



Hellenic Republic  
*National Reform Programme*  
*2019*

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## ***ACRONYMS***

BoG: Bank of Greece

CEFR: Common European Framework of Reference for Languages

CPER: Centre for Planning and Economic Research

ECB: European Central Bank

ELSTAT: Hellenic Statistical Authority

EPAL: Vocational High School

EPANEK: Operational Programme for Competitiveness, Entrepreneurship and Innovation

ESF: European Social Fund

ESIF: European Structural and Investment Funds

ESL: Early School Leaving

ESM: European Stability Mechanism

ETEAN: Hellenic Fund for Entrepreneurship & Development

EU: European Union

FDI: Foreign Direct Investment

FEAD/TEBA: Greek Fund for European Aid to the Most Deprived

GDP : Gross Domestic Product

GEL: General High School

GERD: Gross Domestic Expenditure on Research and Development

HCAP: Hellenic Corporation of Assets and Participations

HEDNO: Hellenic Electricity Distribution Network Operator

HEI: Higher Educational Institution

HICP: Harmonised Index of Consumer Prices

IEP: Institute Educational Policy

IIC: Informal Industrial Concentrations

ILIMS: Integrated Licensing Information Management System

NDP: National Development Programme

NPE: Non-Performing Exposures

NPL: Non-Performing Loans

NSRF: National Strategic Reference Framework  
OAED: Hellenic Manpower Employment Organization  
OP: Operational Programmes  
OPEKA: Organization of Welfare Benefits and Social Solidarity  
PA: Partnership Agreement  
PD: Presidential Decree  
PIP: Public Investment Programme  
PV: Photovoltaic  
R&D: Research and Development  
RES : Renewable Energy Sources  
SD: School Dropout  
SME: Small and Medium Enterprise  
VET: Vocational and Educational Training  
YEI: Youth Employment Initiatives  
KEA: Social Solidarity Income  
TANEO : Fund for Development of the New Economy  
TOE: Tonne of oil equivalent



## 1. INTRODUCTION

The National Reform Programme 2019 is the first to be submitted after the completion of the economic adjustment programme in August 2018. Although, as a rule, National Reform Programmes are structured on the basis of country-specific recommendations (CSRs), Greece has not received such recommendations as a result of its exclusion from the European Semester process during the adjustment programme, while the commitments made by the country and reflected in the Eurogroup decision of June 2018 with regard to the continuation and completion of critical reforms, are monitored in the context of enhanced surveillance.

According to the second Enhanced Surveillance Report of the European Commission, as supplemented by the updated report published on 3 April 2019, Greece has completed all the actions required in relation to the specific commitments it had made for end 2018. These commitments refer to several policy areas, including, inter alia, ensuring that the country's fiscal targets are met, further strengthening the tax administration, significant progress in the field of privatization, as well as a series of actions aimed at strengthening financial stability, further modernizing public administration and simplifying the business and investment environment.

Therefore, the country's accession to the European economic governance framework, starting with this year's European Semester, has as its main point of reference the publication of the Country Report 2019. Based on the analysis that was conducted in the context of the Alert Mechanism Report, Greece was one of the thirteen Member States for which an in-depth review was deemed necessary due to the risk of macroeconomic imbalances.

The Country Report has confirmed the great progress made in recent years in a number of policy areas through the implementation of major structural reforms. At the same time, it has identified excessive imbalances in areas where the magnitude of the crisis and the recession of previous years has led to strong legacy issues. These imbalances refer to the high level of the public debt ratio to GDP, the country's net negative investment position, NPEs, the high unemployment rate and low potential growth and productivity rates. Although the root causes of most of these imbalances have now been effectively addressed, tackling the accumulated imbalances of the past requires continued reform efforts with an emphasis on reforms that enhance potential growth and strengthen growth's sustainable and inclusive character, in line with the priorities set out in the 2019 Annual Growth Survey.

### 1.2 Reforms in key policy areas

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A complete and detailed inventory of the structural reforms carried out in previous years would obviously be beyond the scope of this Programme. However, a brief reference to the progress made in selected areas and reflected in the Country Report is necessary in order to describe more accurately the current situation and to facilitate the focus on

major future challenges. For this reason, this section will be confined to those policy areas where imbalances have been identified.

In the area of fiscal policy, progress is evident both in terms of fiscal performance and in terms of the public financial management framework. As regards the evolution of budgetary figures, 2018 is the fourth consecutive year in which Greece exceeds the budgetary target agreed under the programme and the third consecutive year in which the primary budgetary surplus exceeds 3,5%. Successful completion of fiscal adjustment has been combined in previous years with the implementation of major reforms in the context of public financial management. These reforms, which include, *inter alia*, the introduction of a medium-term fiscal strategy, the establishment of a framework for monitoring budget execution at the level of the General Government and the establishment of strict budgetary rules, have contributed to the creation of a modern and integrated fiscal management framework which has already succeeded in controlling expenditure and ensuring the prudent exercise of fiscal policy in the future.

A similar picture is depicted in the Country Report as far as competitiveness and the current account are concerned. The efforts of recent years have led both to the correction of the large imbalances of the pre-crisis period and to the adoption of a number of reforms aimed at enhancing the competitiveness of the Greek economy. On the first issue, the current account deficit has fallen dramatically from the peak of 15.8% of GDP in 2008, with the overall adjustment achieved being almost equal to the fiscal adjustment. In this context, maintaining and strengthening the upward trend in exports that is recorded over recent years is a key priority for the Greek authorities (see section 2.2), the strategic objective being that exports reach 50% of GDP by 2025. Regarding the structural component, the Country Report recognizes the extensive reforms that have taken place both in the product and labor markets and in terms of improving the business and investment environment, as well as in reducing the administrative burden faced by private sector enterprises.

Substantial improvement has also taken place with regard to the financial sector, which has been greatly affected in the past years by the protracted economic crisis. In particular, the Greek banks' capital ratios are at a healthy level (15.8% on average in the second quarter of 2018) which exceeds capital requirements, liquidity provision by the Emergency Liquidity Assistance has practically been eliminated, while the dependence of Greek banks on the Eurosystem's liquidity has been significantly reduced. At the same time, the reduction of the NPEs stock has become a central objective and significant reforms have been made in this direction, including the creation of an out-of-court settlement mechanism, the creation of a secondary market for non-performing loans and a new insolvency framework for both companies and natural persons.

The most significant impact of the crisis on the real economy is related to the drastic reduction in investment and the subsequent creation of a particularly large investment gap. As stated in the Country Report, the ratio of investment to GDP was less than 13%

in 2018, lower by eight percentage points relative to the EU average and by ten percentage points relative to its 2008 value. The large reduction in investment spending has had obvious negative effects both in terms of productivity and in terms of employment and has made the acceleration of structural reforms necessary in order to stimulate the investment climate, attract investment and improve the structural competitiveness of the Greek economy.

Major reforms have been completed to facilitate business and investment initiatives. These include actions to improve the business environment by simplifying business creation and investment licensing, the modernization of the company law, strengthening competition through the opening of regulated professions and reducing barriers to entry of new businesses into various sectors of economic activity, as well as actions for accelerating and supporting investment and FDI (new framework for strategic investments, new development law). At the same time, the development and gradual implementation of the National Growth Strategy, in line with the priorities of the 2019 Annual Growth Survey and the Sustainable Development Targets, highlights the emphasis placed by the Greek authorities on the development of integrated public policies and high quality institutions and tools that will contribute to closing the investment gap, strengthening potential growth of the Greek economy and boosting innovation, productivity and outward-looking economic activity, including for SMEs. The development of a Growth Strategy addresses the chronic shortage of coherent and comprehensive strategic planning at national level and ensures that actions and reforms continue to further improve sustainable growth and investment conditions. In order to effectively implement the goals of the growth strategy, two major reforms were recently completed: the establishment of Hellenic Development Bank SA and the establishment of the National Development Program, an integrated multiannual framework encompassing all national resources of the Public Investment Program. The reform and upgrading of development tools and institutions is reflected in the key macroeconomic scenario of the Greek authorities, where gross fixed capital formation is expected to increase cumulatively by approximately 37% between 2018-2022. It is also reflected in the projections for the medium-term evolution of the unemployment rate, where the increase in investment is expected to give further impetus to the already significant decrease recorded in recent years.

### 1.3 Imbalances and structural challenges

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In view of the above, it is clear that the major imbalances currently identified in the Greek economy constitute a legacy of the crisis and are related to the accumulation of the negative effects of the economic recession on a series of macroeconomic variables. Moreover, these imbalances are identified in policy areas that are characterized by the implementation of significant structural reforms in previous years. These reforms have not led to a complete reversal of the cumulative impact of the crisis - something that would be impossible in some of these cases - but have significantly improved the efficiency and functionality of the institutional and operational framework underlying

the specific policy areas, hence addressing the underlying causes that led to the crisis and ensuring that the Greek economy is shielded from possible adverse future developments.

The above description applies to a greater or lesser extent to all imbalances identified in the European Commission's Country Report. As regards sovereign debt, the increase of which mainly reflects the dramatic decline in GDP during the crisis, its downward trend in the coming years is reflected in both the Greek authorities' forecasts, which are further analyzed in the Stability Programme, and the European Commission's sustainability analysis, while the Eurogroup decision of June 2018 has ensured its sustainability by limiting the country's gross financing needs to less than 20% of GDP in the long-run.

With regard to labour market imbalances, the decline in the very high unemployment rate has already advanced to a significant extent, as this figure is estimated to have declined by around eight percentage points in 2018 compared to the peak of 27.5% that was recorded in 2013, while this decline is expected to continue as a result of positive growth rates and the projected rise in private investment.

In addition, the country's negative net investment position is the cumulative effect of chronic current account imbalances, resulting in a very low level for the specific indicator despite the fact that most of the adjustment in the current account has already been completed. As is also the case with respect to the imbalances described in the previous paragraphs, although flows show a clear trend of improvement and overcoming past problems, stocks are changing at a significantly lower pace and their correction will necessarily be gradual.

The above obviously do not imply that the correction of these imbalances will be an automatic process or that what is required is only sufficient time. On the contrary, this correction is a major challenge and will require structural changes, not only because of the existence of imbalances (NPEs, potential growth) where the adjustment process has progressed less than in the cases described in the previous paragraphs, but also because these imbalances pose significant risks to the future prospects of the Greek economy and in many cases hinder or limit the positive impact of the major reforms already completed in the same or in other policy areas. Therefore, addressing these imbalances and describing the relevant structural reforms constitutes the main focus of this Programme and the basis for the analysis in the following chapters.

Lastly, the National Reform Programme 2019 also includes sections devoted to the analysis of national targets in the context of Europe 2020 strategy. As stated in the Country Report, the national targets set for the level of the employment rate and the reduction of the share of population at risk of poverty are the only ones for which the outlook seems rather pessimistic, which is also entirely due to the particularly adverse effects of the economic crisis on these variables. On the contrary, performance with respect to the other six national targets is particularly satisfactory, especially concerning

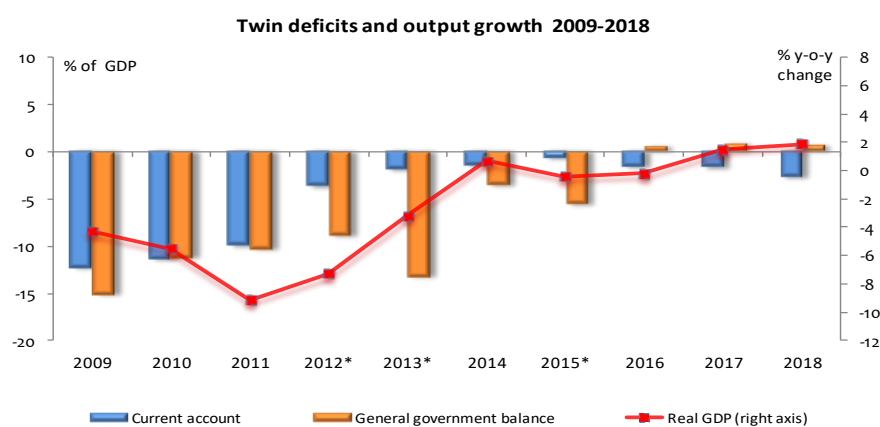
the reduction of greenhouse gas emissions, the decrease in the rate of early school leaving and the rate of completion of tertiary education, where the most recent data show that Greece has already substantially exceeded the target values.

## 2. MACROECONOMIC ENVIRONMENT AND MACROECONOMIC IMBALANCES

### 2.1 Macroeconomic Developments

Strengthening economic stability, fiscal credibility and consistently rising of economic climate have contributed to medium-term growth potential of the Greek economy. Greece exited its third and last economic adjustment programme in August 2018 and integrated into the regular European context of economic policy coordination, having largely corrected its macroeconomic and fiscal imbalances of the past and bridged the competitiveness gap through a broad structural reform agenda. Its once-vast public deficit in 2009 (-15.1% of GDP) turned into a budget surplus in 2016 (+0.5%) and continued to improve in 2017 (+0.7%) and in 2018 (+1.1%), driven broadly and equally by expenditure restraint and revenue increase. In parallel, the current account deficit (Balance of Payments data) has narrowed by 9.5 percentage points of GDP since 2009, from -12.3% to -2.8% in 2018, inter alia reflecting substantial gains in price and labour cost competitiveness compared to major trading partners.

**Figure 1. Twin Deficits and Growth Rates**



Note: \* denotes years of bank recapitalization. Fiscal figures for 2018 are estimates.  
Sources: ELSTAT, Bank of Greece, State Budget 2019

In 2018, the Greek economy's growth dynamics is gathering momentum stemming from a positive economic outlook, employment growth and an increase in export market shares. Real GDP grew by 1.9% year-on-year (from +1.5% in 2017). The main contributors to growth in 2018 were net exports due to an increase of country's export market shares in global trade (the 5-year average export market share of world exports, as estimated by the Macroeconomic Imbalance Procedure scoreboard, improved remarkably from -25,28% in 2012 to -1,29% in 2017, far below the indicative threshold of -6.0%) and real private consumption. Strong export growth (+8.7% y-o-y versus +6.8% in 2017) was mostly benefitted from high activity in transport, tourism and oil products while private consumption (+1.1% y-o-y from +0.9 in 2017) supported by

firmly elevated consumer confidence, the rise in retail and wholesale trade and continued employment gains. Public consumption remained negative in 2018 (-2.5% y-o-y from -0.4% in 2017). Total investment contracted (-12.2% y-o-y) compared to 2017, although almost all investment subsectors pointed to a significant performance excluding transport equipment and non-residential construction.

Economic recovery is echoed in the steady improvement of the labour market, on the back of increasing flexibility and raising competitiveness through a substantial adjustment in unit labour costs. In 2018, employment (Labour Force Survey data) continued to grow at a robust pace, although slightly down from the previous year (+2.0% versus +2.2% in 2017). The unemployment rate kept falling (19.3% versus 21.5% in 2017) following the downward path starting from 2015, though remaining still high. Youth and long-term unemployment which constitute the main challenges in the labour market, declined to 39.9% and 70.4% in 2018 since their peaks of 58.3% in 2013 and 73.6% in 2014 respectively. At the same time, wage developments in 2018, for a second year in a row, followed the improving trend of labour market. Indeed, wage growth, as reflected in compensation of employees, pointed to an increase of 3.6% (+2.3% in 2017).

In 2018, HICP inflation was subdued compared to the previous year. It moderated at 0.8% (+1.1% in 2017), mostly due to the decreased impact of international oil prices and the fading out of the impact from the indirect tax increases of 2017. Core inflation remained low at 0.5% (from +0.6% in 2017), reflecting relatively low domestic demand.

On the fiscal front, the repeated robust fiscal results under the ESM programme and beyond this under the European Semester (preventive arm of Stability and Growth Pact) and Enhanced Surveillance, have met the agreed fiscal targets with notable margins, resulting in supporting debt sustainability. The general government headline balance is estimated to record for the third consecutive year a surplus, namely 1.1% of GDP in 2018 from 0.8% in 2017 and 0.5% in 2016. The general government primary surplus is estimated at 4.4% of GDP in 2018 from 3.9% in 2017 and 3.7% in 2016 (4.3% of GDP in 2018 in programme terms), well above the programme target of 3.5% of GDP.

The successful completion of ESM programme along with fiscal over-performance, improved economic conditions and strong confidence contribute to Greece's gradual return to the international capital market. During 2017 and 2018 and in early 2019 Greece's creditworthiness received multiple rating upgrades by international credit-rating agencies, while the current level of the 10-year government bond yield has approximated to the levels of 2005 (3.6%). After the country's first efforts to tap markets in mid-2017 and in early 2018 by launching government bonds, the recent 5-year government bond issuance in February 2019 (yield 3.6%) and the new 10-year government bond issuance in March 2019 (yield 3.9%) signal two strong footprints for country's return to capital markets normality since exiting the programme. Solid fiscal credibility and positive economic outlook as well as the building up of a substantial

cash buffer which shields the country against refinancing and interest rate risks and functions as a guarantee for further improving country's debt profile in the post-programme era, are expected to lead to a further de-escalation of Greek government borrowing rates.

Medium-term growth prospects of the Greek economy look positive, as the economic recovery is expected to retain its positive momentum and strengthen further. Real GDP growth is projected at 2.3% both in 2019 and 2020, led by a significant surge in domestic demand, as private consumption and investment-led growth show solid signs of recovery, and a further increase of export market shares in global trade. Private consumption (+1.0% in 2019 and +1.2% in 2020) is set to be supported by positive confidence effects and the improved households' disposable income thanks to ongoing labour market gains. Gross fixed capital formation is expected to insert in a stably positive trajectory (3.9% in 2019 and 12.9% in 2020), mainly benefitted from the recovery of the real estate market, the improvement in financing conditions and structural reforms continuation. Exports of goods and services are set to expand considerably (5.9% in 2019 and 5.4% in 2020) thanks to the significantly improved export market share in global trade, the cumulative positive effect of competitiveness gains since the beginning of the crisis as well as the inelastic demand for several categories of exported goods despite weak Euro area economic prospects. Still, the net export contribution to growth is forecast to be marginal over the medium-term horizon, as domestic investment demand is pushing up import growth. Public consumption is expected to return to positive grounds (1.6% in 2019 and 0.6% in 2020).

