Where Did Greece's Bailout Money Go?

Three years after international bailouts began to keep Greece's economy from imploding, the government has spent a first rescue package of $152 billion and is working its way through a second of $173 billion but the country's debt is still 160 percent of Gross Domestic Product and much of the money has gone not to social services but investors.

Reports in the Greek media highlighted that about half the 209 billion euros ($277.5 billion) Greece has received since the start of the bailout in May 2010 has been used to cover interest and debt maturities.

Naftemporiki newspaper reported that 60 billion euros ($79.66 billion) was spent on debt maturities between 2010 and this year, while 40 billion euros ($53.1 billion) went towards covering interest.

As the Eurozone and the International Monetary Fund are expected to release another 5.8 billion euros ($7.7 billion) for Greece this week but with more than 2 billion euros ($2.6 billion) due to return to the country's lenders in August, several Greek reports have noted that most of the savior money has gone to pay the back the investors and interest, bringing them big profits.

Greece is expecting to receive 4 billion euros ($5.31 billion) from the Eurozone on July 29, with the IMF's executive board also meeting the same day to decide on the disbursement of another 1.8 billion euros ($2.39 billion).

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After the Euro Working Group approved last week the transfer of 2.5 billion euros ($3.31 billion) in fresh loans from the European Financial Stability Facility (EFSF) and the return of 1.5 billion euros ($1.99 billion) in profits made by Eurozone central banks on Greek bonds, only the approval of national authorities, such as the German Parliament, stands in the way of Greece receiving the 4 billion euros ($5.31 billion).

It seemed that the German Bundestag's budget committee was ready to give approval to the loan. Germany is the biggest contributor to the bailouts but has insisted on pay cuts, tax hikes and slashed pensions in return, as well as the firing of public workers.

The IMF board is also due to be briefed by the head of its Troika representation in Greece, Poul Thomsen. The fund is not expected to release its tranche until July 31.

The funds are due to be paid into a special account at the Bank of Greece but 2.26 billion euros ($3 billion) will be earmarked by the Troika for the payment of existing debt that matures on August 20.

The nominal value of bonds held by the ECB is 1.9 billion euros ($2.52 billion,) while interest is 76 million euros ($100.9 million). Eurozone central banks hold 268 million euros ($355.8 million) worth of Greek paper and another 10.7 million euros ($14.2 million) is due in interest. While the Troika allowed Greece to impose 74 percent losses on private investors, it would not allow restructuring of the bonds it held, and which pay 4 percent interest, paid by Greek taxpayers who’ve had their pay cut, taxes hiked and pensions slashed.

Another 48 billion euros ($63.8 billion) of the bailouts has been used to recapitalize Greek banks. Greek bondholders who took part in the 2012 debt restructuring received 35 billion euros ($46.4 billion) in sweeteners. The bond buyback that was held later in the year required another 11 billion euros ($14.6 billion.) Greece needed 15 billion euros ($19.9 billion) to cover various budgetary needs.

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