GREECE SET TO GET CASH TO PAY BILLS, BUT DEBT RELIEF ELUSIVE

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Greece's international lenders are expected to agree on Thursday to unblock as much as 8 billion euros in loans that Athens desperately needs to next month to pay its bills, but to leave the contentious issue of debt relief for later.

Euro zone finance ministers will meet in Luxembourg together with International Monetary Fund chief Christine Lagarde. She suggested last week that the IMF could join the Greek bailout now, but not disburse any money until the euro zone clarifies what debt relief it can offer Greece.

The IMF has so far refused to join in this bailout, Greece's third since 2010, because it believes that without relief Greece cannot get out from under its massive debt mountain.

Euro zone powerhouse Germany does not want to discuss details of debt relief before German parliamentary elections in September. At the same time, its parliament insists on IMF participation if it is to agree new disbursements.

Greek Economics Minister Dimitri Papadimitriou accused German Finance Minister Wolfgang Schaeuble of being "dishonest" by blocking debt relief for Greece despite his acknowledgement that Athens has implemented significant reforms.

IMF participation, even without immediate disbursements, should be enough for the German parliament to back new euro zone loans to Athens, thus ensuring Greece would get enough cash in July to repay maturing debt and avoid default.

Euro zone officials have said that the compromise, if agreed on Thursday, could result in Greece receiving between 7.4 and 8 billion euros ($8.3-9.0 billion) from the euro zone bailout fund ESM to cover July repayments.

DIFFERENCES

The IMF and the euro zone have widely different forecasts for Greek growth in the decades to come and on Athens' ability to achieve high primary surpluses - the budget leftover not including debt servicing costs - to solve its financial crisis.

Some euro zone scenarios show that with sufficiently high economic growth and budgetary discipline - a primary surplus above 3 percent of GDP for 20 years - Greece would not even need any debt relief.

But the IMF, with much more conservative estimates and stressing previous Greek underperformance on targets, says it is unrealistic to demand high primary surpluses for so long.

Pressure is also mounting at home on Greek Prime Minister Alexis Tsipras from a public weary of austerity.

Greece says it has done its part after legislating further pension cuts and tax hikes demanded by lenders to convince the IMF to participate.

"Greece has fulfilled its commitments and adopted the required reforms. Now it is time for the Europeans to comply with their commitments on debt relief," Greek President Prokopis Pavlopoulos said in an interview with German business daily Handelsblatt.

In Athens, some 1,500 pensioners gathered to protest more than a dozen rounds of pension cuts since bailout-induced austerity was enforced seven years ago.

"We have been robbed blind," said Stavros Vassiliou, 65, "I worked 41 years in construction ☀ I was taking 2,400 euros in 2011, now I take (a pension) of 1,000. I have a mortgage and four kids to support."

Governments of some of the euro zone creditors have said the reduced pensions do not appear to be at hardship levels.

Athens says it wants a debt relief agreement "that gives clarity to the markets, but of even greater importance, renewed hope to the people of Greece", a government official told Reuters before the meeting.

($1 = 0.8938 euros)

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