In the coming years, investment is viewed as the key determinant for a sustainable economic recovery. Investment is expected to be supported by the continuation of structural reforms reflected in the National Growth Strategy focusing on improving business environment, ensuring a stable and growth-friendly tax system and an effective public administration, developing of infrastructure and advancing the digital economy, boosting extroversity and innovation, strengthening transparent governance and justice system and improving prospects of youths. In parallel, improvement in financial conditions, stemming from a more intensive reduction of non-performing loans, banks' access to financial markets and an increase in credit flow to the real economy, is set to underpin investment growth. Lifting of capital controls in the banking system should support credit demand. Under these circumstances, new domestic and foreign direct investments should be attracted, which, in turn, could lead to a significant increase in productive capacity. The ultimate objective of economic policy is the gradual shift of the economy's growth model towards a sustained investment- and export-driven recovery. Investment is set to contribute 0.4 percentage points to economic growth in 2019 and 1.5 in 2020 from -3.2 in 2009, while total exports are forecast to contribute 2.0 percentage points in 2019 and 1.5 in 2020 from -4.3 in 2009.

Trends in the labour market are expected to remain firmly positive. Employment growth (on a national accounts basis) is expected to continue growing, though moderating to



1.6% in 2019 and to 1.2% in 2020. Unemployment is forecast to keep declining to 17.8% in 2019 and 16.5% in 2020. The consistently improvement of the labour market is set to be reflected in wages increase in the medium-term. Compensation of employees growth is forecast to accelerate to 4.5% in 2019 and to 3.6% in 2020, and moderating afterwards along with employment trend.

Projections for HICP inflation point to an increase of 0.9% in 2019 and 1.3% in 2020, mainly due to the expected picking up of domestic demand in light of higher wage growth, and a further narrowing of the output gap.

Fiscal performance is set to remain at a solid ground over the medium term, contributing to higher economic policy ownership in the post-programme era. The fiscal projection for 2019 shows a general government headline balance of 1.6% of GDP and a primary surplus of 4.7% of GDP (4,1% of GDP in terms of enhanced surveillance methodology), compared to a target of 3.5% of GDP. The debt-to-GDP ratio in 2019 is estimated to decline to 170.6% of GDP from 181.1% of GDP in 2018. The declining trend is expected to continue afterwards, mostly driven by the recovery in nominal GDP and the normalization of country's access to capital markets, taking into account the favorable debt structure and the debt relief measures agreed by the Eurogroup in June 2018.

## Key Annual Macroeconomic Indicators and Forecasts

(annual % change, except if otherwise indicated)	2015	2016	2017	2018	2019*	2020*	2021*	2022*
<b>A. Demand and output (in volume)</b>								
Private consumption	-0.2	0.0	0.9	1.1	1.0	1.2	1.2	1.2
Government consumption	1.6	-0.7	-0.4	-2.5	1.6	0.6	0.4	0.4
Gross fixed capital formation	0.7	4.8	9.1	-12.2	3.9	12.9	8.0	7.9
Exports of goods and services	3.1	-1.8	6.8	8.7	5.9	5.4	3.8	3.3
Imports of goods and services	0.4	0.3	7.1	4.2	3.5	5.7	3.3	3.1
Real GDP	-0.4	-0.2	1.5	1.9	2.3	2.3	2.1	2.0
<i>Contribution to change in real GDP</i>								
<i>Final domestic demand</i>	0.3	0.4	1.6	-1.4	1.5	2.4	1.9	1.9
<i>Inventories</i>	-1.5	0.1	0.2	2.0	0.0	0.0	0.0	0.0
<i>Net exports of goods &amp; services</i>	0.8	-0.6	-0.3	1.3	0.8	-0.1	0.2	0.1
<b>B. Prices</b>								
GDP deflator	-0.3	-0.2	0.6	0.6	1.1	1.4	1.6	1.7
HICP	-1.1	0.0	1.1	0.8	0.9	1.3	1.5	1.7
<b>C. Income and employment</b>								
Compensation of employees (nominal)	-1.5	-0.1	2.3	3.6	4.5	3.6	3.5	3.2
Total employment*	0.7	0.5	1.5	1.7	1.6	1.2	1.0	0.7
Unemployment rate (LFS)	24.9	23.5	21.5	19.3	17.8	16.5	15.3	14.2
<b>D. External economic transactions*</b>								
Current account balance (% of GDP)	-0.3	-1.2	-1.1	-0.4	0.8	0.9	1.0	1.1
Trade Balance (% of GDP)	-9.1	-9.3	-10.3	-9.9	-9.4	-9.7	-9.8	-9.8
Services balance (% of GDP)	9.1	8.6	9.3	9.7	10.0	10.4	10.7	10.8
<b>E. Fiscal balance</b>								
General government balance (% of GDP)	-5.6	0.5	0.7	1.1	1.6	1.1	1.3	1.7
General government primary balance (% of GDP)	-2.1	3.7	3.9	4.4	4.7	4.0	4.2	4.6
General government gross debt (% of GDP)	176.8	178.5	176.2	181.1	170.6			

(\*) projections

(\*\*) On a national accounts basis

Source: Hellenic Statistical Authority, Hellenic Ministry of Finance

### 3.TOWARDS A COMPREHENSIVE STRATEGY FOR INCREASING THE PRODUCTIVITY OF THE GREEK ECONOMY : 10 PRIORITY POLICY AREAS

#### 3.1 Strategic goals

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Improving the productivity of the Greek economy is a key-priority, after the completion of economic adjustment programmes, in order to address structural weaknesses of the domestic production system. These weaknesses are reflected in the Greek economy's performances concerning productivity. The hourly labour productivity was substantially lower in 2017 compared to the EU average by about 35% (Greece = 64, 1 - EU 28 = 100, 2017).

Productivity growth is crucial for strengthening the potential growth and efficiency of the Greek economy as well as for supporting the transition of businesses to sustainable, higher value-added and export-oriented activities. Improving economic conditions allow the implementation of appropriate policy and business initiatives for achieving this goal. The National Growth Strategy includes a broad set of measures and policies with a direct or indirect positive impact on the productivity of Greek enterprises. These initiatives are consistent with E.U priorities (i.e. Annual Growth Survey 2019) and OECD guidelines and recommendations. The strategic goal of the Greek authorities is to create conditions which will enable the convergence of the productivity levels of the Greek economy with the European average. These actions are described in detail in the individual chapters of the National Growth Strategy and concern 10 policy areas.

This policy framework is more comprehensive in comparison with previous policies which focused on liberalisation of markets and professions as the only channel for improving productivity. In this new framework, improvements in the quality of jobs and human resources are expected to contribute substantially to the increase of the productivity of Greek businesses and industries. Poor quality of jobs has been one of the central components of Greece's ineffective, unsustainable and non-tradable oriented pre-crisis growth model. Empirical results have also highlighted the limited impact of horizontal reforms applied in the euro area economy since 2010 in relation to the improvement of productivity. This calls for appropriate targeted policy measures for supporting industries with a strong potential for growth, employment and regional development.

#### 3.2 10 policy areas for boosting productivity

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The policy aiming to boost productivity comprises 10 areas aimed at:

##### **1. Improving the business environment**

Improving the business environment is a key-priority in order to increase business productivity. The following indicative actions are currently being implemented:

- Digitization of business registration (electronic One Stop-Shop)
- Modernisation of the General Commercial Registry
- Simplification of licensing and inspection procedures
- Modernisation of Corporate Law
- Support of exports through the implementation of the Export Promotion Action Plan and removal of export-related administrative barriers
- Collaboration with the World Bank to improve performance in the fields of “Doing Business”
- Completion of the National Spatial Planning and Cadastre
- Speeding-up case processing (Justice)
- Incentives for businesses to install in Business Parks
- Promoting e-commerce

## **2. Strengthening investments in technological equipment & innovation**

Investments in technological equipment, innovation and improvement of production processes have a major impact on productivity. The Greek authorities are implementing the following set of actions in order to improve the country's innovation system performances with special attention to the innovation capacity of enterprises:

- The Ministry of Economy and Development has implemented [35 financial tools](#) covering a wide range of investment needs. These actions make available € 7.5 billion to € 8 billion of public funds for the economy and businesses. It is estimated that these resources will support investments of 22 billion over a three-year horizon.
- The new Investment Law (4399/16) provides specific provisions for the support of innovation-oriented investments.
- New institutions have been established for promoting innovation:
  - EquiFund
  - ELIDEK (Hellenic Foundation for Research and Innovation)
- “Flagship initiatives” (horizontal research actions) are under implementation in emerging research fields with a strong innovation potential.
- Implementation of 685 cooperative research and innovation projects between Higher Education Institutions, Research Organisations and Companies.
- Tax incentives for private investments in R&D.

### **3. Attracting Foreign Direct Investment**

Foreign Direct Investment, through the transfer of technology, innovation and knowledge, enhance productivity. The following indicative actions are under implementation in order to attract high-quality foreign investment:

- A New Framework for Strategic Investments has been created to attract and support high quality investments. The services of “Enterprise Greece”, the official agency of the Greek State to promote investment in Greece and exports, are being upgraded.
- Creation of Large Business Unit Parks
- Enhanced co-operation with international financial organizations (e.g. EIB, EBRD)
- A new policy framework for Public-Private Partnerships is under completion in order to increase the impact of PPPs on investment and growth
- A gradual reduction of corporate taxation has been legislated
- Implementation of investment-friendly sectoral strategies concerning infrastructures, logistics and energy
- High-level diplomatic and political initiatives have been introduced in order to promote the growth potential of Southeastern European economies by facilitating regional business and investment activities (co-development of the Balkans).

### **4. SMEs business expansion and restructuring**

SMEs in Greece employ 6 out of 10 employees compared to 3 out of 10 in average in the E.U. The performance gap between micro-enterprises and large ones in terms of productivity has also widened in Greece compared to other European economies. Promoting policies for increasing the productivity of SMEs is therefore a key-strategic challenge. The Ministry of Economy and Development is implementing the following actions and policies:

- Establishment of a SMEs’ Support Network
- Supporting the operation of businesses in less-favoured areas
- Support of Business Chambers
- Improving the access of SMEs to public procurement

- Scaling up: Support of SMEs co-operation, networks and mergers (specific provisions in the new Investment Law, specific programmes of the National Strategic Reference Framework, and new legislation on corporate mergers).

## **5. Strengthening investment in skills and education**

The transition to a growth model based on quality, innovation and higher value-added activities requires adequate skills and knowledge. The Ministry of Labour and the Ministry of Education have completed significant reforms in this direction:

- Upgrading Active Labour Market Policies:
  - Reorganisation of the Public Employment Service (OAED) aiming at improving its efficiency and the quality of services delivered to the public.
  - An institutional reform of ALMPs is also underway aiming to the switchover to an open framework set of ALMPs. Framework regarding the Labour Market Needs Identification Mechanism.
  - Action Plan for Human Capital Development.
- Reform of VET & Vocational Schools (Ministry of Education).

## **6. The development of quality, modern and accessible infrastructures and networks**

The construction of modern, efficient and accessible networks is essential for increasing productivity. The Greek Authorities are implementing, in close cooperation with the European Union, integrated strategies and actions in the following network and infrastructure industries:

- Energy (National Energy and Climate Plan)
- Digital infrastructures (National Digital Strategy)
- Transport (National Strategic Transport Plan) and Logistics (National Action Plan for Logistics)
- Restructuring of State-Owned Enterprises (HCAP)

## **7. Ensuring healthy market competition**

Oligopolistic conditions create disincentives for investment, having an adverse impact on the dynamism of the economy, productivity and consumer welfare. Significant actions to promote healthy competition include:

- Major interventions have been completed based on the three successive Competitive Assessment Reviews conducted by the OECD and the Hellenic Competition Authority (HCC) in order to identify and remove harmful regulations.
- An Entrepreneurship Observatory is being established, in collaboration with SRSS. The observatory is expected to contribute to a more effective and efficient policy design

and assist the implementation of better regulation principles for both ex ante and ex post assessment of regulations that affect competition in product and services markets.

## **8. Supporting productivity-enhancing policies through new development and financing institutions**

Productivity improvements of the Greek Economy in the long-term are dependent on the operation of institutions and bodies capable of a) monitoring the country's performance, b) planning, implementing and evaluating actions, policies and reforms. In this direction, important actions aiming at the strengthening of the institutional capacity and quality have been completed:

- A National Productivity Council was set up under the responsibility of the Centre of Planning and Economic Research (KEPE) for ensuring adequate scientific support.
- The Hellenic Development Bank has been created to finance actions with significant impact on the productivity of the economy.
- The Public Investment Programme is reformed in order to create a multiannual public investment programme taking into account the strategic objectives of the National Growth Strategy including the improvement of productivity.

## **9. The contribution of manufacturing to productivity growth**

During time of economic crisis, industrially developed countries have proved to be more resilient. In addition, due to its higher contribution to productivity growth, manufacturing improves competitiveness, exports and the trade balance. The Greek authorities have systematically stressed that the development of manufacturing is not only a priority but also a necessary condition for the long-term sustainability of the Greek economy. The following initiatives have been taken during recent year:

- The Industry Forum, the Sectoral Action Plan for the Pharmaceutical Industry and the Agriculture, Tourism and Agri-Food Forum are initiatives which aim at stimulating strategic public-private partnerships and promoting sectoral linkages.
- The new Investment Law provides specific support for the development of manufacturing and industry while the new Strategic Investment framework introduces incentives for R&D-driven investment, industry and manufacturing.
- Actions have been implemented for the effective operation of the large business units (i.e. establishment of Large Business Unit Parks and provision of incentives for installation in Business Parks). The Ministries of Environment & Energy and of Economy & Development will proceed during the first semester of 2019 to the preparation of a new Special Spatial Plan for the Industrial Sector.

## **10. Long-term support for the transformation of the domestic production base**

The operation of the Hellenic Development Bank (HDB) will contribute through appropriate investment tools to the development of a strong domestic production based on higher added-value, export-oriented and innovative manufacturing businesses.



## 4. NATIONAL GROWTH STRATEGY

In July 2018, [the National Growth Strategy](#) (NGS) was published. The Strategy includes a significant set of [reforms](#) and actions with specific [KPIs](#), timetables and milestones. The NGS effectively embraces the holistic approach of Sustainable Development Goals by integrating the economic, social and environmental dimension.

The Ministry of Economy and Development presented in October 2018 a detailed [action plan](#) for contributing to the achievement of the NGS' goals. These two initiatives are important reforms per se by establishing for the first time a comprehensive public policy framework for growth, investment and development.

This framework aims at ensuring appropriate policy design, effective implementation, transparency and commitment to goals. The NGS is complemented by two major reforms for supporting its implementation: a) the establishment of a multiannual investment programme and b) the creation of Hellenic Development Bank.

### 4.1 Contribution of the National GROWTH Strategy to the Annual Growth Survey

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The priorities of the Growth Strategy address the priorities of the Annual Growth Survey 2019, as summarized in the following table.

**Table 1. Common Priorities of National Growth Strategy & Annual Growth Survey 2019**

<ul style="list-style-type: none"><li>❖ Delivering high-quality investment</li><li>❖ Reforms that increase productivity growth</li><li>❖ Institutional quality</li><li>❖ Improving the business environment</li><li>❖ Inclusive growth</li><li>❖ Ensuring macroeconomic stability and sound public finances</li><li>❖ Moving towards a low-carbon circular economy</li><li>❖ Reduction of investment gap in R&amp;D</li><li>❖ Support to stronger science-business linkages</li><li>❖ Social Investments (education, children, family)</li><li>❖ Mitigation of regional and spatial inequalities</li><li>❖ Upgrading and developing infrastructure</li><li>❖ Addressing inequalities in access to quality education and training</li></ul>
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### 4.2. Actions and Reforms for enhancing exports

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The Greek economy has been structurally characterized by a small degree of internationalization in comparison to other European economies. However, significant progress has been achieved during recent years. Exports of goods and services amounted for 33% of GDP in 2017 from 19% in 2009. The government is aiming to increase exports to more than 50% by 2025 having set under implementation the 'Export Promotion Action Plan' under the auspices of the Ministry of Economy and

Development in cooperation with the Ministry of Foreign Affairs and ‘Enterprise Greece’. The implementation of this Plan is in full progress and includes among others:

- The establishment and commission of the Interministerial Export Committee. The Committee is responsible for policy-making, implementation and coordination of public actions for the internationalization of the Greek economy. The Committee was upgraded recently to a Governmental Council for export and investment promotion.
- ‘Enterprise Greece’, the public agency responsible for the promotion of exports and investment, is implementing a set of actions for the improvement of its operations and services including the enhancement of its human resources, the appointment of a more diversified Board of Directors representing all relevant key-stakeholders and the introduction of modern management methods. The Help-Desk of Enterprise Greece is also under reengineering aiming at improving substantially services provided to businesses (pilot implementation in March 2019 - to be fully delivered in 2021).
- The ‘National Export-Promotion Information System’ is under implementation aiming at providing reliable information to exporters (a joint action of the Ministry of Economy and Development, the Ministry of Foreign Affairs and ‘Enterprise Greece’). The new service is scheduled to be available by mid-2021.
- The establishment of a Common Calendar of export-promotion activities between Ministries and public agencies. From 2020, the scheduling of the Common Calendar will rely on the methodology tool of the Centre for Planning and Economic Research (KEPE) which aims at identifying potential exports opportunities and markets.

