%	N/A
IMF 12th Review, pg 41	-7.3%	-5.1%	-2.9%	-2.4%	-1.8%	4.9%	0.6%
EC Post-Programme Surveillance, pg 45	-7.2%	-4.8%	-4.2%	N/A	N/A	N/A	N/A
Spain:							
AMECO	-6.8%	-5.6%	-4.6%	-3.9%	N/A	2.9%	N/A
IMF 2014 Article IV Consultation, pg 43	-6.6%	-5.7%	-4.7%	-3.8%	-2.9%	2.8%	0.9%
EC Post-Programme Surveillance, pg 29	-6.8%	-5.6%	-4.6%	N/A	N/A	N/A	N/A
Portugal:							
AMECO	-4.9%	-4.9%	-3.3%	-2.8%	N/A	2.0%	N/A
IMF 11th Review, pg 38	-4.5%	-4.0%	-2.5%	-2.0%	-1.6%	2.5%	0.4%
EC EAP 11th Review, pg 70	-4.9%	-4.0%	-2.5%	-2.0%	-1.7%	2.9%	0.3%

Appendix 4. Backup: Maastricht Treaty Debt as a % of GDP

						Change (percentage pts)	
	2013	**2014e**	**2015e**	**2016e**	**2017e**	**2013-2016**	**2016-2017**
Greece:							
AMECO	174.9%	175.5%	168.8%	157.8%	N/A	-17.1%	N/A
IMF 5th Review, pg 45	175.1%	174.2%	171.0%	160.5%	152.0%	-14.6%	-8.5%
EC SEAP 4th Review, pg 72	175.0%	177.2%	172.5%	162.9%	N/A	-12.1%	N/A
Ireland:							
AMECO	123.3%	110.5%	109.4%	106.0%	N/A	-17.4%	N/A
IMF 12th Review, pg 41	123.9%	121.7%	118.8%	115.8%	112.2%	-8.1%	-3.6%
EC Post-Programme Surveillance, pg 39	123.7%	121.0%	120.5%	122.3%	124.0%	-1.4%	1.7%
Spain:							
AMECO	92.1%	98.1%	101.2%	102.1%	N/A	10.0%	N/A
IMF World Economic Outlook	93.9%	98.6%	101.1%	102.1%	102.1%	8.2%	0.0%
EC Post-Programme Surveillance, pg 29	92.1%	98.1%	101.2%	N/A	N/A	N/A	N/A
Portugal:							
AMECO	128.0%	127.7%	125.1%	123.7%	N/A	-4.3%	N/A
IMF 11th Review, pg 38	128.8%	126.7%	124.8%	122.6%	119.1%	-6.2%	-3.5%
EC EAP 11th Review, pg 70	128.8%	126.7%	124.8%	122.6%	119.1%	-6.2%	-3.5%

Appendix 5. Backup: GDP

(Euros, billions)

	2013	2014e	2015e	2016e	2017e	Change 2013-2016	Change 2016-2017
Greece:							
AMECO	€ 182.4	€ 180.8	€ 187.0	€ 196.1	N/A	€ 13.7	N/A
IMF 5th Review, pg 45	€ 182.1	€ 181.9	€ 187.9	€ 197.1	€ 206.6	€ 15.0	€ 9.5
EC SEAP 4th Review, pg 137	€ 182.1	€ 181.9	€ 187.9	€ 197.1	€ 206.6	€ 15.0	€ 9.5
Ireland:							
AMECO	€ 174.8	€ 183.7	€ 192.2	€ 202.1	N/A	€ 27.3	N/A
IMF 12th Review, pg 41	€ 165.4	€ 169.5	€ 175.4	€ 181.7	€ 189.2	€ 16.3	€ 7.5
EC Post-Programme Surveillance, pg 456	€ 164.3	€ 169.0	€ 175.7	N/A	N/A	N/A	N/A
Spain:							
AMECO	€ 1,049.2	€ 1,059.0	€ 1,088.5	€ 1,129.1	N/A	€ 79.9	N/A
IMF World Economic Outlook	€ 1,014.8	€ 1,028.1	€ 1,045.5	€ 1,064.2	€ 1,083.8	€ 49.4	€ 19.6
EC Post-Programme Surveillance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Portugal:							
AMECO	€ 171.2	€ 174.7	€ 179.4	€ 185.3	N/A	€ 14.1	N/A
IMF 11th Review, pg 37	€ 165.6	€ 168.9	€ 173.1	€ 179.0	€ 185.5	€ 13.4	€ 6.5
EC EAP 11th Review, pg 69	€ 165.6	€ 168.9	€ 173.1	€ 179.0	€ 185.4	€ 13.4	€ 6.4

