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THE LONG HAUL: MANAGING EXIT FROM FINANCIAL ASSISTANCE

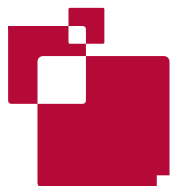
ZSOLT DARVAS, ANDRÉ SAPIR AND GUNTRAM B. WOLFF

Highlights

Abstract: This paper discusses the challenges of managing exit from financial assistance in the context of the Eurozone crisis. It argues that a combination of structural reforms and financial support is necessary to achieve a sustainable recovery. The authors propose a framework for assessing the progress of reform and the need for continued assistance. They also discuss the implications of the crisis for the future of the Eurozone and the role of the International Monetary Fund (IMF) in providing financial assistance.

Keywords: Eurozone crisis, financial assistance, structural reforms, IMF, exit strategy.

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HOW MUCH EUROPE HAS CHANGED:

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BOX 1: DEBT SUSTAINABILITY ANALYSIS

Debt sustainability analysis (DSA) is a key tool for assessing a country's ability to service its external debt. It involves a comprehensive review of a country's debt stock, debt flows, and the underlying economic and financial conditions. The analysis typically covers several dimensions: external debt, public debt, and the overall debt burden. Key indicators include the debt-to-GDP ratio, the debt-to-revenue ratio, and the debt-to-exports ratio. The analysis also considers the country's economic growth prospects, inflation, and the stability of the financial system. The results of the DSA are used to inform policy decisions and to negotiate with creditors. The analysis is often conducted by international organizations such as the International Monetary Fund (IMF) and the World Bank. The DSA is a complex task that requires a deep understanding of the country's economic and financial situation. It is a critical tool for ensuring that a country's debt remains sustainable and that it can meet its obligations to its creditors.

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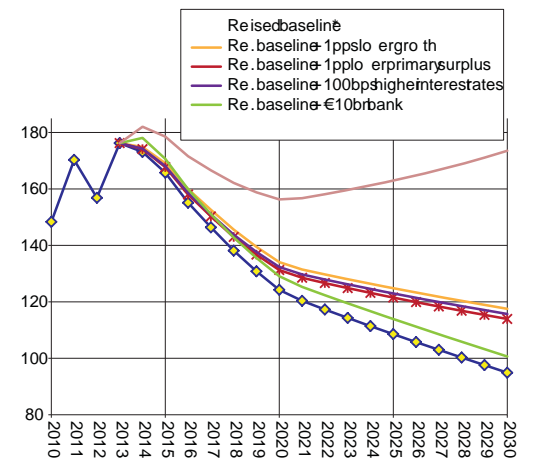
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