In order to assist further and in a more comprehensive way the internationalization of the Greek economy, the Ministry of Economy and Development has initiated the preparation up of a medium-term export-strategy. This strategy will rely on the specific methodological tool designed by KEPE for the identification of target-goods and target-markets. This tool will allow for:

- The drawing of a global Map of Export Potential for Greece (early 2020)
- The evaluation of export policy on specific targets and goals, under the supervision of the Governmental Council for exports.
- The integration of Regions, Chambers and private sector representatives in all three stages of export policy making: planning, coordination, implementation.

### **Hellenic Development Bank**

The establishment of a modern development organisation, such as the Hellenic Development Bank, according to best international practices, is a breakthrough for the domestic financial system and the Greek economy as a whole. Greece was the only country in the European Union that did not have such a vital institution for its development.

The main purpose of the Hellenic Development Bank is to support the necessary transformations of the productive system in order to promote the fair, sustainable and holistic development of the economy at regional and national level. The activities of the Hellenic Development Bank will be based on the following fundamental priorities: a) general support for entrepreneurship; b) facilitating access to finance for enterprises and addressing market failures through, for example, the creation and implementation of financial instruments for the optimal use of national, European and other funds; (c) the promotion of innovation; (d) business competitiveness, e) promoting quality, strategic and innovative projects, f) attracting capital and promoting investment in the country for economic and social development, g) development and implementation of financial instruments, h) the provisions of counseling services to enterprises and to the public administration, i) the promotion of the social and solidarity economy and i) the strengthening of employment.

The operation of the Greek Development Bank will be implemented through the restructuring and strengthening of the administrative capacity of existing entities, "ETEAN SA" and its subsidiary "TANEO SA". The first phase of the transformation was completed on 17.4.2019 with the approval of the new legal framework and the next phase, consisting in the implementation of the necessary organisational and other changes, will be completed in 2019. The Hellenic Development Bank will develop a set of new products corresponding to an amount of about € 2.3bn during the next 5 years.

### **Strategic Investments**

With the aim of strengthening and attracting investments, the new legal framework of Strategic Investments was adopted on 17 April 2019, to replace the previous legislation. The new framework of strategic investments aims to create a more attractive and effective environment for strategic investors in all sectors. The new framework has a dual approach:

- It provides to investors a wide range of benefits (safe and transparent environment as well as fast-tracking and licensing, tax and land-use incentives, etc.)
- It ensures support for investments with high growth potential and other benefits, in line with the priorities of the National Growth Strategy.

Strategic investments are categorized according to the incentives provided. New incentives for R&D-driven investments, for sectors of the economy such as the industrial sector, have been introduced.

### **Foreign Direct Investments**

The consolidation and further increase of the current upward trend in the field of Foreign Direct Investment (FDI) is both a central priority and a challenge for the Greek economy. Support for FDI is achieved through reforms to improve the business and investment environment, investment funds enabling co-investment in Greek companies (e.g. TANEOS SA) as well as through the completion of the National Spatial Planning and the Cadastre. In this framework, the Ministry of Economy and Development establishes a "FDI Observatory" in cooperation with the National Documentation Center and the National Research Foundation (National Authority and Institution of the Greek Statistical System) in order to assist policy-making in relation to FDI attraction and retention. The Observatory will develop a technology platform for collecting, processing and analyzing data and information for Greece on inward and outward FDI flows and trends in line with international practices. This data will be made available to public institutions (Ministries, Statistical Authority and Bank of Greece). At the same time, these data, through the reports of the Observatory, will be a key-input for the investment strategy and in particular for implementing appropriate incentives to attract FDI. The Foreign Direct Investment Observatory is expected to become operational within the first half of 2019.

#### 4.4. Investment Law and improvement of competitiveness

The new Investment Law (4399/2016) aims to attract more than €11 bn of direct private investment by 2023 through the provision of incentives to the private sector. The new approach of the Investment Law introduces a profound reform which puts an end in the provision of incentives without specific targets and priorities. This unsuccessful approach was the main feature of past laws. The new law has also expanded the criteria, aiming in the participation of smaller businesses, as well as ensuring higher financing for them. The main objectives of the new Investment Law are technological upgrading, the promotion of national branding, the strengthening of cooperation between enterprises and between research institutes and businesses, the improvement of the country's position in terms of its competitiveness in high value-added and knowledge intensive sectors, the participation in value chains for the production of more complex products and the provision of better services as well as the modernization and increase of the average size of enterprises.

## **Schemes**

The new Investment Law comprises 8 sub-schemes supporting investment projects:

1. General Entrepreneurship
2. New Independent SMEs
3. Mechanical Equipment
4. Innovative SMEs
5. Synergies and Networking
6. Integrated Spatial and Branch Plans - Value Chains
7. Large Investments
8. Micro and small enterprises

## **Course of implementation and planning of actions**

Two rounds of applications for the schemes 1, 2 and 3 have already been completed and a third round of applications is being implemented/planned. In parallel, submission of applications for scheme 5 and a round of applications for scheme 7 have been completed. In total, more than 1820 investment projects have been submitted to date, with a total investment cost of EUR 5.2 billion euros (with financial aid amounting to EUR 1,7 billion). These projects are expected to create more than 14.110 employment positions. At the same time, 580 of the aforementioned investment projects have already been approved, with a total investment cost of more than 1.6 billion euros and financial aid, amounting to more than EUR 468 million.

By the end of the first half of 2019, two new schemes are planned to be launched:

- The "Micro and Small Businesses" scheme, aims to support investment projects of small and very small enterprises, which is by far the dominant form of entrepreneurship in Greece.
- The "Innovative SMEs" scheme aimed at: (a) taking advantage of the research infrastructures and research potential of the country; (b) connecting research with production and businesses in line with the objectives of the Annual Growth Survey 2019, c) strengthening the internationalization of the Greek economy through financial support for innovative business & research initiatives.

## **Support to Businesses in Less-Favoured Areas (LFA's)**

The impact of the ten-year crisis that affected the Greek economy was unevenly distributed amongst the regions of the country. Some areas proved to be more resilient (e.g. the two major urban centers in the country and the touristic regions/islands). Other areas have been disproportionately affected, such as the northern and border regions of the country as well as the central mountainous regions. In order to mitigate these important inequalities, the Ministry of Economy and Development, undertakes an initiative to support healthy businesses in the less-favoured areas. Support will be

provided by covering part of their operating costs over a two-year period, in order to facilitate businesses' exit from the cumulative problems caused by the crisis, through investments which will enhance their competitiveness, promote their exports and increase employment. The aid will follow the rule of De Minimis (aid per SME up to 200,000 Euros in two or three years). The programme will be operational by April 2019.

## 5. IMPROVING THE BUSINESS CLIMATE & EASE OF DOING BUSINESSES

Improving the business environment is a central priority, while the significant progress made since 2009 in this field is reflected in the country's performance in the World Bank's "Doing Business" Report<sup>1</sup>. The contribution of Ministry of Economy and Development to the improvement and simplification of the environment for enterprises is summarized in 3 chief interventions related to the simplification of a) the process of setting up a business, b) licensing of economic activities and c) corporate law. In addition to the above interventions, a comprehensive spatial plan for businesses is under construction. The improvement of the business environment is a horizontal strategic goal which is valid for almost all policy areas (see support for exports, acceleration of strategic investments, access to finance) and is not limited to the above reforms.

### 5.1 Electronic One-Stop Shop

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In 2018, the electronic One-Stop Shop was established limiting the time required to set up a company to a few hours, reducing meanwhile the relevant cost by 70%. The electronic One-Stop Shop has already been operational for setting up Private Companies and Partnerships (General Partnerships and Limited Partnerships), while as of May 2019 it will be available for setting up Limited Liability Companies and Joint Stock Companies S.A.s. The next steps of reform efforts in this area concern the implementation by the Ministry of Economy and Development of the project "Business Intelligence and Administrative Simplification (BIAS). This project, which is financed by the Structural Reform Support Service (SRSS) of the European Commission, aims to extend One-Stop Shops to services associated with the entire life-cycle of a business (simplification and digitalisation of procedures regarding access to funding, company's legal amendments, change of corporate laws and bankruptcy code). The main objective of the reform is the development of a culture in the public administration aiming at the continuous improvement of the business environment. This project will be completed at the end of 2019.

These key reform actions, in the field of setting up and running a business, are complemented by the central reform on the framework of licensing and supervision of economic activities.

### 5.2 Licensing and Economic Activities Supervision

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Since October 2015, the country has been implementing (through L. 4442/2016 & 4512/2018) an integrated approach to simplifying the regulatory framework for economic activities. The change of the model is based a) on the shift from ex-ante licensing to the principle of free exercise of activity and ex-post control on the basis of

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<sup>1</sup> [Country Report Greece 2019](#), p. 48

risk assessment, b) the development of digital technologies and new administrative tools such as that of notification. The aim is, to create a simplified licensing framework (licensing - inspection) towards the direction of the responsible entrepreneur and friendly public administration and to establish a climate of mutual trust.

In 2018, Law 4442/2016 was adopted and all the ministerial decisions for the simplification of operating procedures in a number of economic activities were issued: tourist accommodation, the Food and Beverages industry, Shops of Hygiene Interest (including food services), the mining activities and logistics (storage and distribution centers), the remaining activities of manufacturing and the environmental industry (waste management). In addition, in January 2018, Law 4512 was adopted in order to revise the inspection framework of economic activities and product markets. The new approach aims at the transparency and effectiveness of inspections, by standardizing and publishing procedures. Moreover, it ensures coordination between the authorities involved and prioritizes business compliance rather than imposing sanctions.

An important parameter for the implementation of the reform is the digitisation of procedures through an Integrated Licensing Information Management System (ILIMS) for the management of both licensing and inspection. In June 2017, the operation of a transitional IT System started for the submission of the notification, with more than 72.000 submissions within 1.5 years of operation.

The reform continues in the following fields:

- a) In the field of licensing, the main priority is to deepen reforms through dissemination actions as well as to implement legislative improvements in areas where gaps have been identified. In addition, simplification continues in the primary sector (livestock farms, fish farming units, etc.) and transport, followed by education. The reform will be completed by the end of 2020.
- b) In the field of supervision of economic activities, the action plan for the implementation of Law 4512/2018 adopted by the Government Council for Economic Policy is implemented within specific timeframes. The implementation of the law requires the adoption of tools needed for the operation of the new inspection model. Until January 2020, the new model will be implemented in the areas of food safety, environmental protection and product safety & compliance.
- c) Digitization: the two aspects of the regulatory environment are combined within the Integrated Licensing Information Management System (ILIMS) and their inter-operability is enhanced. The ILIMS will be key to enhance the transparency and efficiency of the Public Administration.

The simplification of business environment, in addition to actions for business creation and licensing of economic activities, embraces a wide range of areas, including Corporate Law.



### 5.3 Corporate Law

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In the field of corporate law, the Ministry of Economy and Development initiated the complete modernisation of the existing legal framework concerning companies. Particularly, the Law on Limited Liability Companies was amended and the Law on S.A.s was replaced after 98 years, in order to meet current needs and requirements of companies. The new Law on business conversions, mergers and divisions was enacted in February 2019, filling an important gap in the National Law. This reform was a long-standing request of market players, since it enhances synergies between business entities. This Law will be linked to the amendment of corresponding tax incentives offered in processes of business conversions, mergers and divisions, so that an integrated legal framework is created. The relevant bill will be introduced in Parliament within the first semester of 2019. Modernization of legislation for the General Commercial Registry (G.E.MI.) will also be concluded during this period. The specific bill will include provisions which will a) expand the number of procedures carried out by electronic means, b) utilize publicity of disclosed company's documents and information as a core instrument to supervise businesses and c) enhance the overall framework of corporate governance.

### 5.4 Business Parks

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The Ministry of Economy and Development is implementing a reform to establish an integrated spatial framework for businesses. This framework will solve the multidimensional problems caused by Informal Industrial Concentrations (IIC). The main areas of intervention of the reform are: a) to provide incentives for the establishment of enterprises in organized business parks (b) the restructuring of IICs. In this context, an action plan was implemented for the identification of areas throughout the Greek Territory where the development of business parks is deemed necessary. In particular, 415 areas with legally established industrial usages and 181 informal industrial concentrations have been identified. It is noted that the findings and suggestions of the action plan contribute to the definition of the country's land-use priorities. Following this first step, the Ministries of Environment and Energy and of Economy and Development will proceed, within the first half of 2019, to the preparation of the Special Spatial Planning for the Industry through a revision of the existing one in order to promote the objectives and policies for the development and settlement of manufacturing activities. Already, through immediate actions (legislative provision), the IIC restructuring plan of Oinofyta is being implemented, which is one of the largest in the country and the restructuring plan of the IIC in Kalochori (Thessaloniki) is under elaboration.

## 5.5 Support for Small and Medium Enterprises (SMEs)

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In addition to actions that simplify the business environment, a lack of structured, reliable and specialized business information on policies that support entrepreneurship has emerged in the public debate. The Ministry of Economy and Development is therefore launching the establishment of a support network for SMEs, in cooperation with their representative bodies. The network's objective is to provide tailor-made and personalized information to small and especially very small businesses, which will allow them to improve their competitiveness, develop innovative products and services, get access to finance, adopt appropriate digital technologies, take advantage of the opportunities offered by networking and synergies in order to scale-up. The network is supported by an institutional cooperation between the public and private sector, following the paradigm of other European countries, with an objective to inform entrepreneurs about available and appropriate public programmes and services. Initially, the network will provide services to around 2,000 businesses per year through tailor-made communication and support, while 2,000 more businesses will be helped through electronic tools (self-diagnosis platform, etc.). The Network will be operational in the first half of 2019 (pilot implementation).

## 5.6 Non-Performing Exposures Framework

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The handling of the thorny problem of non-performing bank loans remains at the center of the government's financial team priorities.

The leap in the number of non-performing bank loans that was noted during the financial crisis, despite their relative reduction during the last two years, is still creating difficulties with regard to the financing of the real economy. In spite of some recent signs of recovery, the further enhancement of the quality of the banking loan portfolio is a matter of great importance.

The Greek government has initiated a number of significant reforms and supportive actions for the handling of non-performing bank loans problem, which include:

- The establishment of the Out-Of-Court Workout mechanism (OCW) through a fully operational platform, in order to facilitate the settlement of debt of viable enterprises, which also affects private and public creditors. This ambitious project, despite initial difficulties, seems to have started to bear fruits. Following the latest amendments of the law which took place during the summer of 2018 broadening the scope, including freelancers and the debts of 2017 and simplifying the process, the interest of the business community regarding the mechanism has been revived. The continuous upgrades of the electronic platform have enabled a satisfactory level of automatism (automatic compilation of debts and other data), in order to make the process less strenuous and the settlement of issues faster.

- Enactment of incentives and lifting of obstacles with regard to the settlement and restructuring of the debts, mainly through the issuance of legislation regarding the treatment of liability of the staff handling the restructuring of debt on behalf of the banks and the public sector. Meanwhile, the following were resolved: i. issues of tax losses, which arise due to loan restructuring, write offs or loan transfers and which should be transferred and set off with the taxable profits of each year, ii. expanding the exemption of write offs from the income tax and, iii. other tax measures facilitating the settlement of old debt.
- Amendment of the Code of Civil Procedure, ensuring increased improvement on the enforcement of employees' and secured creditors rights through a change in the ranking order for the new credits. In addition, the improvement of the insolvency framework is being undertaken with the adoption of primary and secondary legislation for the regulation of the insolvency practitioner profession.
- Reinforcement of the competences of the Special Secretariat for Private Debt Management which is coordinating the decisions and strategy of the Governmental Council for the Management of Private Debt.
- Monitoring the achievement of the targets for the reduction of non-performing loans that the banks are submitting to ECB-SSM. On the basis of the targets having been set, Non-Performing Exposures (NPEs) have to be reduced from 101,8 billion to 64,6 billion Euro (-37,2%) and Non-Performing Loans (NPLs) from 72,8 billion to 38,6 billion Euro (-47%) between June 2017 and 2019.
- Implementation of contemporary and effective electronic auctions' proceedings. The implementation of electronic auctions is being effected in a reliable and transparent manner contract to the long-standing deficiencies of the past, while maintaining the framework of protection for the vulnerable social groups into full effect.
- Development of the secondary market of NPLs in accordance with EU international best practices. Elimination of barriers for the entry of specialized Companies for the Management of NPLS has permitted their authorization as Loan Servicers operating within a supervising framework under the supervision of the Bank of Greece which is safeguarding, apart from the proper functioning of the market, the interests of the consumer-borrower as well.

An important development was the amendment of the law that governs outstanding debts of natural persons through a series of interventions including the removal of banking secrecy for applicants in order to deter strategic defaulters from taking advantage of the framework, while maintaining the protective status of vulnerable population groups. Through the ratification of Law 4605/2019, the current framework concerning the legal protection of primary residences is replaced by a system of subsidised loans for financially weak households with their primary residences being offered as collateral. The new framework of concerns both housing and business loans with primary residences offered as collateral and allows

for settlement of outstanding loan payments of up to 25 years and a subsidy of up to 50% of the new loan payments for the weakest population groups. The current framework's safety nets for deterring strategic defaulters remain in the amended framework and are further strengthened, while in addition to income criteria there are additional restrictions on the value of the property and the amount of outstanding loan. The implementation of the new framework is expected to have particularly positive impacts on the protection of vulnerable borrowers and the balance sheets of lending institutions. Another positive expected effect is the decongestion of relevant judicial processes and the efficient handling of pending applications of the current framework.

The reform policies that are being promoted are expected to facilitate the drastic reduction in the number of NPLs in order to reinforce the banks' ability to concentrate on their commercial operation and support the activities of the sustainable enterprises and the real economy.