Appendix 6. Backup: Primary Balance

(Euros, billions)

	2013	2014e	2015e	2016e	2017e	Change 2013-2016	Change 2016-2017
Greece:							
AMECO	-€ 15.0	€ 4.9	€ 7.6	€ 10.5	N/A	€ 25.5	N/A
IMF 5th Review, pg 45	€ 1.5	€ 2.7	€ 5.6	€ 8.9	€ 9.3	€ 7.4	€ 0.4
EC SEAP 4th Review, pg 137	€ 1.5	€ 2.8	€ 5.6	€ 8.9	€ 9.3	N/A	N/A
Ireland:							
AMECO	-€ 2.3	€ 0.7	€ 1.8	€ 1.6	N/A	€ 3.9	N/A
IMF 12th Review, pg 41	-€ 4.5	-€ 0.4	€ 3.6	€ 4.9	€ 6.1	€ 9.4	€ 1.2
EC Post-Programme Surveillance, pg 39	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spain:							
AMECO	-€ 37.1	-€ 24.2	-€ 13.6	-€ 6.0	N/A	€ 31.1	N/A
IMF 2014 Article IV Consultation	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EC Post-Programme Surveillance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Portugal:							
AMECO	€ 0.2	€ 0.2	€ 2.9	€ 3.8	N/A	€ 3.5	N/A
IMF 11th Review, pg 37	-€ 1.1	€ 0.5	€ 3.4	€ 4.3	€ 5.1	€ 5.4	€ 0.8
EC EAP 11th Review, pg 70	-€ 1.2	€ 0.5	€ 3.3	€ 4.3	€ 5.2	€ 5.5	€ 0.9

Appendix 7. Backup: Fiscal Balance

(Euros, billions)

	2013	2014e	2015e	2016e	2017e	Change 2013-2016	Change 2016-2017
Greece:							
AMECO	-€ 22.3	-€ 2.9	-€ 0.1	€ 2.6	N/A	€ 24.9	N/A
IMF 5th Review, pg 45	-€ 5.8	-€ 4.9	-€ 3.5	-€ 1.3	-€ 1.5	€ 4.5	-€ 0.2
EC SEAP 4th Review, pg 137	-€ 5.8	-€ 5.2	-€ 3.9	-€ 1.3	-€ 1.4	€ 4.5	-€ 0.1
Ireland:							
AMECO	-€ 10.0	-€ 6.7	-€ 5.6	-€ 6.1	N/A	€ 3.9	N/A
IMF 12th Review, pg 41	-€ 12.1	-€ 8.6	-€ 5.2	-€ 4.3	-€ 3.4	€ 7.8	€ 0.9
EC Post-Programme Surveillance, pg 45	-€ 11.8	-€ 8.1	-€ 7.5	N/A	N/A	N/A	N/A
Spain:							
AMECO	-€ 71.3	-€ 59.5	-€ 50.4	-€ 43.9	N/A	€ 27.4	N/A
IMF 2014 Article IV Consultation, pg 43	-€ 68.0	-€ 59.0	-€ 50.0	-€ 41.0	-€ 33.0	€ 27.0	€ 8.0
EC Post-Programme Surveillance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Portugal:							
AMECO	-€ 8.3	-€ 8.6	-€ 6.0	-€ 5.3	N/A	€ 3.1	N/A
IMF 11th Review, pg 37	-€ 7.4	-€ 6.8	-€ 4.3	-€ 3.6	-€ 3.1	€ 3.8	€ 0.5
EC EAP 11th Review, pg 70	-€ 8.1	-€ 6.8	-€ 4.3	-€ 3.6	-€ 3.2	€ 4.5	€ 0.4

Appendix 8. Fiscal Balance Adjustments

(Euros, billions)

