



National Reform Programme
2016

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The 2016 National Reform Programme

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1.1 Overview of the macroeconomic scenario

The economic adjustment programme that Greece has been following since 2010 has significantly ameliorated the fiscal and external imbalances of the Greek economy but with serious implications in terms of growth potential, debt sustainability and socioeconomic conditions.

Between 2010 and 2014 there was a 13.4 percent decline in growth potential (DG ECFIN Economic Forecasts). Over the period from the end of 2008 until the end of 2015 the Greek economy has contracted cumulatively by more than 25 percent as measured by real GDP, intensifying the debt dynamics and contributing to the self-reinforcing nature of the crisis.

Public debt has increased from 109.3 percent of GDP in 2008 to 180.2 percent of GDP in 2015, despite a major debt restructuring (PSI) in 2012. Public debt overshoot the programme's projections by a large margin. As the programme unfolded, the underlying debt dynamics worsened significantly because output contractions and deflation were more pronounced than expected. Lower nominal growth raised the interest rate-growth differential and led to progressively higher expected debt paths.

The strenuous economic adjustment effort has evoked several adverse socioeconomic effects.

- The unemployment rate increased by 14.1 percentage points (EUROSTAT definition), whereas during the same period households at the lower end of the income distribution have comparatively lost ground amid a general income decline.
- The European Commission's 2014 "Employment and social developments" survey indicates that the Greek labour market's shrinkage by approximately one million jobs from 2008 to mid-2014 has intensified the already high income inequalities of the pre-crisis era.
- The 2014 EC Scoreboard of key employment and social indicators (Joint Employment Report 2014) indicates that the risk of poverty in Greece has been on a dramatic rise and on a growing distance from the EU and EMU average (7.3 pps and 7.0 pps respectively in 2013 compared to 2012).

- Non-performing loans soared during the period of the economic adjustment programme to over 43%¹ of total bank loans, affecting thousands of families and putting the stability of the financial system at risk.

In 2015 the need for a change in policy, with more fiscal space² and emphasis on structural reforms, has become evident. On the other hand the financing of the economy has been restricted since ECB lifted the waiver of minimum credit rating requirements for Greek government bonds (February 2015)³ which had been previously allowing banks to use them in normal ECB refinancing operations. Greek banks have been thenceforth financing their needs through the more costly Emergency Liquidity Assistance (ELA) facility. It should be noted that since August 2015 Greek banks have reduced their dependence on ELA financing, as shown by the €18.5bn decrease of the upper limit.

On 19 August 2015, a new three-year stability support programme for Greece was approved by the European Stability Mechanism (ESM). The programme includes a detailed fiscal policy path attached to the financial assistance.

The fiscal adjustment path set out in the agreement foresees primary balance targets of - 0.25% of GDP in 2015, 0.5% in 2016, 1.75% in 2017, and 3.5% in 2018 and beyond. The trajectory of the fiscal targets is consistent with the expected growth rates of the Greek economy as it recovers from its deepest recorded recession. These targets shall be achieved through a combination of upfront fiscal reforms, an ambitious programme to strengthen tax compliance and public financial management, beefing up the fight against tax evasion and structural reforms to underpin growth, while ensuring adequate protection of vulnerable social groups.

The Greek economy seems to have adapted to the terms set mainly by the imposition of capital controls and to have gained a large share of the previously lost confidence. This normalization and the relative stability suggested by the most recent data allow for optimism, though without allowing complacency given that major challenges putting the economy in a delicate balance still have to be faced.

The year 2015 was also characterized by another crisis, namely the refugee crisis. The emergence of the refugee crisis has disproportionately affected Greece as a transit

¹ 43.6% according to data by September 2015 (p.23, Bank of Greece, Report of the President, Feb. 2016)

² 'Countries with more fiscal space have more scope to encourage domestic demand and investment'. European Commission, Press Release, "EU Annual Growth Survey 2015"

³ <https://www.ecb.europa.eu/press/pr/date/2015/html/pr150204.en.html>

country, as 856,723 refugees and migrants have crossed over to Europe through the Greek/Turkish borders between January and December 2015 (UN's refugee agency data). This unexpected enormous increase in migration inflows compared to 2014 (43,500 arrivals) will most certainly induce a higher fiscal cost in terms of refugee reception and settlement operations.