In parallel, they also contribute to the safeguarding of social justice and social coherence protecting the fragile households and the vulnerable social groups.

## 6. STRUCTURAL AND COHESION FUNDS

### 6.1 Implementation of Partnership Agreement 2014-2020 –Public Investment Programme

#### Partnership Agreement 2014-2020

The year 2018 was characterized by a high absorption rate and a wide range 2nd review of the ESPA 2014-2020 Operational Programmes, followed by a re-targeting and redistribution of the Structural Funds (ERDF, ESF, CF) and the corresponding amendments to their performance frameworks.

#### Execution of "ESPA 2014-2020"

The satisfactory rate of implementation of NSRF 2014-2020 programs in 2018 resulted in a significant increase in public spending. This is reflected in the table below, which shows the absorption of ESPA resources (expenditure incurred) per ESIF for the years 2016 to 2018 in terms of Public Expenditure.

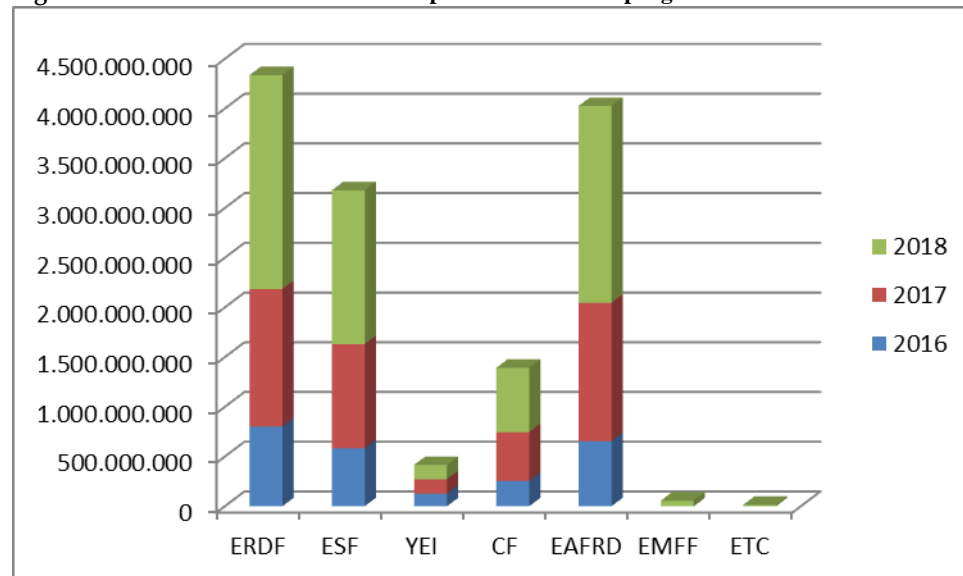
Table 2. ESIF Expenditures

European Structural and Investment Funds (ESIF)	Public Expenditure (Euro)		
	2016	2017	2018
European Regional Development Fund (ERDF)	802.210.342	1.382.958.678	2.151.214.933
European Social Fund (ESF)	582.307.386	1.049.030.049	1.545.941.748
Youth Employment Initiatives (ESF)	125.321.489	145.296.367	144.860.251
Cohesion Fund (CF)	256.781.468	489.403.343	647.221.813
European Agricultural Fund for Rural Development (EAFRD))	655.895.222	1.391.291.319	1.979.352.482
European Maritime and Fisheries Fund (EMFF)	0	928.115	56.152.421
European Territorial Cooperation (ETC)	0	0	14.277.748
<b>TOTAL</b>	<b>2.422.515.907</b>	<b>4.458.907.871</b>	<b>6.539.021.395</b>

Sources: MIS, Managing Authority of the "Rural Development Programme"

Based on the above table, the graph below shows the contribution of each ESIF to the total execution of "ESPA 2014-2020" per year cumulatively.

**Figure 2. Fund contribution in the absorption of Partnership Agreement 2017-2020**



The most important features of implementation of PA 2014-2020 concern mainly:

- a) the intensification of actions to strengthen social cohesion;
- b) the widespread approval of operations for new and existing enterprises support;
- c) wide-ranging activation of the National Smart Specialization Strategy, both in the field of research infrastructures and in the field of linking research and innovation to entrepreneurship;
- d) completing-approving integrated territorial development strategies and implementing the relevant plans.

### **2nd revision of the Operational Programmes 2014-2020**

In 2018, the 2nd revision of the Operational Programmes 2014-2020 was carried out, which consisted of modifications in the specific objectives and investment priorities of the Operational Programmes.

In particular, during the review process, the relevant Managing Authorities took into account the new data regarding the socio-economic conditions, the priorities by policy area, as well as the amendments to the Financial Regulation and the specific Regulations governing the implementation of ESIF. They also took into account the data from the ESIF implementation experience until 2018, which were appropriately integrated into the updated strategy and logic of Operational Programme intervention.

### **6.2 Reform of the Public Investment Programme**

The Public Investment Programme (PIP) – with its two segments, co-funded and national- is a key tool for financing the country's growth strategy as well as for the implementation of the ESPA. The legal framework governing the fundamental principles and the individual management and implementation procedures (preparation, syntaxes, funding, payments) is complex and fragmented, without taking into account the modern notion of public investment, resulting in ambiguity, controversy and overlapping and increase the bureaucracy. In the second quarter of 2019, two draft Laws on the PIP will be introduced for issuing by the Greek parliament.

### **A. New Law on the PIP**

The new law will bring together the current fragmented legal framework into a unified text, which includes all the undescribed procedures that need to be incorporated and modifies flows and procedures that need to be simplified and homogenized. In the same time, it will define in a modern way the notion of public investment, including all the new financial instruments and sources of funding. This will lead to a rationalization of procedures, a reduction in bureaucracy, and a radical overhaul of the country's public financing framework, facilitating government agencies and citizens.

### **B. National Development Programme (NDP)**

The National Development Programme brings together all the national resources of the Public Investment Programme under a single coherent med-term development program, following the ESPA standards, for the first time. The preparation of the NDP is based on the guidelines and the needs arising from the National Growth Strategy. For defining the NDP's resources will be taken into account, inter alia, the commitments of the current financial framework, the perspectives of the economy for this programming period, the principle of the complementarity with co-financed interventions and the needs arising from other development programs funded by the PIP or other sources of funding. The law for NDP defines the governing rules for its preparation, its targets, its co-ordination and its management, control and implementation system. The first multiannual NDP is expected to cover the years 2020-2025.

## 7. EDUCATION

### 7.1 Reduction of Early School Leaving Target

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Early School Leaving (ESL) or school drop-out (SD) from the Education System is currently one of the most important and persistent educational problems on a global scale. The early school leaving rate decreased by 3% in 2017 and is at 6% among the lowest in the EU well below the “Europe 2020” strategy average of 10%. ESL is a sensitive and crucial issue in Greek education policy. In order to study and address it a series of actions are carried out and planned over a three-year period concerning the general reform of the education system.

#### **Current actions**

##### **1. Measures for vulnerable social groups**

- In order to strengthen school attendance, support psychosocially students from vulnerable social groups and face school drop-out, the Ministry has recruited or placed Psychologists and Social Workers in school units.
- Establishing the operation of reception classes in the framework of Educational Priority Areas (ZEP).
- Teacher training for specialized educational support for the integration of students with disabilities and/or special educational needs, and training of IEP and Diophantus staff for the adaptation of books for visually impaired students.
- The operation of preparatory classes in the Welcome Centres for the Education of Refugees (DYEP structures).

##### **2. Supporting Educational Work**

- Extending compulsory education through compulsory enrollment at the age of 4 with a three-year adjustment period. In this way, a social need is met combined with a fixed demand from the educational community within the framework of the European target of integrating at least 95% of children (between four years old and the age for starting compulsory primary education) in early childhood education.
- The Single Type of All-day pre-primary schools operates since the 2016-2017 school year. Also, the curriculum of the Single Type of All-day Primary School has been enriched with new teaching subjects for the students of all four-teacher (and above) primary schools across the country.
- Training in collaboration with the European Center for Modern Languages of the Council of Europe (ECML) ”RELANG” (involves relating language tests and examinations to the Common European Framework of Reference for Languages (CEFR)).
- Re-opening of the Compensatory Education Centers (Remedial Teaching) in Lower Secondary Schools since the school year 2015-16.



### **3. Measures for Vocational Education and Training (VET)**

- Developing modern and learning outcome-based curricula for the "Post-secondary - Apprenticeship Class" and the preparatory certification programme of trainees.
- A Quality Framework of VET curricula and an Apprenticeship Quality Framework were defined and actions were also designed in order to improve VET quality. As a result, there is a steady increase in the number of trainees, an increase in the available specialties and in the number of school units that have integrated apprenticeship in their education as well as an increase in the number of apprenticeship classes that operate within the schools.
- With Law 4547 (Government Gazette 102/ issue A) the three-year attendance at evening secondary schools (general high school (GEL) and vocational high school (EPAL)) is institutionalized.

#### **Actions in progress or in programming phase**

##### **1. Measures for vulnerable social groups**

- Scientific support for designing early school leaving (ESL) specialization actions: In-depth research of the drop-out phenomenon and planning of horizontal actions and ad hoc interventions to address it in vulnerable social groups, as well as the differences between urban and non-urban areas.
- Strategic planning for the education of refugee children also beyond compulsory education based on the strategic planning of the Ministry of Migration Policy.
- Strategic Intervention Plan for Roma Education in collaboration with the Ministry of Labour and Social Affairs and the Roma Special Secretariat of the Ministry of Labour.
- Commencing processes in 2019 for the appointment of 4.500 permanent teachers for the needs of special education and training. The next two years the appointment of 10.500 general education teachers (5.250 in 2020 and 5.250 in 2021) will follow. Thus, schools will be staffed with permanent staff in order to function better.
- Recruitment of teachers with co-funding from EU programmes (NSRF, Asylum, Immigration and Integration Fund) covering specific needs arising from the socio-economic impacts of the wider environment (Reception and Training of Preschools and vocational high schools-EPAL).
- Law 4547/2018 provides for the establishment of new Centers for Educational and Counselling Support (KESY) with more staff.
- "School Meals" and "Leaving the backpack atSchool" programmes.

##### **2. Teaching Project Support**

- Upgrading curricula and creating primary and secondary education learning materials, with a universal design of developing accessible digital educational material.
- Training in practices to support pupils and students in the context of differentiated teaching.
- Teacher training in the curricula and education materials of primary and secondary education, Freinet pedagogy and formative assessment.

### **3. Administrative measures**

- Regarding teachers' assessment, the new legislative framework (L. 4477 / 2018 - Government Gazette 102A) provides for the assessment of the education officers at the end of their term after a consultative interview. The same Law has reorganized the support structures for primary and secondary education and the selection of educational staff with a new objective, meritocratic procedure. It is also planned to organise and assess the educational work of school units, with the board of school teachers as main protagonist. A Presidential Decree to assess the General Lyceum is in progress.

- Law 4547/2018 re-organises educational support structures, establishes a system of selection for all educational staff, and introduces the evaluation of educational staff and the planning and assessment of the educational work of the school units. In addition, Regional Educational Planning Centers (PE.K.E.S.) operate in each Regional Directorate of Education (PDE), while in each Education Directorate, a common Center for Educational and Counselling Support (KESY) is in operation for both levels of education.

- Article 18 of Law 4521/2018 establishes a Single Education Number, which is given to students upon registration in any educational level, it is unchangeable for the entire duration of studies and is retained after the completion of studies. The Single Education Number corresponds to a personalised registration in a relevant information system managed by the Ministry of Education, Research & Religious Affairs and replaces all previous registration numbers of the student. The Minister of education by decision determines educational data relevant to each student which are entered in the information system and authorises its connection with other information systems and files.

### **4. Measures/actions for Vocational Education and Training (VET)**

- Upgrade the programmes of studies (curricula) content in secondary vocational education and post-secondary apprenticeship year.

- Training to strengthen school structures of the education system.

- Research intervention on literacy in EPAL.

- Development of new curricula and new educational material (books and laboratory guides/regulations) and upgrade of EPAL laboratory Centers and equipment.

- Full Implementation of "A New Start for EPAL" programme at all Professional Lyceums / Vocational high schools and implementation of relevant educational training.

- Exploiting/Considering Outputs/findings of labour market skills diagnosis mechanism in the process of defining and selecting EPAL specialties, in accordance to National Strategy for strengthening link between education and labor market.

- Implementation of Medium-Term Reform Plan for the Post-secondary Apprenticeship year.

- Following the first certification exams in 2018, the Certification Preparatory Programme and the Certification Exam (2019) for the "post-secondary apprenticeship

year“ second phase’s graduates will be implemented. Continuous improvement of Certification system targeting at setting standard certification periods on annual basis.

- Completion of the Apprenticeship Monitoring System.
- Promoting the apprenticeship system evaluation for EPAL graduates.

## **5. Skills**

•The "Road user and transport safety" education programmes and “Environmental Education” will be continued through the “Educational Center for Sustainability” that will be extended to 2019-2020. Environmental education thematic areas will be broadened, as environment, health and culture, democracy, human rights, peace, climate change and any other education issues related to global sustainability development goals are integrated into sustainability education.

•From the 2018-19 school year, lower secondary schools deliver (tutorial/preparation) courses for the National Certificate of IT/Informatics. Furthermore, digital exams for National Language Certificate is being launched.

## 8. LABOUR MARKET

8.1 National Target for Employment: 70% of population between 20 and 64 years old should be in employment by 2020.

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### **Labour Market**

The acute economic crisis in Greece particularly during the recent years could not leave the labour market unaffected. Real annual earnings decreased by 18% while part-time employment increased by 28%. The unemployment rate reached 27.5% in 2013, youth unemployment rate is the highest at EU level (58.3% in 2013) and at the same time we are witnessing a significant brain-drain of young scientists.

The strategic planning includes the upgrading of labour market institutions in order to create a framework supporting the creation of qualitative labour relations and promoting the employment of social groups with limited access to the labour market. The income increase and the reinforcement of the workers' bargaining power constitute a key lever for social justice but also tools for boosting economy, since through the increase in wages the internal demand is stimulated and the growth potential of the economy is enhanced.

### **Upgrade and modernization of the institutional framework in the labour market- National Employment Target-State of Play**

A national target has been set for monitoring and promoting the "Europe 2020" strategy: Raise the employment rate (20-64 years of age) to 70% in 2020. Even if this target, taking into account the current situation, seems to be not feasible (annex I), labour market related figures show ongoing improvement trends. There was an increase in total employment rate by 2.0% in 2018 compared to 2017, while the corresponding increase in the previous year was 2.2%. The same positive trend is indicated by the figures of the IT System of the Ministry of Labour, Social Security and Solidarity (ERGANI) that depicts the dependent employment flows, as in 2018 there were 141,003 more hires than dismissals and this performance is the second highest performance of the year since 2001, after the performance of 2017.

For third consecutive year, unemployment rates are decreasing. In particular, according to the Labour Force Survey (LFS) of the National Statistical Authority (ELSTAT), the unemployment rate in 2018 decreased to 19.3% from 26.6 % in 2014. According to the most recent ELSTAT data available, the seasonally adjusted unemployment rate in December 2018 was 18.0%, compared to the downwards revised 20.8% in December 2017 and 18.3% in November 2018.

Based on the above evidence, it is clear that following the rigorous effects of the economic crisis on the domestic labour market, we are going through a phase-down period where substantial improvement is recorded.

## **Upgrade and modernization of the institutional framework in the labour market**

- **Minimum wage increase** The statutory minimum wage has been increased by 10.9% since the 1st of February 2019 and amounts to 650 euros, while young people under 25 years old are going to see an increase of 27% in the statutory minimum wage, since the former statutory sub-minimum wage has been abolished. Approximately 600,000 workers are expected to directly see an increase in their income due to the statutory minimum wage increase. The Ministry of Labour, Social Security and Social Solidarity has developed an analytical mechanism in ERGANI IT system to monitor the impact of the statutory minimum wage increase on the labour market.

- **Empowerment of collective bargaining**

With the completion of the economic adjustment programme the favourability principle for employees, as well as the principle of extension for Collective Labour Agreements was restored in conjunction with the technical and administrative upgrade of the system, through which the fulfillment of the extension criterion is verified. Up to date eleven Collective Labour Arrangements, covering over 200,000 workers, have been declared mandatory.

## **More and better jobs**

Measures implemented with EU and national funds promote the reintegration of the unemployed into the labour market through training programs, work experience programs, guaranteed employment in the public sector (public scheme programs with consulting and training actions) and through guaranteed subsidized employment programs in the private sector. At the same time, targeted programs addressed to specific vulnerable groups (ex prisoners, ex drug addicts, people with disabilities) are implemented (since September 2017) by the Manpower Organization (OAED) and the redesign of public scheme programs has been completed.

One of the most important reforms concerns the way in which unemployed people enter the programs. The Ministry of Labour, Social Security and Social Solidarity redesigns active employment policies to ensure their availability and provision on a continuous basis and also towards the development of cooperation with employers' organizations and businesses. A key role in this new type of programs is OAED's work counselor who is responsible for identifying the skills of the unemployed, supporting and directing them to appropriate opportunities. The first pilot programme was launched in November 2018 in the municipalities of Elefsina, Aspropyrgos and Mandra, targeted at a particular group of unemployed, aged over 45, being unemployed for at least six months. A detailed description of the new type of programs is also given in the "Strategic Framework for Redesign of Active Labour Market Policies"<sup>2</sup>.