	2014e	2015e	2016e	2017e
Greece:				
Fiscal Balance - Baseline	-€ 2.9	-€ 0.1	€ 2.6	€ 2.4
Cumulative Adjustments for Baseline Revised to Highest of EU Program Countries Based on Primary Balance as a % of GDP	€ 0.0	-€ 2.6	-€ 5.0	-€ 3.1
Accretion	-€ 7.5	-€ 6.8	-€ 6.3	-€ 6.2
Increased Borrowing	€ 0.0	-€ 0.1	-€ 0.2	-€ 0.1
Fiscal Balance - Revised	**-€ 10.4**	**-€ 9.6**	**-€ 8.9**	**-€ 7.0**
GDP	€ 180.8	€ 187.0	€ 196.1	€ 205.6
as a % of GDP	*-5.8%*	*-5.1%*	*-4.5%*	*-3.4%*
Ireland:				
Fiscal Balance - Baseline	-€ 6.7	-€ 5.6	-€ 6.1	-€ 5.2
Accretion	-€ 0.8	-€ 0.9	-€ 1.0	-€ 1.0
Fiscal Balance - Revised	**-€ 7.5**	**-€ 6.5**	**-€ 7.1**	**-€ 6.2**
GDP	€ 183.7	€ 192.2	€ 202.1	€ 209.6
as a % of GDP	*-4.1%*	*-3.4%*	*-3.5%*	*-2.9%*
Spain:				
Fiscal Balance - Baseline	-€ 59.5	-€ 50.4	-€ 43.9	-€ 35.9
Accretion	-€ 1.2	-€ 1.4	-€ 1.4	-€ 1.5
Fiscal Balance - Revised	**-€ 60.7**	**-€ 51.8**	**-€ 45.3**	**-€ 37.4**
GDP	€ 1,059.0	€ 1,088.5	€ 1,129.1	€ 1,148.7
as a % of GDP	*-5.7%*	*-4.8%*	*-4.0%*	*-3.3%*
Portugal:				
Fiscal Balance - Baseline	-€ 8.6	-€ 6.0	-€ 5.3	-€ 4.8
Accretion	-€ 1.5	-€ 1.7	-€ 1.9	-€ 2.1
Fiscal Balance - Revised	**-€ 10.1**	**-€ 7.7**	**-€ 7.2**	**-€ 6.9**
GDP	€ 174.7	€ 179.4	€ 185.3	€ 191.8
as a % of GDP	*-5.8%*	*-4.3%*	*-3.9%*	*-3.6%*

Appendix 9. Backup: Financial Assets (1 of 2)

(Euros, billions)

EUROSTAT [(a)]:

Country	Currency & Deposits	Security Other Than Shares	Financial Derivatives	Loans	Shares & Other Equity	Insurance Reserves	Financial Assets
Greece	€ 21.6	€ 12.2	€ 0.0	€ 0.8	€ 55.9	€ 0.0	€ 90.7
Ireland	€ 24.3	€ 9.1	€ 0.6	€ 6.7	€ 23.9	€ 0.0	€ 64.6
Spain	€ 84.7	€ 4.9	€ 0.0	€ 58.6	€ 143.9	€ 0.0	€ 292.2
Portugal	€ 20.8	€ 7.9	€ 0.0	€ 5.7	€ 34.6	€ 0.0	€ 69.0

IMF Fifth Review; Sources cited - Ministry of Finance and IMF staff projection [(b)]:

Country	Currency & Deposits	Security Other Than Shares	Financial Derivatives	Loans	Shares & Other Equity	Insurance Reserves	Financail Assets
Greece	€ 21.6	€ 12.2	€ 0.0	€ 0.8	€ 55.9	€ 0.0	€ 90.7

Notes:

(a) Eurostat, Financial Balance Sheets [nasa_f_bs], 2012 data, except Greece and Portugal, which are 2013 data (accessed on 31 May 2014).

(b) IMF 5th Review, pg 51.