In this economic and political framework, Greece has now to face the task to implement effective and comprehensive structural reforms, conditional on measures to support the most vulnerable and to ensure the fair sharing of the adjustment process⁴.

Structural reforms are the main way forward in order to boost potential output and productivity growth and to reduce unemployment in an economy. Such structural reforms are considered labour and market reforms, actions improving the business environment, pension and healthcare reforms.

Structural policies play a fundamental role in the transition to a competitive economy by reinforcing competitiveness, attracting foreign direct investment and boosting extroversion. The main areas for implementing these policies in Greece are:

- The energy sector reform
- The product market reform aiming at reducing production cost and prices
- The privatization programme
- The ongoing fiscal reform, which includes the income tax code reform and the pension reforms that will secure the sustainability of the Social Security System.
- The reorganization of public administration which includes the implementation of an integrated strategy for the administration and management of human resources and the introduction of e-administration
- The creation of a favourable investment climate and the facilitation of business activities through the simplification of administrative licensing procedures and the elimination of investment barriers
- Emphasis on structural competitive issues so as to boost exports (recent empirical evidence⁵ suggests that the implementation of structural reforms that raise the Greek institutional framework closer to the EU/OECD average level would close between ½ and ¾ of the Greek export gap)

⁴ For instance through the phasing in of a guaranteed minimum income scheme and the provision of universal health care

⁵ European Commission, 'The Puzzle of the Missing Greek Exports', Bower, Michou, Ungerer, Economic Papers 518

Debt sustainability, remains an obstacle for development. The Commission, in liaison with the ECB, conducted a debt sustainability analysis which concluded that debt sustainability can be achieved through a credible reform programme and additional debt related measures. These measures will be conditional upon full implementation of the measures agreed in the ESM programme and will be considered after the first positive completion of a programme review, in the first months of 2016.

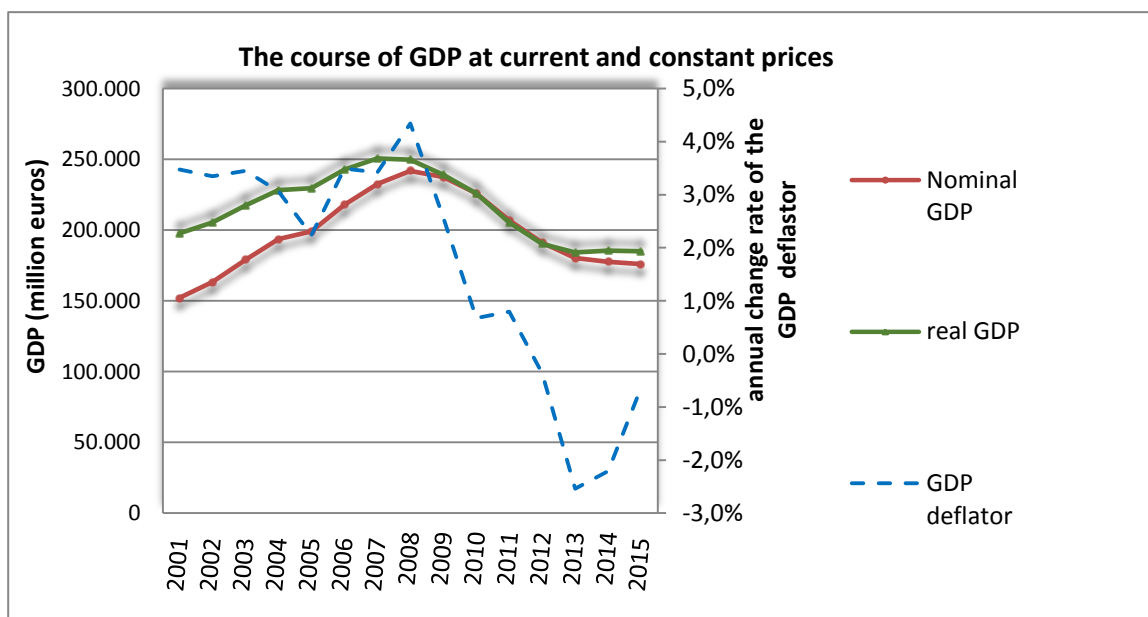
Overall, in order to enhance Greece's course towards economic growth and the restoration of debt sustainability, it is essential to proceed with the full implementation of the Economic Adjustment Programme 2015-18 as agreed in August 2015, which will reinstate the waiver of the minimum credit rating requirement for Greek bonds (GB) by the Eurosystem, will enable the participation of GB's in the ECB'S Quantitative Easing (QE) programme and will allow Euro Area partners to consider measures to ensure that debt is railed on a sustainable track.

