

[Official Sector Lending Strategies During the Euro Area Crisis](#)

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In response to the euro area crisis, European policymakers took a gradual, incremental approach to official lending, at first relying on the approach followed by the International Monetary Fund, then developing their own crisis resolution framework. We review this development, marked by a substantial divergence in the terms of official loans offered to the crisis countries by the IMF and the euro area official lenders. Based on a unique dataset, we use event analysis to assess the impact of changing maturity and spreads of official loans on bond yields, liquidity and market access. In light of the euro area experience, we discuss arguments for rebalancing Debt Sustainability Analysis and programme design towards cash-flow management. While the official assistance granted to crisis countries in the euro area may not be replicable elsewhere, key lessons from it that could foster a reconsideration of the modalities by which official lending institutions handle crises.