Appendix 9. Backup: Financial Assets (2 of 2)

EC's Eurostat Financial Asset Basic Principles (ESA 2010)

Valuation -

“With the exception of some variables concerning population and labour, the ESA 2010 system shows all flows and stocks in monetary terms. Flows and stocks shall be measured according to their exchange value, i.e. the value at which flows and stocks are in fact, or could be exchanged for cash. Market prices are, thus, the ESA’s reference for valuation.” 1.94.

“If there is no market price to refer to, and costs are not available, then flows and stocks may be valued at the discounted present value of expected future returns.” 1.95.

IMF's Financial Asset Basic Principles (GFSM)

Valuation -

“Stock positions should be valued as market value, that is, as if they were acquired in market transactions on the balance sheet reporting date (reference date).” 3.113.

“Valuation according to market-value equivalent is needed for valuing assets and liabilities that are not traded in markets or are traded only infrequently. For these assets and liabilities, if will be necessary to estimate values that, in effect, approximate market prices see paragraph 3.125. “ 3.114

“Fair value is a market-equivalent value defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.” 3.115.

Appendix 10. Backup: Maastricht Treaty Debt

(Euros, billions)

	2013	2014e	2015e	2016e	2017e
Greece:					
AMECO	€ 319.1	€ 317.2	€ 315.7	€ 309.4	N/A
IMF 5th Review, pg 45	€ 318.7	€ 317.0	€ 321.2	€ 316.3	€ 314.0
EC SEAP 4th Review, pg 137	€ 318.7	€ 322.3	€ 324.1	€ 321.1	N/A
Ireland:					
AMECO	€ 215.6	€ 203.1	€ 210.2	€ 214.1	N/A
IMF 12th Review, pg 41	€ 204.9	€ 206.3	€ 213.8	€ 215.9	€ 219.1
EC Post-Programme Surveillance, pg 46	€ 202.9	€ 204.5	€ 211.5	N/A	N/A
Spain:					
AMECO	€ 966.2	€ 1,039.0	€ 1,101.1	€ 1,152.9	N/A
IMF World Economic Outlook	€ 960.6	€ 1,019.9	€ 1,069.8	€ 1,111.1	€ 1,144.0
EC Post-Programme Surveillance, pg 29	N/A	N/A	N/A	N/A	N/A
Portugal:					
AMECO	€ 219.2	€ 223.2	€ 224.4	€ 229.2	N/A
IMF 11th Review, pg 38	€ 213.4	€ 214.0	€ 216.1	€ 219.3	€ 220.9
EC EAP 11th Review, pg 70	€ 213.4	€ 214.0	€ 216.1	€ 219.3	€ 221.0

Appendix 11. SNA 2008 Manual

(Excerpts from relevant sections.)

3.156: Valuation according to market-value equivalent is needed for valuing financial assets and liabilities that are not traded in financial markets or are traded only infrequently. For these assets and liabilities, it will be necessary to estimate fair values that, in effect, approximate market prices. The present value of future cash flows can also be used as an approximation to market prices, provided an appropriate discount rate can be used.

3.157 (a): Fair value is a market-equivalent value. It is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. It thus represents an estimate of what could be obtained if the creditor had sold the financial claim.

22.106 b.: Debt rescheduling or re-financing. A change in the terms and conditions of the amount owed, which may result or not in a reduction in burden in present value terms.

22.110: Under both arrangements, the debt instrument that is being rescheduled is considered to be extinguished and replaced by a new debt instrument with the new terms and conditions. If there is a difference in value between the extinguished debt instrument and the new debt instrument, part is a type of debt forgiveness by government and a capital transfer is necessary to account for the difference.

22.113: The transaction is recorded at the time both parties record the change in terms in their books, and is valued at the value of the new debt.

22.124: Loans with concessional interest rates to a foreign government could be seen as providing a current transfer equal to the difference between the actual interest and the market equivalent interest. If such a transfer were recognized, it would usually be recorded as current international cooperation, and the interest recorded would be adjusted by the same amount. However, the means of incorporating the impact within the SNA and international accounts have not been fully developed, although various alternatives have been advanced. Accordingly, until the appropriate treatment of concessional debt is agreed, information on concessional debt should be provided in supplementary tables.

Appendix 12. IMF GFS Manual 2014 (1 of 3)

(Excerpts from relevant sections.)

3.113: Stock positions should be valued at market value, that is, as if they were acquired in market transactions on the balance sheet reporting date.