The above mentioned actions will allow green shoots in the economy in the second semester of the year. To this end, the 2016 National Reform Programme discloses in-debt information of the envisaged structural reforms in key priority areas.

1.2 GDP developments

According to the first estimate⁶ of the annual national accounts data for 2015, real GDP declined by 0.2% during the year, as compared to an increase by 0.65% in 2014 and an average annual reduction by 5.9% in the period 2009-2013. Deflationary pressures, which emerged in 2013 as a result of five consecutive years of recession and were further intensified during 2014, showed signs of deceleration within 2015. The GDP deflator stood at -0.6%, which is significantly less negative than the corresponding estimate of the State Budget 2016 (-1.1%). Hence, while in 2015 nominal GDP decreased by 0.87% compared to 2014, this decrease was milder than the respective State Budget estimate (-1.1%). This signifies an acceleration of the rebounding trend of the nominal GDP, after six consecutive years of losses at an average annual rate of 5%.

⁶ Estimate by the Hellenic Statistical Authority as of the 4th of March 2016.



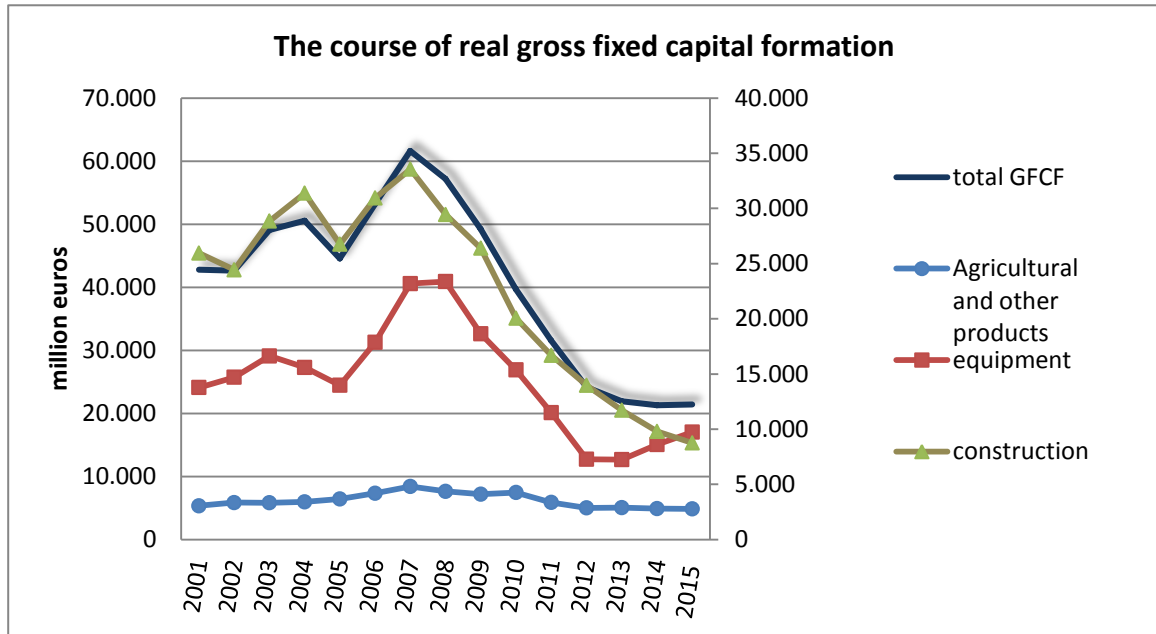
Source: Hellenic Statistical Authority

Real private consumption increased during 2015, by 0.3% year on year, despite the unfavourable economic climate of uncertainty and high private debt. Neither the implementation of capital control measures appears to have had a particularly negative impact on private