## **Promotion of Social and Solidarity Economy**

During the last three years, a series of interventions, mostly at institutional level, linked to the promotion of Social and Solidarity Economy have been realized, such as:

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<sup>2</sup> <http://www.ypakp.gr/uploads/docs/11364.pdf>

- New legislation for Social and Solidarity Economy - Law 4430/2016
- Establishment and operation of the Special Secretariat for Social and Solidarity Economy, as an autonomous administrative entity for an improved and more effective implementation of policies supporting the sector
- Simplification of procedures (through electronic submission and processing) for the establishment of Social and Solidarity Economy entities
- Legislation framework for the activation of public contracts with social clauses (feasibility of favourable treatment of Social and Solidarity Economy entities in public tenders, in specific cases)
- Call for proposals for the creation of Social and Solidarity Economy Support Centres by Social and Solidarity Economy entities, funded by the Ministry of Labour.

## 9. POVERTY

### 9.1 National Target to combat poverty – State of play

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In order to monitor and promote the Europe 2020 Strategy, the following three national targets have been set:

- Combating poverty and social exclusion

Reducing by 450,000 the number of people at risk of poverty or/and suffering material deprivation or/and living in jobless households by 2020, i.e., aiming at a reduction of poverty rate from 28% in 2008 to 24% in 2020.

- Combating child poverty

Reducing by 100,000 the number of people at risk of poverty aged 0-17 years by 2020, i.e., reducing the corresponding figure from 23% in 2008 to 18% in 2020.

- Developing a “social safety net” against social exclusion.

The main objective is to ensure access to basic services for all (this target is not quantified).

In 2017<sup>3</sup> the improvement of key indicators continued, compared to the period 2015-2016, i.e., the risk of poverty or social exclusion, child poverty, the depth of poverty, material deprivation and child material deprivation decreased. In particular, child poverty and child material deprivation decreased more compared to the relevant drop for the population in general. Moreover, the risk of poverty for part-time workers as well as income inequality decreased.

#### **Progress on achieving the 3 national targets**

- The population at risk of poverty or social exclusion in 2017 decreased both in percentage and absolute numbers compared to the previous year and stands at 34.8% of the general population (3,701,800 persons), falling from 35.6% in 2016 (3,789,300 persons).
- Child poverty, i.e., the risk of poverty for children aged 0-17 decreased by 1.8% compared to 2016 and stands at 24.5% in 2017.

The above-mentioned encouraging developments are exclusively the result of the immediate humanitarian crisis response measures (2015-2016) and of the Social Solidarity Income pilot project (KEA – second semester of 2016), since the year 2016 is the income reference period for 2017.

In 2017, two significant reforms of the national social protection system were carried out: the creation of a Single Pension System and the full implementation of the Social Solidarity Income (KEA).

The Single Pension System constitutes a huge administrative reform, setting at the same time, for the first time, common security and pension rules for all insured persons. At

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<sup>3</sup> ELSTAT, Survey on Income and Households Living Conditions, 2017, income reference period the year 2016

the same time, the new pension system contributes to a more immediate award of pensions since with the previous system, the average waiting period for granting a pension was over two years.

KEA, as a safety net, is a fully successful measure, and its aim is to better cover broader groups at risk of poverty and social exclusion (percentage link with minimum wage, increasing the cash amount, further combination with other provisions, increasing the participation rate of beneficiaries in active employment programs).

Since 01.02.2017, date on which the project started being implemented<sup>4</sup>, income support has been offered to almost 290,000 households or approximately 600,000 persons, facilitating access to social services and goods (food also from the Fund for European Aid for the most Deprived-FEAD, energy and water social tariffs, immediate access to nurseries etc) and promoting the participation of beneficiaries, with the allocation of points, in active labour market programs implemented by OAED, towards their integration/re-integration into the labour market.

Furthermore:

- a) the implementation of targeted actions and pilot projects for the most vulnerable categories of citizens (homeless, most deprived, uninsured, persons with disabilities) is ongoing,
- b) full reform of family allowance has been put in place, by consolidating the single child allowance and the large-family allowance, rationalizing the eligibility criteria and increasing the budget for the allowance,
- c) every year the number of children that are placed in nurseries, free of charge, increases under the project «Harmonization of Family and Professional Life» in the context of which, in 2018, a total of 127,000 vouchers were granted corresponding to a total expenditure of 234 million euros, only 45 million of which come from EU funds. Moreover, the implementation of a project has started according to which municipalities throughout the country are funded by national funds in order to establish and operate new childcare and early childhood care facilities,
- d) the project of daily, hot school meals, the number of which today is almost 153,000 meals, is extended to almost 1,000 primary schools with a view to covering all pupils attending primary schools,
- e) a three-year extension was agreed with the European Commission concerning the funding period of Community Centers, Day Care Centers for the Elderly (KHFH, facilities for the homeless and Day Care Centers for the Disabled (KDHFDD). Moreover, the 100 Family Support Centers and the 150 Integrated Care Centers for the Elderly were specified per Region as branches of Community Centers,
- f) the agreed allocation of funding per Region, for the purpose of establishing Structures of Supported Living in the Regions- a mature project and part of the de-institutionalization actions- at a total cost of almost 51 million euros, was realized,
- g) in light of social solidarity, the homeless, refugees or asylum seekers are now given the possibility to register with the OAED register for the unemployed<sup>5</sup> and thus those who are holders of residence permit are entitled to have access to the labour market.

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<sup>4</sup>Pursuant to article 235 of Law 4389/2016 as amended by article 22 of Law 4445/2016

<sup>5</sup> No. 553/15/27.02.2018 decision of the OAED Administrative Board (O.G. B'929/2018)



## 9.2 Improvement of the Social Solidarity System

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The organization of the Social Solidarity system, i.e. the creation of a modern, digitized and transparent system, is based on two pillars:

- a) the National Mechanism for Monitoring, Coordinating and Evaluating Social Inclusion and Social Cohesion Policies (the «National Mechanism») and,
- b) the Organization of Welfare Benefits and Social Solidarity (OPEKA).

The National Mechanism is structured at 2 levels: the central and the local, while all the bodies that participate in it are linked with three electronic registers of a Unified Geographic Information System: register of beneficiaries, register of social programs and register of public and private social service providers. The Unified Geographic Information System is linked to all available social policy databases.

The great innovation of the National Mechanism is that it establishes a two-way process, both between the central and local administration as well as between the citizen and the state.

At local community level 241 Community Centers operate, including Branches for ROMA and Immigrant Integration Centers. For the first time, a digital one-stop shop is provided at municipal level where citizens can be informed on programs implemented, services provided and bodies active in their region or beyond. Moreover, Community Centers are already successfully implementing their initial objective of welcoming, serving and interconnecting citizens with programs and services but also registering everyone in the registers of the National Mechanism.

From the beginning of their gradual expansion throughout the country until January 2019 Community Centers received 587,123 visits and registered 220,455 beneficiaries. Respectively, during the same time period, Regional Observatories were established in 11 out of 13 Regions of the Country. As regards the other 2 registers of the National Mechanism, until January 2019, 1,500 Legal Entities under Private Law and 473 Public Entities were registered with the register of providers, while 2,967 registrations were made with the Register of programs/services.

It has to be noted that the subprojects of the National Mechanism relating to the further digitization of procedures and programs are implemented in the context of co-financed programs.

The Organization for Welfare Benefits and Social Solidarity (OPEKA)<sup>6</sup>, part of the former Agricultural Insurance Organization (O.G.A.), is now a single entity that implements and manages welfare projects and actions. Since January 2019 OPEKA manages the payment of child allowance (former family allowance), of Social Solidarity Income, the (new) housing allowance, of welfare benefits in cash to persons with disabilities throughout the country<sup>7</sup>. It also manages the tendering and the contracting to providers for the School Meals project.

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<sup>6</sup> By virtue of Law 4520/2018 (O.G. 3022A/2018)

<sup>7</sup> Until 31.12.2018, these provisions were paid by Municipalities

In 2017, the Special Secretariat for Roma Inclusion completed the mapping of Roma settlements and their living areas, issued guidelines on housing and a model of local integration plan to be used by municipalities, made a proposal on the introduction of a special procedure for their temporary relocation to organized structures<sup>8</sup> and started the process of drawing up a national action plan to specify the National Strategy for the Social Inclusion of Roma. In particular, in 2018 the Special Secretariat for Roma Inclusion has planned, inter alia, to submit proposals on the specification of actions for the social inclusion of Roma under the 2014-2020 Partnership Agreement and the national funding of the Public Investment Program. Moreover, actions will be implemented to strengthen actions of the National Strategy for the Social Inclusion of Roma, within the framework of the European Economic Area Grants.

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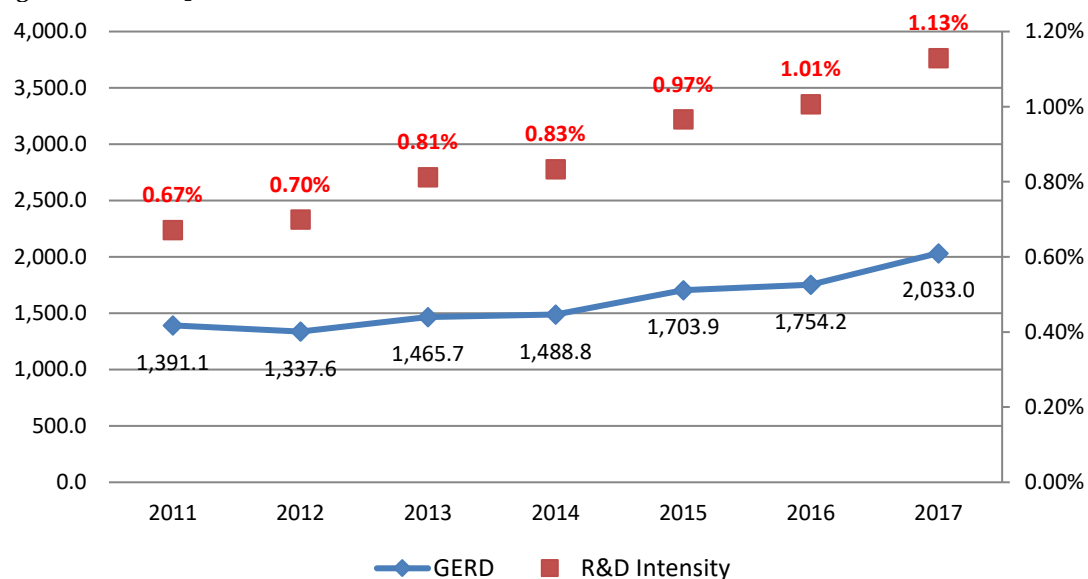
<sup>8</sup> Article 159, Law 4483/2017

## 10. RESEARCH AND DEVELOPMENT

### 10.1 R&D target for Gross domestic Expenditure on Research and Development (GERD): (1.20% of GDP)

According to survey data on Research & Development for the reference year 2017<sup>9</sup>, there is a continued increase in the Gross domestic Expenditure for Research and Technological Development (GERD). The following diagram shows this growth path, as absolute expenditure and as a percentage of GDP.

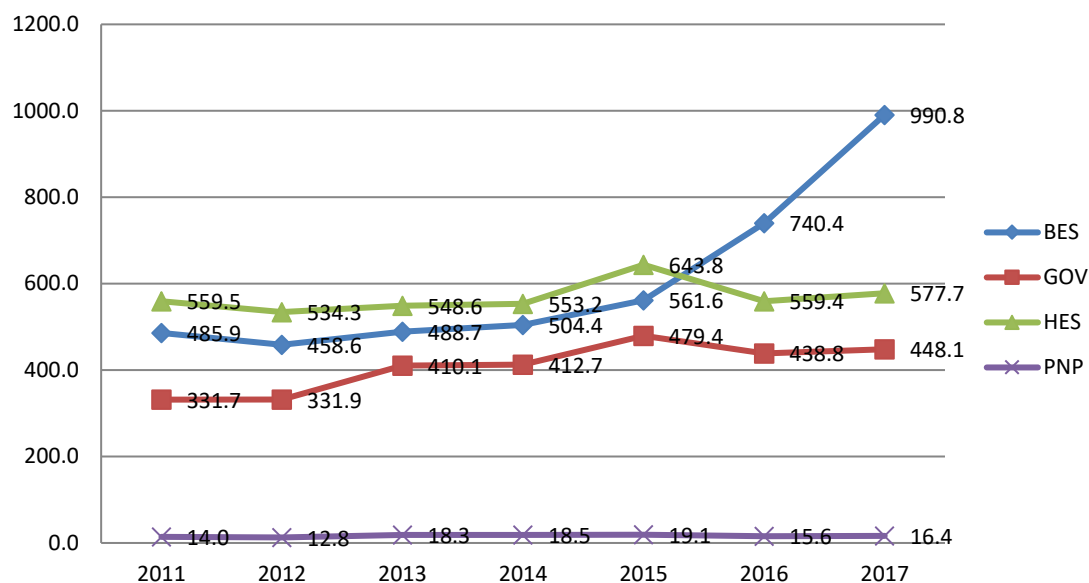
Figure 3. R&D Expenditure



Concerning individual spending areas, despite the adverse economic conditions, a significant increase in R&D expenditure in the business sector (BES) is recorded. The reduction in GOV and Higher and Post-Secondary Education (HES) spending in 2016 coincides with the transition phase between 2007-2013 and 2014-2020 Programming Periods and is justified by the limited activation of NSRF funding for 2014-2020. The evolution of all sectors (Enterprise-BES, State-GOV, Higher and Post-Secondary Education-HES and Private Non-for-profit Institutions-PNP) is presented in the following figure.

<sup>9</sup> <http://metrics.ekt.gr/el/node/378>

Figure 4. R&D Expenditure by Sector



Based on the above data as well as on additional factors described below, the estimate that GERD will reach 1.20% by 2020 not only remains feasible but it is **also revised upwards towards 1.30%**. It should be noted that this target reflects the overall national strategy for the development of a new growth model based on knowledge intensity and should not be considered as a target for the NSRF 2014-2020, since the percentage of the relevant European Structural Funds and Investment Funds (ESIF) account for less than 15% of the total funds.

The main reasons supporting the attainment of the above-mentioned target are the following:

1. The implementation of Smart Specialization Strategies (RIS3) at both national and regional level. The main aim of the RIS3 strategies is to assist the economic and social development of the country through strengthening of research, innovation and increased competitiveness of the economy. It is also planned to strengthen research infrastructures and access to them with resources of up to 200 mneuro to promote excellence and interconnectivity with entrepreneurship.
2. The increased funding provided for Research, Technological Development and Innovation from NSRF 2014-2020 compared to NSRF 2007-2013. Funds for Thematic Objective 1 (Research & Innovation) are estimated to reach 1.25 bn euro and when coupled with the national contribution will reach 1.5 bn euro, which means an increase of 50% compared to the amount of 1 bn euro that was initially earmarked for R&D in the framework of NSRF 2007-2013.
3. The significant interest shown by the enterprises in 2017 to the 1<sup>st</sup> cycle of the RESEARCH-CREATE-INNOVATE initiative (an initiative of the Operational Programme Competitiveness, Entrepreneurship and Innovation 2014-2020/EPAnEK in the framework of NSRF 2014-2020). Specifically, 2,426 proposals were submitted with a requested budget of 1.6 bn euro. This strong interest expressed by the Greek research community coupled with coordinated actions of General Secretariat of Research and Technology as well as Management Intermediate Authority for RTDI resulted to an increase of 200 mn euro in the available budget for the 2<sup>nd</sup> cycle of the action to be launched in 2019. The total budget of the action now stands at 542.5 mn euro.

4. The reinforcement of Research with additional resources of 240 mn euro for the period 2017-2019 on the basis of an agreement signed with the European Investment Bank that led to the creation of Hellenic Foundation for Research and Innovation (in Greek ELIDEK) whose mission will be to manage these funds. In 2017, ELIDEK has launched initiatives of a total budget of 100 mn euro which were followed with 80 mn euro initiatives in 2018 to support PhD candidates, Post-Doc researchers, faculty members and Researchers, and the supply of large research equipment.
5. The implementation of flagship initiatives that are horizontal actions in scientific fields with strong social impact. For the flagship initiatives, purely national resources amount to 25 mn euro.
6. Securing funds of 10 mn euro for Greece's participation in the Euro-Mediterranean PRIMA Initiative and the financing of Greek entities that are successfully participating in its calls. In addition, Greek entities will also be eligible for funding through other PRIMA competitive calls for proposals, which will be financed entirely by Horizon 2020.
7. The increased by 30% of Horizon 2020 budget compared to the 7th Framework Programme (FP7) for RTD and the very good hitherto performance of Public Research Institutions and Enterprises in the successful bidding of research projects from the Horizon 2020 calls.
8. The increased by 33.8% funding of R&D activities by enterprises in 2017, in an adverse economic environment, indicates that enterprises realize that boosting their competitiveness will come through increased R&D spending. As a result, public funding is expected to leverage increased funding from the private sector. It should be noted that the target set for 2020 to increase R&D funding by enterprises to 0.38% of GDP has already been achieved on the basis of the 2017 figures.
9. The interception in the GDP shrinking, which will gradually expand in the following years starting from 2017, creates favorable conditions for increasing R&D funds, new financing tools and a very positive and encouraging climate for knowledge-intensive investments.
10. The Smart Specialization governance system which creates a positive environment for R&D activities in national as well as regional level
11. The stabilization of salaries and annual budgets of PRCs and HEIs with the simultaneous creation of approximately 1,000 new scientific staff positions at universities, 100 in PRCs as well as 152 Specialized Scientific and Administrative Staff positions.
12. The promotion of legislative interventions (N.4386/2016) on the reform of the Research Framework and the support of the research potential and the provision of tax incentives to stimulate research expenditure by enterprises (Law 4485/2017).
13. The Increased interest from major foreign companies for investment in Greece (eg Tesla-Greece) as well as acquisitions of new innovative Greek companies (eg INNOETICS from Samsung Electronics)

## 10.2 Main policies to achieve the R&D intensity target

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The country's national strategy for RTDI, in line with the European Semester's annual report 2019, exploits both national resources and resources from the European Structural and Investment Funds (ESIF) and includes the following pillars:

### **Capacity building: People and Infrastructure**

Through ELIDEK, human resource development and mitigation of brain-drain and brain waste are supported by national resources totaling 240 mn euro. In particular, ELIDEK implements a set of actions to support doctoral candidates, post-docs, faculty members and research equipment. At the same time, through the National Multiannual Research Infrastructure Funding Plan, 28 National Research Infrastructure networks are supported by EPANEK with 98 mn euro, in the RIS3 national priority areas. In 2019, a new 45 mn euro project will be implemented for the development of research infrastructures in border, island and lagging in R&D regions of the country, in areas of interest to the target regions. Finally, since 2015, there has been a steady upward trend in the regular funding of public research institutions (HEIs and research centers) backed by highly skilled human resources.