3.115: Fair value is a market-equivalent value defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

7.246: Loans with concessional interest rates could be seen as providing a benefit to the borrower in the form of a transfer equal to the difference between the actual interest payable and the amounts that would be payable if market-equivalent interest prevailed. If such a transfer were recognized, it would usually be recorded as current transfer/grant (depending on the type of recipient), and the interest recorded would be adjusted by the same amount. However, the means of incorporating the impact of concessional rates within macroeconomic statistics have not fully evolved, although various alternatives have been advanced. Accordingly, until the treatment is agreed, information on concessional debt should be provided through supplementary information in the form of two memorandum items: The first shows the stock of concessional loans at nominal value (6M391). The second shows an estimate of the value of the benefit transferred to the borrower; that is, the value of implicit transfers resulting from loans at concessional interest rates (6M392) calculated as described in footnote 65.

Table 4A.2 Fiscal Indicators Requiring Additional Data: Concessional loans: Loans that provide to the borrower some concessional benefits. An estimate of the one-off benefit at the point of loan origination can be calculated as equal to the difference between the nominal value of the debt and its present value using a relevant market discount rate.

A3.15: The treatment of debt refinancing transactions is similar to debt rescheduling. The debt being refinanced is extinguished and replaced with a new financial instrument, or instruments. The old debt is extinguished at the value of the new debt instrument, except for nonmarketable debt (e.g., a loan) owed to official creditors.

A3.16: The transaction is recorded at the value of the new debt (reflecting the current market value of the debt), and the difference between the value of the old and new debt instruments is recorded as a holding gain or loss. However, if the debt is owed to official creditors and is nonmarketable, the old debt is extinguished at its original value with the difference in value with the new instrument recorded as debt forgiveness.

[**A3.13:** The debt rescheduling transaction is recorded at the time agreed to by both parties (the contractually agreed time), and at the value of the new debt (which, under a debt rescheduling, is the same value as that of the old debt).]

Appendix 12. GFS: IMF Public Sector Debt Statistics (PSDS) (2 of 3)

(Excerpts from relevant sections.)

4.30: Debt rescheduling or refinancing (or debt exchange), which is a change in the terms and conditions of the amount owed, which may result in a reduction in debt burden in present value terms.

4.32: The statistical treatment of the various types of debt reorganization is summarized in Table 4.1. If debt reorganization for a public sector unit or subsector is significant, consideration should be given to disseminate additional information, as outlined in the *External Debt Guide* , Table 8.1.

4.39: Debt rescheduling
Gross and net debt of the debtor and creditor do not change.

4.42: Debt refinancing
However, unlike debt rescheduling, the old debt is extinguished at the value of the new debt instrument, except for nonmarketable debt (for example, a loan) owed to official creditors.

4.82: Debt concessionality
Since the terms of a concessional loan are more favorable to the debtor than market conditions would otherwise permit, concessional loans effectively include a transfer from the creditor to the debtor. However, the means of incorporating the transfer impact within the SNA and other macroeconomic statistics have not been fully developed, although various alternatives have been advanced. Accordingly, until the appropriate treatment of concessional debt is agreed, information on concessional debt should be provided in supplementary tables.

Appendix 12. GFS: IMF External Debt Statistics Guide (EDS) (3 of 3)

(Excerpts from relevant sections.)

Box 2.2 Valuation: Comparison Matrix: Fair value – Amounts for which a financial asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Approximate to market value. Valuation according to the market-value equivalent is needed for valuing financial assets and liabilities that are not traded in financial markets or that are traded only infrequently.

8.17: Rescheduling may or may not result in a reduction in the present value of debt, as calculated by discounting the old and new payment schedule by a common interest rate.

8.30: Given the above, the Guide provides no recommended guidance on measuring and presenting debt reduction arising from debt rescheduling or refinancing in present-value terms. Nonetheless, economies that undergo debt rescheduling and refinancing are encouraged to disseminate (1) the total nominal amounts involved; (2) the amount of debt reduction in present-value terms they have achieved – the difference between the present values (using a common interest rate) or the rescheduled/refinanced debt-service payments before and after the rescheduling/refinancing (present-value method); and (3) detailed information on how the amount of the present-value reduction was calculated, including the interest rate(s) used.