consumption expenditure, as the latter was supported by the increase in transactions through internet banking and debit/credit cards. A contribution to the increase in private consumption, through supporting disposable income, was made by the significant increase in employment, by 1.92% on average within the year, the respective estimate of a decrease in unemployment by 1.6%⁷, and the further reduction in the level of prices by 1.1% based on the Harmonised Index of Consumer Prices (HICP).

Real public consumption remained at the level of 2014, because of its significant growth by 2.8% year on year during the last quarter of 2015. This development reflects a positive deviation from the respective estimate of the State Budget 2016 (by 0.3% at constant prices and 1.0% at current prices), which is associated with a public consumption deflator that is less negative than the one previously estimated (-0.3% versus -1.0% respectively).

Gross fixed capital formation increased in 2015 for the first time after seven consecutive years of contraction, at a rate of 0.7% year on year. The cumulatively compressed investment level of the precedent year, as well as the trend of recovery in business expectations as of September 2015, contributed to this development, mainly by means of increasing equipment investment at a rate of 13.1% year on year.

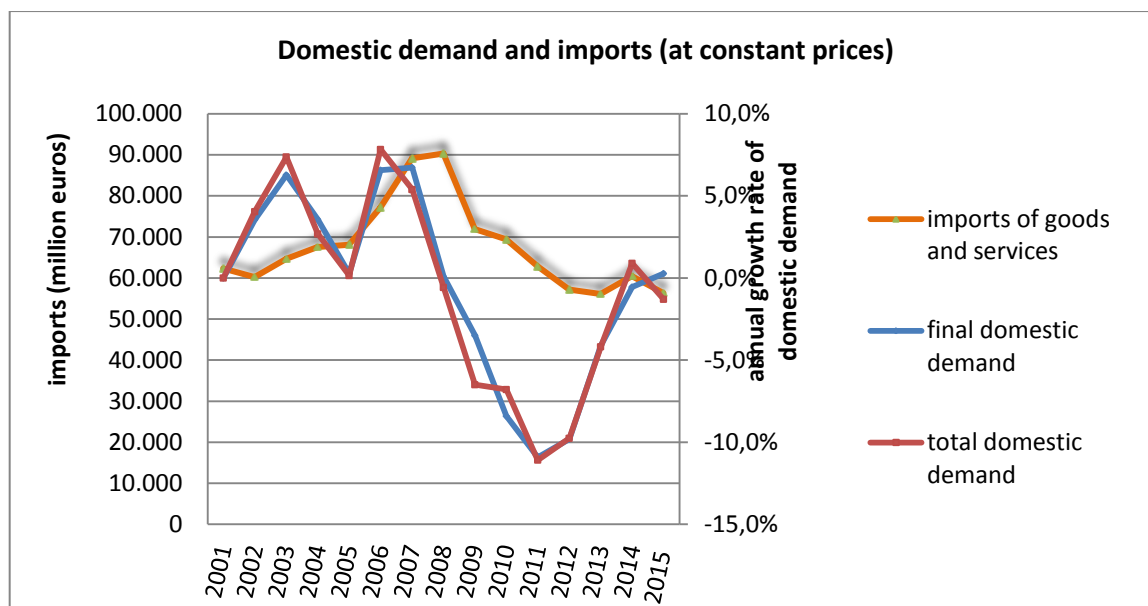
⁷ Estimate based on the monthly LFS of the Hellenic Statistical Authority for the twelve month period of 2015 (seasonally adjusted data).