### **Promoting innovative entrepreneurship**

Implementation of the RIS3, which has a specific sectoral dimension, is in full swing with a view to enhancing business competitiveness and linking Research and Entrepreneurship with total resources of 1.5 bn euro. RIS3 is implemented with a set of initiatives, such as collaborative research projects under the "RESEARCH-BUILDING-INNOVATION" initiative and the Equifund fund-of-funds, an initiative between the Greek government and the European Investment Fund. In particular, through the "Innovation Window" sub-fund, the aim is to stimulate the liquidity of new innovative and spin-off companies and the leverage of private investment. The activation of actions started in 2016. The progress of the actions achieved in 2018 is reflected in the following table, which presents the actions specified in the Operational Programs as well as those that were launched.

### **Flagship initiatives**

Flagship Initiatives are horizontal research actions in emerging areas of research with a strong social dimension and innovation dynamics such as the National Network of Medical Precision in Oncology, Cardiovascular Diseases and Genetic Neurodegenerative Diseases (for more effective and low-cost therapies for molecular medicine accessible to citizens by the Public Health System), the National Agri-Food Network (to highlight the qualities of traditional products such as Olives, Vineyards, Bees) and the National Climate Change Network (for studying and validating information on extreme natural phenomena). For the flagship initiatives, national resources of 25 mn euro are foreseen.

**Table 3. Initiatives to support R&D**

Measure	Investment Priority	Specialised (P.E €)	Announced calls (P.E €)	Funded (P.E €)	Payments (P.E €)
Research-Create-Innovate call + Seal of Excellence	1β	542.535.722	342.535.722	308.542.294	74.049.843
Pilot calls on Aquaculture, Industrial Materials and Culture	1β	24.250.000	24.250.000		
Bilateral S & T Partnerships (Actions for the European and international networking of research teams)	1β	50.000.000	25.500.000	11.390.542	2.969.476
ERANETs	1β	25.000.000	9.600.000	3.099.921	1.118.455
RIS3 Monitoring mechanism	1β	4.425.000	4.425.000	4.425.000	768.110
Innovative clusters	1β	24.000.000			
Competence centers	1β	30.000.000			
Capitalizing on Academic and Research Outcomes (Technology Transfer Offices)	1β	15.000.000			
EquiFund	1β	70.000.000	70.000.000		
TECHNOLEARNING	1β	2.000.000			
	<b>1β Sum</b>	<b>787.210.722</b>	<b>476.310.722</b>	<b>327.457.757</b>	<b>78.905.884</b>
Support of National Research Infrastructures (A' Phase)	1α	73.000.000	75.538.798	75.526.964	11.880.707
Support of National Research Infrastructures (B' Phase- Deadline 30/3/2018)	1α	20.000.000	20.000.000	11.565.184	
Strategic development of Public Research Centers	1α	31.860.000	31.860.000	30.324.368	11.880.707
Regional Excellence	1α	45.000.000			
Funding ERC Grant Schemes	1α	10.000.000			
	<b>1α Sum</b>	<b>179.860.000</b>	<b>127.398.798</b>	<b>117.416.517</b>	<b>23.761.414</b>
	<b>Total</b>	<b>967.070.722</b>	<b>603.709.520</b>	<b>444.874.273</b>	<b>102.667.298</b>

## 11. ENVIRONMENTAL AND ENERGY TARGETS

### 11.1 Renewable Energy Sources Target

Greece's commitments towards the higher penetration of RES in the Greek energy system have been translated into a series of regulatory initiatives and support programmes, placing the exploitation of RES as a key driver towards sustainable development and ensuring energy supply.

#### RES share and targets

The rapid increase of the share of renewable energy sources (RES) in the national gross final energy consumption (GFEC) was decelerated after 2013. The penetration of RES remained relatively stable in 2016 compared to 2014 and 2015, leading to a small deviation from the respective projected penetration. The leading sector in the RES share remained the gross consumption for heating and cooling, while, regarding the penetration of RES in gross final electricity consumption, the installed capacity of RES stations increased by approximately 4% in the first 11 months of 2018 compared to 2017 due to the installation of wind parks (additional installation of 165 MW), PV stations of the pilot competitive bidding process of 2016 (additional installed capacity of 40 MW), small hydro (additional installed capacity of 10 MW) and biomass stations (additional installation of 9 MW). The new support scheme (Law 4414/2016) is expected to boost the installation of new RES stations in the following years. Finally, even if the penetration of RES in transport increases with a smooth rate, a significant deviation from the foreseen target has been observed.

Table 4. The sectoral (electricity, heating and cooling, and transport) and overall shares of energy from renewable sources

	2010	2012	2013	2014	2015	2016	2020
RES share in heating and cooling	17.2%	23.4%	26.5%	26.9%	25.6%	24.2%	20%
RES share in electricity	12.4%	16.4%	21.2%	21.9%	22.1%	23.8%	40%
RES share in transport	2.0%	1.0%	1.1%	1.4%	1.1%	1.6%	10%
Overall RES share in GFEC	9.7%	13.4%	15%	15.3%	15.3%	15.2%	20% (18%) <sup>10</sup>

In the framework of the National Energy Planning, it is estimated that, with the existing sectoral policies and measures, the central target of RES contribution to gross final energy consumption will be achieved by reaching at least 18% by 2020.

<sup>10</sup> Greece has committed to achieve a target of 18% RES in gross final energy consumption by 2020. This target has been increased to 20% by national legislation (Law 3851/2010). This overall national target is broken down further into sub-targets of 40% RES in gross electricity consumption, 20% RES in final energy consumption for heating and cooling, and 10% RES in final energy consumption for transport until 2020.



## **Administrative reforms and procedures made to remove barriers to the development of renewable energy**

### **1. The new RES support scheme (Law 4414/2016)**

Law 4414/2016 entered into force on 9 August 2016 and effective from 1 January 2016 onwards, reforms the support scheme for electricity production from RES and CHP power plants in order to achieve their progressive integration and participation into the electricity market in an optimal and cost-effective way. The new support scheme is based on feed-in premiums (FIP) for large RES projects, along with the obligation to participate in the electricity market. FIP provides an incentive for RES generators to respond to price signals of the electricity market and also encourages RES investors to consider expected load patterns in the engineering and operation of the RES project. FIP therefore contribute to an increased integration of RES into the electricity market, resulting in a more efficient combination of supply with demand. The FIP is calculated on a monthly basis as the difference between technology- and capacity-specific RTs, and technology-specific reference market prices. RES generators that participate in the electricity market are subject to a gradual transfer of balancing responsibilities. The law foresees a management premium in order to cover the additional market participation costs for RES generators especially in the context of the transitory mechanism for accurate forecasting. In addition, a feed-in-tariff (FT) support scheme is foreseen for RES projects up to an installed capacity limit. The new RES support scheme was officially approved by the DG COMP of the EC in November 2016.

Law 4414/2016 also foresees a shift towards a general RES tendering scheme from the 1st of January 2017, including a partial opening for RES projects from other European Economic Area (EEA) countries. The framework of tender procedures for the production of electricity from RES and HECHP power plants was officially approved in January 2018. The details of this tendering scheme were defined by a MD published in December 2017, regarding the technologies and/or categories of RES and HECHP power plants as well as the characterization of the competitive bidding processes as technology specific, site specific, neutral etc.

In the framework of competitive bidding processes, participation for Energy Communities is foreseen, as well as for groups of RES stations, and photovoltaic stations that have been included in the Fast Track Licensing Process of Article 9 of Law 3775/2009 or in the Strategic Investments Processes of Law 3894/2010. Also, by the MD of April 2018 the schedule for a minimum number of tenders to be held until the end of 2020, the total capacity to be auctioned, per year and per tender type as well as the ceiling prices for the first tender of each kind. The first competitive bidding process took place in July 2018 and the second in December 2018.

### **2. Net-metering and virtual net-metering scheme**

The national net-metering and virtual net-metering (for particular legal entities) scheme for self-produced electricity has been adopted by a MD in December 2014 and has been revised in April 2017. The main objective was to enhance self-production as a means of energy saving and reducing energy costs, with an emphasis on active participation of self-producers and consumers.

According to HEDNO, until the end of March 2018, a total of 985 net-metering PV systems with a total capacity of around 15 MWp had been installed and were in

operation, while there were 229 pending applications with a total capacity of around 8,3 MWp. Moreover, until the end of March 2018, 6 virtual net-metering PV systems with a total capacity of around 165 MWp have had been installed and are were in operation, while there were 32 pending applications with a total capacity of around 1,9 MWp.

In the first quarter of 2019, it is expected that the existing framework for national net-metering and virtual net-metering will be revised to provide the extension of the scheme to other technologies (small wind, biomass/biogas/bioliquid, small hydro-power, HECHP), the possibility for virtual net-metering for Energy Communities, net metering into different voltage levels, and energy storage.

### 3. Energy Communities

Law 4513/2018 introduces the institutional framework for the establishment and operation of the Energy Communities with a view to promoting social and solidarity-based economy and innovation in the energy sector, tackling energy poverty, promoting energy sustainability and innovation, production, storage, self-consumption, distribution and supply of energy as well as improving local acceptance of RES and energy efficiency in end-use at local and regional level. The Energy Communities are active in the fields of Renewable Energy Sources (RES), High Efficiency Combined Heat and Power (HECHP), Rational Energy Use, Energy Efficiency, Sustainable Transport, Management of demand and production, Distribution and Supply of energy at local and regional level. The basic aim of the law is to generate added value for local communities as well as combating serious issues, such as energy poverty and to enforce the role of citizens and local stakeholders in the energy sector, which is a provision that the European Commission also outlines.

#### 11.2 Energy Efficiency

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Improving energy efficiency is a substantial opportunity for achieving national energy and environmental goals, which is also directly linked to economic development, social welfare, increasing competitiveness and combating unemployment.

Since 2008 the total final energy consumption of Greece has exhibited a significant and continuous drop in almost all end-use sectors, mostly due to the ongoing economic recession, however, from 2016 and 2017 there is a slight upward trend in final energy consumption.

With the establishment of the necessary legislative framework in conjunction with several energy saving programmes for residential buildings, local authorities, public buildings, schools etc., outline an intensive policy for energy efficiency and gradual transition to a more efficient and environmentally friendlier national energy system.

The energy saving potential of the building sector is high due to the fact that the majority of the building stock has been constructed before 1980. Transport is also a sector that, along with the building sector, has probably the greatest potential for energy savings in Greece, where the goal is to apply fuel economy technologies and promote the extensive use of alternative fuels (particularly biofuels) in order to replace conventional (fossil) fuels.

To this end law 4342/2015 which endorsed the Energy Efficiency Directive (2012/27/EE), has established an indicative national target for maximum total final energy consumption of 18.4 Mtoe for year 2020. In addition, through the implementation of policy measures, it is estimated that the cumulative final energy savings for the period 2014-2020 will amount to 3.3 Mtoe.

Specifically, EED outlines measures for improving energy efficiency in all sectors of final energy consumption, namely measures for the residential, industrial, tertiary and transport sectors as well as cross-sectoral or horizontal measures of broader scope. The most important of the EED measures refer to:

- Energy upgrade of residential, commercial and public buildings
- Granting incentives to Energy Service Companies (ESCOs)
- Implementation of energy management system in public organizations
- Replacement of old vehicles in the private and public sectors
- Development of smart metering systems

Moreover, in accordance with the requirements of the Energy Performance of Buildings Directive (2010/31/EE), the Regulation on the Energy Performance of Buildings is amended in order to set cost-optimal levels of minimum energy performance requirements and the specifications for Nearly Zero Energy Buildings have been adopted by Ministerial Decision.

With a view to promote energy efficiency policies, energy saving programmes have been planned for the period 2014-2020, co-financed by EC funds. Simultaneously, efforts are made to attract/mobilize investments in an attempt to ascertain/secure additional funds in order to implement energy upgrades to as much as possible residential and public buildings.

With regard to the “Energy Saving at Home programme”, approximately 50 thousand households are under this scheme, leading to energy savings of 41%, since the overwhelming majority of them concerns old buildings. For the programming period 2014-2020, a new programme for the energy upgrade of buildings was elaborated and implemented, putting emphasis on eliminating bureaucracy and complex procedures.

Regarding the public sector and its exemplary role, several calls for energy upgrades of public buildings are scheduled, aiming at the improvement of energy efficiency, the promotion of sustainable regional development, the improvement of the quality of citizens’ life and at the same time focusing on the creation of new jobs, maximizing the added value and boosting the prospects of the local economy. Additionally, measures are planned to support SMEs investing in energy management systems.

Horizontal policy measures to promote energy efficiency include the energy audits in non-SMEs. Energy audits have already begun to be submitted to the corresponding energy audit records kept at the Ministry.

Greece supports a specific energy efficiency objective for 2030 of at least 32.5% reduction in primary energy use compared with projected levels, from energy efficiency measures. Our goal has been to ensure the development of energy policies that foster growth and at the same time respond, as a matter of priority, to the challenge of reducing

high energy prices and costs. Of major importance as to the anticipated contribution of the measure is that of Obligation Schemes, which is being implemented since 2017.

Energy efficiency is expected to exhibit improvement by 2020, which will result from the implementation of targeted measures mainly for the energy upgrade of buildings in the public and private sector, and which will be further enhanced through new market mechanisms and financing tools combined with increased use energy from RES and high-efficiency CHP. A smart system for the management of energy production and demand is planned to contribute to the implementation of a distributed generation system that will allow the high penetration and optimal use of the available potential both for RES and high efficiency CHP generation as well as energy efficiency improvement.

Energy efficiency investments are characterized by their ability to bring immediate energy returns and additional value streams to private owners and asset operators, as well as significant public benefits in terms of increased employment, fuel poverty alleviation, industrial competitiveness, lower greenhouse gas emissions, increased energy security, reduced dependence on energy imports, and improvements in fiscal balance of the country.

Without ignoring the important achievements, much remains to be done, both to achieve sustainability objectives, particularly for buildings and transport, and to ensure a shift in the attitudes of businesses and the behavior of citizens. Above all, energy efficiency measures constitute the most effective policy tool to alleviate consumers experiencing high energy prices and contribute to energy prices and climate change abatement.

### Employment - Unemployment

According to the Labour Force Survey of the Hellenic Statistical Authority (ELSTAT), in Greece in 2018 the number of the employed persons rose to 3,828,021 persons from 3,752,674 persons in 2017, showing an increase of 2.0% and the number of unemployed dropped to 915,007 persons from 1,027,048 persons in 2017 recording a decrease of 10.9%. The employment rate (aged 20 to 64 years) for the year 2018 stood at 59.5%, higher by 1.7 percentage points compared to the previous year. For men, the employment rate rose to 70.1% from 67.7% in 2017 and for women to 49.1% (from 48.0% in 2017). Part-time employment as a percentage of the total employment (people aged 20-64 years) stood at 9.0% in 2018. Part-time employment as a percentage of total employment for women in the same age group was 13.2% and for men 6.0% in 2018. The unemployment rate also shows a declining trend (people aged over 15 years).

In 2018 the unemployment rate was 19.3%, decreased by 8.2 percentage points compared to 2013 and by 2.2 percentage points compared to the previous year, while the female unemployment rate is still higher than for men (24.2% vs. 15.4%). A significant high unemployment rate was recorded in 2018 among young people aged 15-24 (39.9%), which for young women reached 43.9% and for young men 36.4%. The long-term unemployment rate (unemployed over 12 months as a percentage of the labour force) declined in 2018 to 13.6% from 15.6% in 2017, while the share of long-term unemployed (long-term unemployed to the total unemployed) decreased to 70.3% in 2018 from 72.8% in 2017. Labour force participation (people aged 20-64 years) in 2018 was slightly higher than in 2017 by 0.2 percentage points (73.7% in 2018 from 73.5% in 2017). For men, in 2018 this figure stood at 82.7%, while for women it was significantly lower, at 64.8%.