14.13: Debt stock indicators reflect the capacity of a country to generate resources to repay debt. In the case of LICs, the long maturity and grace period of concessional debt make debt stock measure based on the present value (PV) of debt more appropriate as it captures the favorable terms of concessional loans by discounting the stream of future debt-service payments (see Appendix 3, Present Value).

Appendix 3. Glossary of External Debt Terms:

Grant Element: Measure of the concessionality of a loan, calculated as the difference between the face value of the loan and the sum of the discounted future debt-service payments to be made by the borrower expressed as a percentage of face value of the loan. A 10 percent rate of discount is used by the DAC and the World Bank to measure the grant element of official loans (see also Development Assistance Committee, Concessionality Level, and Official Development Assistance).

Appendix 13. ESA 2010

(Excerpts from relevant sections.)

1.94: With the exception of some variables concerning population and labour, the ESA 2010 system shows all flows and stocks in monetary terms. Flows and stocks shall be measured according to their exchange value, i.e. the value at which flows and stocks are in fact, or could be, exchanged for cash. Market prices are, thus, the ESA's reference for valuation.

1.95: If there is no market price refer to, as costs are not available, then flows and stocks may be valued at the discounted present value of expected future returns. This last method is only to be used as a last resort.

20.236: Debt restructuring is an agreement to alter the terms and conditions for servicing an existing debt, usually on more favourable terms for the debtor. The debt instrument that is being restructured is considered to be extinguished and replaced by a new debt instrument with the new terms and conditions. If there is a difference in value between the extinguished debt instrument and the new debt instrument, it is a type of debt cancellation and a capital transfer is necessary to account for the difference.

20.241: Since the terms of a concessional loan are more favourable to the debtor than market conditions would otherwise permit, concessional loans effectively include a transfer from the creditor to the debtor.

20.242: Concessional loans are recorded at their nominal value just as other loans, but a capital transfer is recorded as a memorandum item at the point of loan origination equal to the difference between the contract value of the debt and its present value using a relevant market discount rate. There is no single market interest rate that should be used to measure the capital transfer.

EDP Table #4, Item #4: In case of substantial differences between the face value and the present value of government debt, please provide information on: (i) the extent of these differences; (ii) the reasons for these differences.

Appendix 14. IMF and World Bank on Calculating Net Debt

IMF Staff Guidance Note prepared by the IMF and the World Bank (April 2007):

1. Countries that primarily rely on concessional financing, the net present value (NPV) of debt is needed to be informative as a measure of a country's effective debt burden.
2. This [debt] burden is best measured using the net present value (NPV) of debt to capture the concessionality of outstanding debt.
3. NPV debt ratios are summary indicators of the burden represented by the future obligations of a country and thus reflect long-term risks to solvency.

IMF Staff Guidance Note (May 2013):

1. Staff should consider three important issues including gross versus net debt.
2. Complementary analysis based on net debt presented to show the impact of risk-mitigating factors.
3. The use of a standard statistical definition of net debt in line with the Public Sector Debt Statistics Guide is recommended.

Appendix 15. Greece IPSAS Seven Questions

Greece has a huge competitive advantage

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GET EDUCATED TO ANSWER THE FOLLOWING SEVEN QUESTIONS:

1. What was Greece net debt under international accounting standards (IPSAS/IFRS) on 31 December 2013?
2. What was the IPSAS/IFRS adjustment impact on the €275 billion face value of Greece concessionary and modified debt?
3. What was the Maastricht adjustment impact on the €275 billion face value of Greece concessionary and modified debt?
4. What are Greece IPSAS/IFRS net debt and net cash interest expense ratios compared to other EU countries?
5. Why is it imperative that the Greece government use IPSAS/IFRS to quantify the impact on net debt and net worth prior to making major financial decisions?
6. Why can the Greece government effectively implementing IPSAS/IFRS create 200,000 to 400,000 new sustainable jobs within the next 24 months?
7. How do you educate key stakeholders on Greece's huge competitive advantage?

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IPSAS: International Public Sector Accounting Standards
IFRS: International Financial Reporting Standards
Maastricht: Maastricht Treaty