

20120119 Irish Department of Finance: Successful completion of Q4 2011 Review of the EU/ IMF Programme

Source: Irish Department of Finance

Ireland has successfully concluded the final quarterly programme review mission for 2011 with the EU Commission, the ECB and the IMF. In each quarter Ireland has consistently achieved all of the targets set under our programme of assistance.

The review mission that has been ongoing since 10th January has assessed fiscal developments, the macroeconomic outlook, progress on commitments in the restructuring of the financial sector and in structural reform. The review also allows for discussions between Government and the external partners on changes to the Programme of Assistance, which will improve its effectiveness by supporting the economy's potential to grow and create jobs.

On welcoming the successful conclusion of the review, Minister Noonan stated:

"I and my Government colleagues are pleased that the staff mission has assessed the programme to be on track and that all measures in the programme have been fully implemented. This successful outcome illustrates the ability of the Irish State to implement a challenging programme effectively.

The fiscal consolidation targets were achieved by a significant margin - the General Government deficit is expected to be under 10% as compared to a target of 10.6%. This consolidation was achieved in tandem with returning the economy to growth after three years of contraction.

In addition, to the achievement of the public finance targets, all of the targets in the financial sector were also met. The most significant of these was the achievement of the deleveraging targets with total deleveraging across Government supported banks of €40.5 billion to end-November as compared to a 2011 target of €34.7 billion. The two pillar banks sold €15 billion of assets at significantly better prices than anticipated in the PCAR/PLAR 2011 exercise. In addition, quarter 4 saw positive deposit flows for Irish banks in a very difficult eurozone environment.

The Government is fully committed to putting our economy and public finances on a sustainable basis. Assisting the private sector to create jobs is our primary goal. We are broadening our tax base so as to ensure that we have the available funds to pay for the high quality public services that our citizens require. The Government wants to make sure that the provision of quality public services is not subject to the every whim of the international money markets.

The Government is fully aware that there is much to do in relation to our primary goal - to get Ireland back working. I and my colleagues are speedily implementing the budget measures that are targeted at key growth sectors within our economy. In addition, the Government will be shortly setting out additional measures under the Pathways to Work initiative and the Action Plan for Jobs"

Minister Howlin on the conclusion of the visit stated;

"I welcome the endorsement by the troika that Ireland has met all targets to date and the programme remains on track. The Government is committed to meeting our targets under the programme as continuing to do so is the best way of ensuring that the programme succeeds and for us to return to the market. A substantial number of actions under the programme, some 90, have been successfully completed to date. These measures have been designed to enhance the sustainability and competitiveness of the Irish economy.

We have made substantial progress since taking office; expenditure was significantly reduced in 2011 and this downward trend will continue in 2012 as Departments focus on priorities, increase efficiencies and reduce waste. Furthermore we have reformed the budgetary process including the new Medium Term Expenditure Framework and work which will further assist in better budgetary planning and management of resources for the coming years.

We have considerably reduced the paybill and significant further reductions are planned for 2012 as public service numbers are reduced and as we reduce additional costs. These actions along with the implementation of our ambitious public service reform plan will yield significant benefits in terms of savings for the State and provide more cost effective, integrated, customer-focused public services."

Both Ministers concluded:

"We welcome the fact that our programme remains on track and we continue to meet all our targets. Since the last review the 2011 exchequer returns confirmed that we comfortably met the deficit targets in the programme and we have introduced a budget which continues this sustainable path for our deficit. This is an essential step towards regaining economic stability, ensuring the sustainability of the public finances and providing the platform to deliver sustainable growth and jobs."

NovaRes Team