Table 5. Employment rate for people aged 20-64 years(%)

GREECE	2013	2014	2015	2016	2017	2018
<b>Total</b>	52.9	53.3	54.9	56.2	57.8	59.5
<b>MEN</b>	62.7	62.6	64.0	65.8	67.7	70.1
<b>Women</b>	43.3	44.3	46.0	46.8	48.0	49.1

Source: Labour Force Survey, ELSTAT

Table 6. Part-time employment as a percentage (%) of total employment (20-64 years)

GREECE	2013	2014	2015	2016	2017	2018
<b>Total</b>	8.3	9.2	9.3	9.7	9.6	9.0
<b>Men</b>	5.3	6.5	6.6	6.9	6.5	6.0
<b>Women</b>	12.5	12.9	13.0	13.6	14.0	13.2

Source: Labour Force Survey, ELSTAT

Table 7. Unemployment rate for individuals over 15+ years (%)

GREECE	2013	2014	2015	2016	2017	2018
<b>Total</b>	27.5	26.5	24.9	23.5	21.5	19.3

<b>Men</b>	24.5	23.6	21.7	19.9	17.8	15.4
<b>Women</b>	31.3	30.2	28.9	28.1	26.1	24.2

Source: Labour Force Survey, ELSTAT

**Table 8. Unemployment rate (%) for people aged 15-24 years**

<b>GREECE</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total</b>	58.3	52.4	49.8	47.3	43.6	39.9
<b>Men</b>	53.8	47.4	45.2	44.3	39.3	36.4
<b>Women</b>	63.8	58.1	55.0	50.7	48.2	43.9

Source: Labour Force Survey, ELSTAT

**Table 9. Long-term unemployment rate (%) people aged 15+ years (unemployed > 12 months as a percentage of the labour force)**

<b>GREECE</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total</b>	18.4	19.5	18.2	16.9	15.6	13.6
<b>Men</b>	16.2	17.2	15.8	14.1	12.6	10.5
<b>Women</b>	21.4	22.4	21.2	20.4	19.4	17.5

Source: Labour Force Survey, ELSTAT

**Table 10. Share of long-term unemployment (%) in total unemployment people 15+ years (unemployed > 12 months)**

<b>GREECE</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total</b>	67.1	73.5	73.1	72.0	72.8	70.3
<b>Men</b>	66.0	72.8	72.7	71.1	70.8	68.1
<b>Women</b>	68.2	74.2	73.5	72.7	74.4	72.1

Source: Labour Force Survey, ELSTAT

**Table 11. Labour force participation rate (%) for people aged 20-64 years**

<b>GREECE</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total</b>	72.7	72.5	73.1	73.5	73.5	73.7
<b>Men</b>	82.8	81.8	81.7	81.9	82.3	82.7
<b>Women</b>	62.9	63.3	64.7	65.1	64.9	64.8

Source: Labour Force Survey, ELSTAT

## Dependent Employment

### Evolution of Employment Contracts For Years 2017 – 2018

The following table shows the dependent employment flows for 2017 and 2018 in the private sector (recruitments-exits-balance) according to ERGANI Information System of the Ministry of Labour, Social Security and Social Solidarity.

**Table 12. Dependent employment flows in the private sector (recruitments-exits-balance/net flows) for 2017 and 2018**

<i>Jobs</i>	<u>Jan. – Dec. 2017</u>	<u>Jan. – Dec. 2018</u>
<b>I. Recruitments</b>	<b>2,400,398</b>	<b>2,668,923</b>

<b>II. Total exits</b>	<b>2,256,853</b>	<b>2,527,920</b>
A. Termination of indefinite duration contracts and termination of fixed-term contracts	1,281,388	1,552,874
B. Voluntary withdrawals	975,465	975,046
<b>III. Balance – net flows (I-II)</b>	<b>143,545</b>	<b>141,003</b>

Source: ERGANI Information System, Ministry of Labour, Social Security and Social Solidarity

Table 13 shows the number of new recruitments submitted electronically to ERGANI Information System for 2017 and 2018, as well as the type of contract for each recruitment.

Table 13. Number of new recruitments submitted electronically to the ERGANI Information System for the respective years per type of contract

YEAR	NEW RECRUITMENTS - TYPE OF EMPLOYMENT CONTRACT			TOTAL RECRUITMENTS
	FULL TIME	PART TIME	ON SHIFT (Rotation)	
<b>2017</b>	1,083,418	981,758	335,222	<b>2,400,398</b>
<b>2018</b>	1,218,566	1,110,239	340,118	<b>2,668,923</b>

Source: ERGANI Information System, Ministry of Labour, Social Security and Social Solidarity

### Inspections and sanctions data of the Labour Inspectorate Body (SEPE) of the Ministry of Labour, Social Security and Social Solidarity for 2017 and 2018

At a time when the impact of the economic crisis has become more apparent in the labour market, the need for an efficient and dynamic Labour Inspectorate Body is more than imperative. The Labour Inspectorate Services, in the midst of the economic crisis, despite the decrease of high unemployment, undeclared and under-declared work with precarious effects on working conditions, have worked and continue to work for the protection of labour rights and to combat any offending conduct of employers. The inspections carried out in 2018 show an upward trend of 3.84% compared to the planned (29.254) for the same year.

The overall inspection activity of the Regional Labour Inspectorates of SEPE for the years 2017 and 2018 is presented in Table below.

Table 14. Total inspections' activity of the Regional Labour Inspectorates for 2017 and 2018

Labour Inspectorates	2017	2018
<b>Inspections</b>	30,492	30,377
<b>Imposed Fines</b>	7,291	6,737
<b>Amounts (in €)</b>	32,881,882 €	26,130,385 €

Source: Regional Labour Inspectorates

## Poverty - Social Exclusion

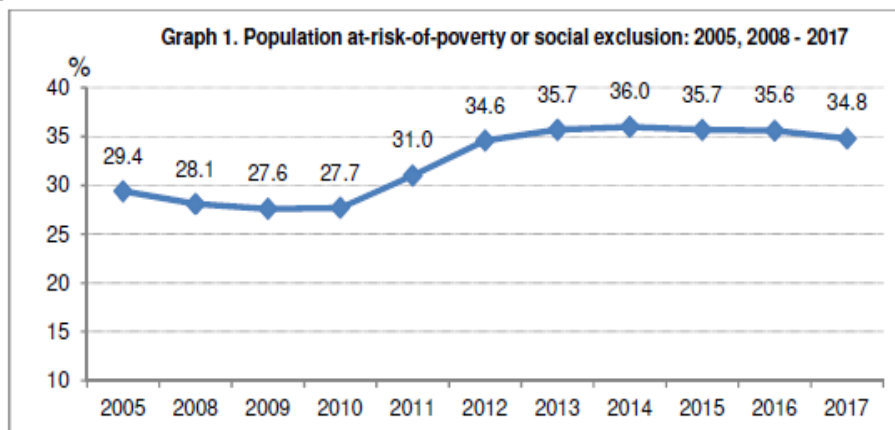
According to ELSTAT data, the most recent results of the Statistics on Income and Living Conditions (EU-SILC) for the year 2017, (reference year 2016), regarding the indicators for monitoring the national targets and other figures reflecting the social situation, show the followings:

An improvement in key indicators over 2016 has been recorded. The risk of poverty, the risk of poverty or social exclusion, child poverty, the relative median at-risk-of-poverty gap, material deprivation and material deprivation of children, have been reduced. Particularly, child poverty and material deprivation of children have been reduced more than the corresponding decrease in the general population. Moreover, the poverty risk of part-time workers, as well as income inequality have been reduced.

### The evolution of the three national targets

The population at risk of poverty or social exclusion in 2017 has decreased both in percentage and absolute terms compared to the previous year standing at 34.8% of the population (3,701,800 people), from 35.6% in 2016 (3,789,300 people). The following figure and table 12 show the evolution of the indicator from 2005 until today:

Figure 5: Evolution of the AROPE indicator over the last decade and 2005



Source: ELSTAT Press Release 22.06.2018

It is noted that the income reference period refers to the previous year of the year of the survey, ie in the respective years 2004, 2007 – 2016.



**Table 15. Population at Risk of Poverty or Social Exclusion (AROPE)**

Year	Number of persons	Percentage	Average EU	Number of persons EU
2008		28.1%	23.8%	116,570,000
2012	3,795,000	34.6%	24.8%	123,774,000
2013	3,903,800	35.7%	24.5%	122,849,000
2014	3,884,700	36.0%	24.4%	122,026,000
2015	3,828,500	35.7%	23.7%	119,049,000
2016	3,789,300	35.6%	23.5%	118,040,000
<b>2017</b>	<b>3,701,800</b>	<b>34.8%</b>	<b>22.5%</b>	<b>112,974,000</b>

Source: ELSTAT Press Release 22.06.2018 and Eurostat January 2019

**Table 16. Population at risk of poverty or social exclusion: analysis of its components (2016 and 2017)**

Δείκτης	Total		Women		Men	
	2016	2017	2016	2017	2016	2017
<b>Population at risk of poverty and / or social exclusion</b>	35.6 %	34.8%	36.6%	35.7%	34.4%	33.9%
<b>Population at risk of poverty</b>	21.2 %	20.2%	21.2%	20.2%	21.2%	20.2%
<b>Population in material deprivation</b>	22.4 %	21.1%	22.6%	21.2%	22.2%	21.0%
<b>Population aged 0-59 years old living in low-work intensity households</b>	17.2 %	15.6%	18.6%	17.0%	15.8%	14.2%

Source: ELSTAT Press Release 22.06.2018

The at-risk-of-poverty rate for children aged 0-17 years (child poverty) in 2017 amounted to 24.5%, recording a decrease of 1.8 percentage points compared to 2016.

**Table 17. Population aged 0-17 years old at risk of poverty (child poverty)**

Year	Total
2008	23.0%
2012	26.9 %
2013	28.8 %
2014	25.5%
2015	26.6%
2016	26.3%
<b>2017</b>	<b>24.5%</b>

Source: ELSTAT Press Release 22.06.2018

### Additional indicators reflecting social conditions

- **Poverty threshold<sup>11</sup>:** The poverty threshold increased to €4,560 per person annually (from €4,500 in 2016) and €9,576 for households with two adults and two dependent children under the age of 14 (from €9,450 in 2016). It is noted that the poverty threshold has been decreasing continuously since 2008 and 2017 is the first year that an increase has been recorded.

**Table 18. Poverty threshold (€ per year)**

Year	1 person	Family (2 adults and 2 children < 14 years old)
2008	6,480	13,608
2012	5,708	11,986
2013	5,023	10,547
2014	4,608	9,745
2015	4,512	9,677
2016	4,500	9,450
<b>2017</b>	<b>4,560</b>	<b>9,576</b>

Source: ELSTAT Press Release 22.06.2018

- **Poverty risk:** The risk of poverty, ie the percentage of the population living in households with disposable income<sup>12</sup> below the poverty line, was 20.2% for 2017. As shown in figure 6 and Table 19, the indicator recorded its highest prices in 2012 and 2013 (23.1%) and has been declining since 2014.

<sup>11</sup> Average annual disposable income of households in 2017 (incomes of 2016): 15,106€ (from 14,932€ in 2016)

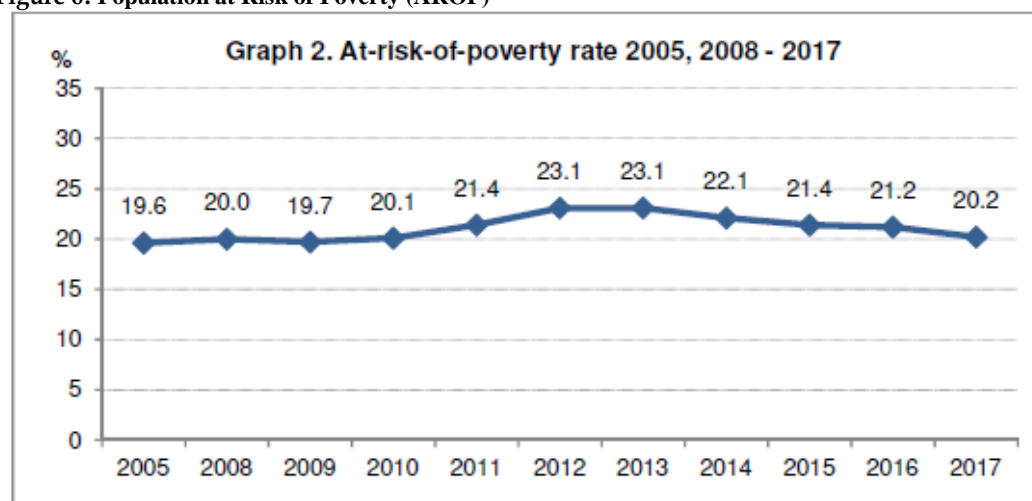
<sup>12</sup> Total equivalent disposable income

**Table 19. Population at Risk of Poverty (AROP)**

Year	Number of households	Number of people	Percentage	EU
2008	-	-	20%	16.6%
2012	914,873	2,535,700	23.1 %	16.9%
2013	892,763	2,529,005	23.1 %	16.7%
2014	888,452	2,384,035	22.1%	17.2%
2015	860,117	2,293,172	21.4%	17.3%
<b>2016</b>	<b>832,065<sup>13</sup></b>	<b>2,262,808</b>	<b>21.2%</b>	
<b>2017</b>	<b>789,585<sup>14</sup></b>	<b>2,153,691</b>	<b>20.2%</b>	

Source: ELSTAT Press Release 22.06.2018.

**Figure 6: Population at Risk of Poverty (AROP)**



\*It is noted that the income reference period is the year previous to the year the survey is conducted, that is, the data on income refer to the period 2004, 2007 - 2016.

Source: ELSTAT Press Release 22.06.2018

<sup>13</sup> Total households: 4,168,784 and total persons 10,651,929

<sup>14</sup> Total households: 4,162,442 and total persons 10,634,925

Table 20. At Risk of poverty (after social transfers) by gender and age groups (2014-2017)

Age Groups	Total			Men			Women			
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2017
<b>Total</b>	22.1%	21.4%	21.2%	22.0%	21.5%	21.2%	22.2%	21.2%	21.2%	20.2%
0-17	25.5%	26.6%	26.3%							
18-64	23.4 %	22.5%	22.7%	23.6%	22.6%	22.8%	23.4 %	22.1%	22.7%	21.8%
65+	14.9%	13.7%	12.4%	16.1%	11.9%	10%	13.4%	15.2%	13.8%	11.1%

Source: ELSTAT Press Release 22.06.2018

As shown in the table above, the poverty risk in 2017 declined by 1% compared to 2016 for the whole population and for each gender. The at-risk-of-poverty indicator has dropped for children aged 0-17 years and for people aged 18-64, and remained at the same level as 2016 for those aged 65 years and over. Further analysis of the last age group shows that the reduction in the poverty rate of women aged 65+ has been offset by the increase in the poverty rate of men of the same age.

Table 21. Population at risk of poverty and / or social exclusion (after social transfers) by age and citizenship (2015-2017)

Age group	Residents in Greece	%		
		2015	2016	2017
<b>18-64</b>	<b>Greek citizens</b>	37.4	38.0	36.5
	<b>Foreign citizens</b>	64.3	59.7	62.9
	<b>EU citizens</b>	49.1	47.7	53.3
	<b>Third-country nationals</b>	67.1	61.6	64.3
<b>18+</b>	<b>Greek citizens</b>	33.4	33.6	32.7
	<b>Foreign citizens</b>	63.6	59.2	62.4
	<b>EU citizens</b>	45.1	44.5	48.2
	<b>Third-country nationals</b>	67.1	61.8	64.6

Source: ELSTAT Press Release 22.06.2018

Table 22. Population at risk of poverty and / or social exclusion (after social transfers) by residence status and age (2015-2017)

Age	Owner			Tenant		
	Total (%)			Total (%)		
	2015	2016	2017	2015	2016	2017
<b>Total</b>	20.0	20.3	19.4	26.8	24.5	23.3

<b>0-17</b>	24.7	25.7	24.3	32.0	27.9	24.9
<b>18-64</b>	21.5	22.2	21.1	25.9	24.3	23.7
<b>60+</b>	14.1	13.3	13.4	19.6	17.2	15.7
<b>65+</b>	13.2	12.2	12.3	20.0	15.3	13.9
<b>75+</b>	14.2	12.2	12.3	27.6	17.8	19.1

Source: ELSTAT Press Release 22.06.2018

The relative median at-risk-of-poverty gap declined in 2017 compared to 2016 by 1.6%. This in practice means that 50% of the poor population (below the threshold of € 4,560 per person) have an income of less than € 3,178.32 ( $100-30.3 = 69.7$  and  $69.7 * 4,560 = 3,178.32$  €). (In 2016, 50% of the population had an income of less than 3.064 €).

Table 23. Relative median at-risk-of-poverty gap (after social transfers) by age group and gender (2014-2017)

Age Group	Total				Men			Women		
	2014	2015	2016	2017	2014	2015 2017	2016	2014	2015 2017	2016
Total	31.3%	30.6%	31.9%	30.3%	30.8%	32.9%	33.6%	32.1%	28.3%	30.8%
0-17	34.4%	34.5%	33.3%	29.6%						
18-64	34.2 %	33.5%	34.6%	32.6%	33.9 %	33.5%	34.8%	34.4%	32.9%	34.1%
65+	17.3%	17.3%	18.7%	19.7%	16.8%	18.9%	20.0%	18.5%	15.5%	17.8%
					22.5%			17.5%		

Source: ELSTAT Press Release 22.06.2018

Table 24. Poverty risk (after social transfers) for the population over 18 years, by gender and employment status (2015-2017)

Occupation	Total (%)			Women (%)			Men (%)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
<b>Employed</b>	13.4	14.1	<b>12.9</b>	11.0	12.3	<b>9.9</b>	15.2	15.3	<b>15.0</b>
<b>Not employed</b>	24.1	23.6	<b>23.3</b>	24.0	23.7	<b>23.6</b>	24.2	23.6	<b>22.8</b>
<b>Unemployed</b>	44.8	47.1	<b>45.5</b>	39.3	42.4	<b>41.0</b>	50.7	51.9	<b>50.5</b>
<b>Pensioners</b>	10.8	9.7	<b>9.5</b>	11.7	10.5	<b>10.2</b>	10.0	9.0	<b>9.0</b>
<b>Other non-economically active (except of pensioners)</b>	26.2	25.4	<b>25.7</b>	25.6	25.2	<b>25.7</b>	29.0	26.2	<b>25.5</b>

Source: ELSTAT Press Release 22.06.2018

As shown in the table below the at-risk-of-poverty rate for persons working full-time amounts to 11.2%, while for part-time employed persons amounts to 27.5%. In both categories the risk of poverty in 2017 has been reduced compared to 2016, and in

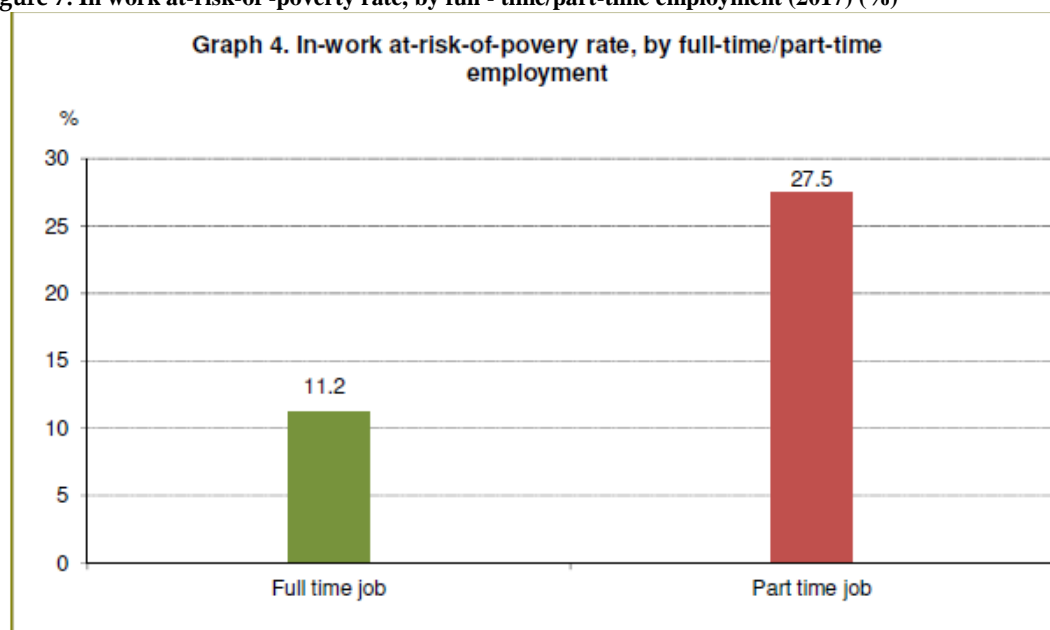
particular for part-time workers, this decrease is almost 3 percentage points (from 30.3 in 2016 to 27.5 in 2017).

**Table 25. Employees' poverty risk (after social transfers) with distinction in full-time and part-time work (2015-2017)**

	%		
	2015	2016	2017
<b>Full time employment</b>	11.6	12.2	11.2
<b>Part time employment</b>	28.2	30.3	27.5

Source: ELSTAT Press Release 22.06.2018

**Figure 7: In work at-risk-of-poverty rate, by full - time/part-time employment (2017) (%)**



Source: ELSTAT Press Release 22.06.2018

### Social transfers and the at-risk-of-poverty rate

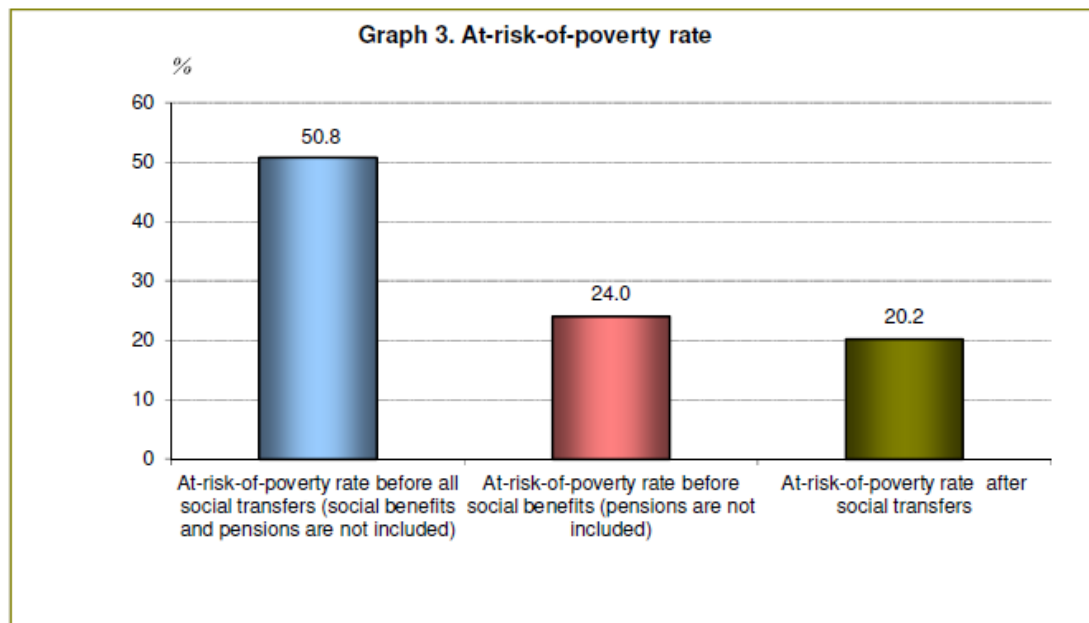
Social transfers (including pensions) represent 32.2% of total disposable income of the country's households, of which pensions account for a significant share of 85.9% while social benefits represent 14.1%.

The at-risk-of-poverty rate before all social transfers (excluding social benefits<sup>15</sup> and pensions in the total disposable household income) is 50.8% (decreased by 2.1 percentage points in comparison with 2016). When only pensions are included, (social benefits are excluded), the risk of poverty rate drops to 24.0% (25.2% for 2016), while when social transfers are included the risk of poverty rate drops to 20.2% (from 21.2% in 2016).

<sup>15</sup> Social benefits include the social assistance (the allowance of social solidarity for pensioners – EKAS, social dividend, a lump sum payment to poor households in mountainous and disadvantageous areas, allowances for children under 16 years old who live in poor households, allowances to repatriates, refugees, persons released from prison, drug-addicts, alcoholics, allowances to longstanding unemployed aged 45-65, benefits to households that faced an earthquake, flood etc.) and allowances such as family, unemployment, sickness, disability/invalidity benefits/allowances as well as the education allowances.

As figure 8 shows pensions contributes to a decrease of 26.8 percentage points in the at-risk-of-poverty rate, while social benefits contributes to a decrease of 3.8 percentage points.

Figure 8: At-risk-of-poverty rate before and after social transfers (2017)



Source: ELSTAT Press Release 22.06.2018

### Material deprivation

Material deprivation decreased by 1.3%. It declined for the first time since 2009. In 2017 for the first time after a number of years, the percentage of population that is experiencing financial difficulties (resulting in an enforced lack of at least four out of nine material deprivation dimensions<sup>16</sup>) is reduced.

The material deprivation of children recorded decrease of 2.9 percentage points in comparison with 2016. This reduction is greater than the corresponding decrease in the total population. It is noted that this indicator is decreasing for the first time, following the dramatic increase since 2009 and thereafter.

<sup>16</sup> 1. Arrears on mortgage or rent payments, utility bills, hire purchase installments or other loan payments 2. capacity to afford paying for one week's annual holiday away from home 3. capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day 4. capacity to face unexpected but necessary expenses (about 384€) 5. household cannot afford a telephone (including mobile phone) 6. household cannot afford a colour TV 7. household cannot afford a washing machine 8. household cannot afford a car 9. Capacity to afford keeping home adequately warm during winter and cool during summer

**Table 26. Percentage of people living in severe material deprivation**

Year	Percentage	Average EU	Average Eurozone
2008	11.2%	-	5.9%
2011	15.2 %	8.8%	6.9%
2012	19.5 %	9.9%	7.8%
2013	20.3%	9.6%	7.5%
2014	21.5%	8.9%	7.4%
2015	22.2%	8.1%	7.0%
2016	22.4%	7.5%	6.6%
<b>2017</b>	<b>21.1%</b>	<b>6.7%</b>	<b>5.8%</b>

Source: ELSTAT Press Release 22.06.2018

**Table 27. Material deprivation of children (0-17 years)**

Year	Percentage
2009	12.2%
2011	16.4 %
2012	20.9%
2013	23.3%
2014	23.8%
2015	25.7%
<b>2016</b>	<b>26.7%</b>
<b>2017</b>	<b>23.8%</b>

Source: ELSTAT Press Release 22.06.2018

Material deprivation concerns not only the population at risk of poverty but also part of the non-poor population. Indicatively:

- 47.3% of the non-poor population (47.6% in 2016) say that they have difficulties in addressing with extraordinary expenses of approximately €384. The corresponding percentage of the poor population is 80.5% (80.7% in 2016).
- 21.5% of the non-poor population (29.2% in 2016) can not have adequate heating, while the corresponding percentage of the poor population is 45.3% (51.6% in 2016).
- 31.3% of the non-poor population (33.5% in 2015) say that they have difficulties in paying fixed bills, while the corresponding percentage of the poor is 56.5% (62.3% in 2016).

As the figures above and the tables below show, most of the indicators are improved in 2017 compared to 2016 for both the non-poor and the poor population.



Table 28. Distribution of households with difficulties in responding to the payment of utility bills with distinction in poor and non poor households (2015-2017)

Fixed accounts	Total (%)			Poor Households (%)			Non Poor Households (%)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Rent or loan installment	41	39.7	34.3	64.7	63.4	52.9	34.5	33.5	29.6
Utility bills (electricity, water, etc.)	40.6	39.2	36.0	60.9	62.3	56.5	35.4	33.5	31.3
Loan or credit card installments	53.5	51.8	46.0	76.8	85	71.2	48.7	46.0	42.0

Source: ELSTAT Press Release 22.06.2018

Table 29. Financial weakness of households to meet basic needs with distinction in poor and non poor households (2015-2016)

Basic needs	Total			Poor Households			Non poor households		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
1 week of holiday	53.4	52.5	50.7	87.1	88.5	80.5	44.8	43.5	43.8
Every day diet of chicken, meat, fish or vegetables of equal nutritional value	12.0	12.1	11.8	52.5	53.2	43.5	1.8	1.8	4.4
Responding to extraordinary but necessary expenditures of approximately € 384	53.2	54.2	53.2	87.2	80.7	78.3	44.5	47.6	47.3

Source: ELSTAT Press Release 22.06.2018

### Income Inequality Indicators

Regarding the income quintile share ratio, or S80/S20, Greece currently, as well as before the crisis, ranks between the countries with the highest inequalities. The S80/S20 ratio which had increased from 2011 to 2016 (from 6 to 6.6), in 2017 decreased to 6.1. In other words, the share of the income of the wealthiest 20% of the population is 6.1 times higher than the share of the income of the poorest 20% of the population.

**Table 30. Greece, income distribution indicator S80 / S20 (2008-2017) (%)**

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
5.9	5.8	5.6	6.0	6.6	6.6	6.5	6.5	6.6	6.1

Source: ELSTAT Press Release 22.06.2018

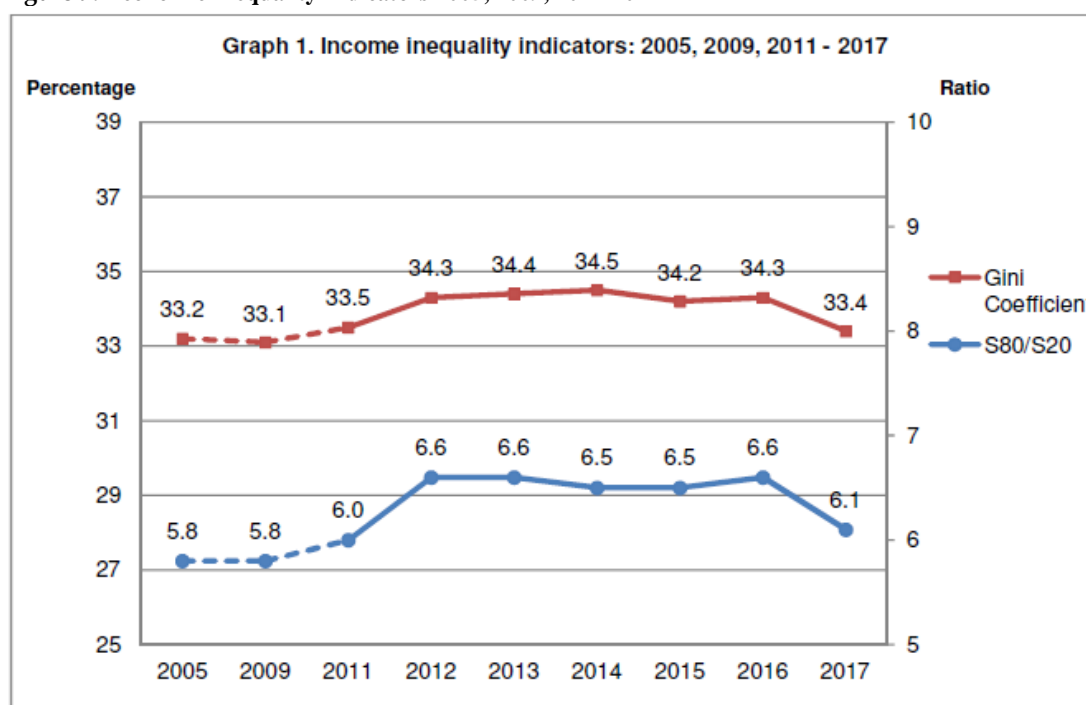
In 2017 the Gini coefficient<sup>17</sup> reached 33.4%, recording a decrease of 0.9 percentage points compared to 2016.

**Table 31. Greece, uneven income distribution indicator, Gini coefficient**

2005	2009	2011	2012	2013	2014	2015	2016	2017
33.2	33.1	33.5	34.3	34.4	34.5	34.2	34.3	33.4

Source: ELSTAT Press Release 22.06.2018

**Figure 9: Economic Inequality Indicators 2005, 2009, 2011-2017**



Source: ELSTAT Press Release 22.06.2018

<sup>17</sup> The Gini coefficient ranges from 0 (or 0%), which corresponds to perfect income equality to 1 (or 100%) which indicates that there is total income inequality. For example, a Gini coefficient of 30% means that choosing randomly 2 persons, the difference between their incomes is at 30% of the mean equalized disposable income. Gini coefficient – in contrast to the S80/S20 ratio – is not affected by the extreme values of income distribution.

## ANNEX III : GERD SCENARIO BASED ON INDIVIDUAL SCENARIOS OF THE MAIN FUNDING SOURCES

**Table 32. R&D Expenditure by source of funding**

Year	GDP (bn Euro)	Ordinary Budget		EU ESIF Funds		Other Government		Business Sector		Other internal funding sources		Abroad		Total R&D Expenditure	
		Amount (mn Euro)	% GDP	Amount (mn Euro)	% GDP	Amount (mn Euro)	% GDP	Amount (mn Euro)	% GDP	Amount (mn Euro)	% GDP	Amount (mn Euro)	% GDP	Amount (mn Euro)	% GDP
2013	180,4	411,3	0,23	296,5	0,16	58,3	0,03	444	0,25	50,7	0,03	204,9	0,11	1465,6	0,81
2014	178,6	407,9	0,23	308,1	0,17	77,2	0,04	444	0,25	54,5	0,03	196,8	0,11	1488,8	0,83
2015	176,3	442,7	0,25	388,1	0,22	73,2	0,04	535	0,30	49,1	0,03	215,7	0,12	1703,8	0,97
2016	174,2	547,5	0,31	101,6	0,06	97,6	0,06	706	0,40	46,8	0,03	255,3	0,15	1754,3	1,01
2017	180,2	591,4	0,33	80,2	0,04	101,1	0,06	911	0,51	53,6	0,03	296,1	0,16	2033	1,13
2018	184,7	610	0,33	110	0,06	120	0,06	980	0,53	65	0,04	320	0,17	2205	1,19
2019	191,02*	630	0,33	150	0,08	150	0,08	1040	0,54	70	0,04	350	0,18	2390	1,25
2020	198,22*	650	0,33	230	0,12	180	0,09	1100	0,55	75	0,04	370	0,19	2605	1,31

\*Ministry of Finance projections

The basic assumptions for setting up the above Table are as follows:

- Column “Ordinary Government Budget”:** After the stabilization of the ordinary budget to 0.23% of GDP in 2014, the increase since 2015 is expected to continue in the following years.
- Column “European Structural and Investment Funds (EU ESIF Funds)”:** Concerns mainly funding (EU contribution and national co-financing) coming from the European Structural and Investment Funds under the Thematic Objective 1 (Research and Innovation). Especially for years 2015 and 2016 absorption of NSRF 2007-2013 funds have been taken into account.
- Column “Other Government Funds”:** The Greek state finances R&D with complementary funds, apart from its contribution to the co-financing of the European Structural and Investment Funds (ESIF). The above financing concerned mainly complementary funds for the Greek research teams that participated successfully in the calls of H2020. The amount of national financing is expected to increase in the future, mainly because of the funds of the ELIDEK foundation.
- Column “Business Sector”:** The financing of R&D by the Business Sector despite the economic crisis that began in 2011 and the financial weaknesses of companies is steadily increasing every year. It is estimated that this growth path will continue in the coming years. The forecast is based on the mobilization of enterprises for RTD financing and on the leverage resulting from the implementation of projects funded from other sources such as National Funding, Partnership Agreement, HORIZON 2020 etc.

5. **Column “Other internal funding sources”**. It includes funds from Private Non-Profit Organisations, Legacies etc.
6. **Column «Abroad: Horizon 2020**. Compared to FP7, Horizon 2020 has an increased overall budget (by 30%). However, it is estimated that the absorption of Horizon 2020 funds by the Greek research teams will increase only by 25%, since an intensified competition between member states in pursuit of additional funding from Horizon 2020 is expected. The above assumptions result to an estimation that during the period 2014-2020 the inflow of funds for R&D from abroad will be of an order of 1.500 mn euro, starting with lower absorption rates which will steadily increase through the years.