Source: Hellenic Statistical Authority

The external sector had a positive contribution on real GDP change within 2015, amounting to 1.1 percentage point, as capital control measures brought about a greater reduction in imports of goods and services (by 6.9% year on year) than in exports (by 3.8% year on year). Particularly with regard to the trade balance, there was a significant improvement, as real exports of goods grew by 3.2% whereas respective imports decreased by 5.2% year on year.

As a result of the sharp decrease in imports, domestic demand declined by 1.3% in 2015 compared to the precedent year, despite the 0.3% positive growth rate of final domestic demand. From the production side, gross value added at basic prices increased by 0.3% in 2015, following a 0.4% increase in 2014.



Source: Hellenic Statistical Authority

Although the reduction of economic activity within 2015 has turned out to be only marginal and largely compatible with the State Budget estimate for GDP stagnation, it induced an additional negative carry over effect on 2016 by around 0.21% of GDP. An opposite effect on the current year's GDP is projected to stem from the increase in government consumption due to the refugee crisis, subject to the hypothesis of overall counterbalancing secondary effects on employment and tourism. Thereby, output is estimated to decline in 2016 at approximately the same rate as estimated in the State Budget 2016, namely by 0.7% year on year. The mild recessionary trend is expected to be reversed in the second half of the year and more notably within 2017, leading to positive growth rates in the rest of the medium term.

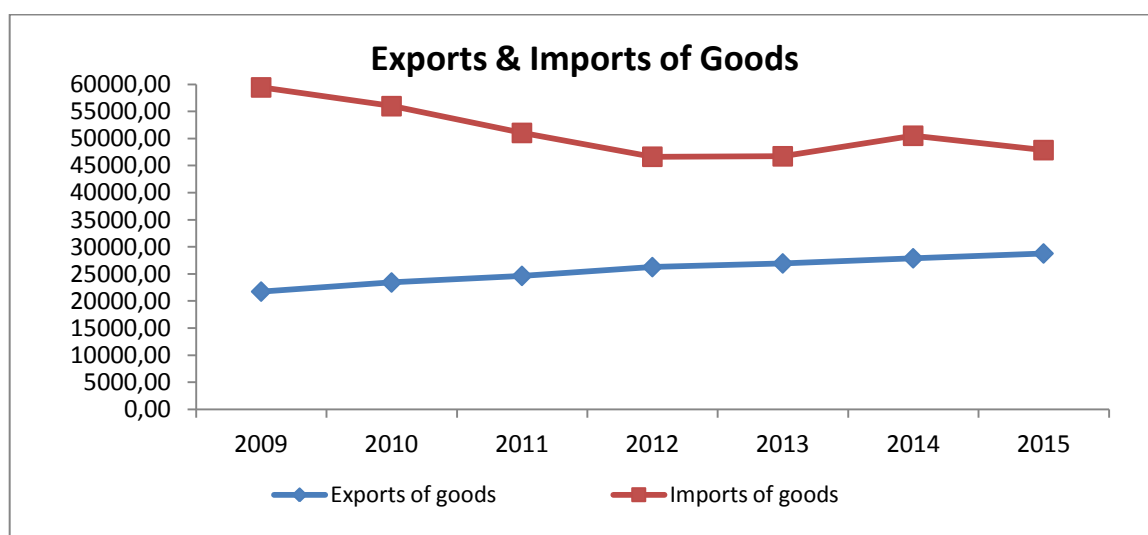
1.3 External sector developments

The international competitiveness of Greece in terms of relative consumer prices and labour cost, according to data of the Bank of Greece, improved by 4.5% and 5.7%, respectively. This development is attributable to the decline in the effective exchange rate of euro as well as to labour market reforms implemented in previous years. However, the overall competitiveness of the Greek economy, according to the main composites⁸ world competitiveness indices, shows signs of stagnation in 2015, following an improvement over the period 2013-2014.

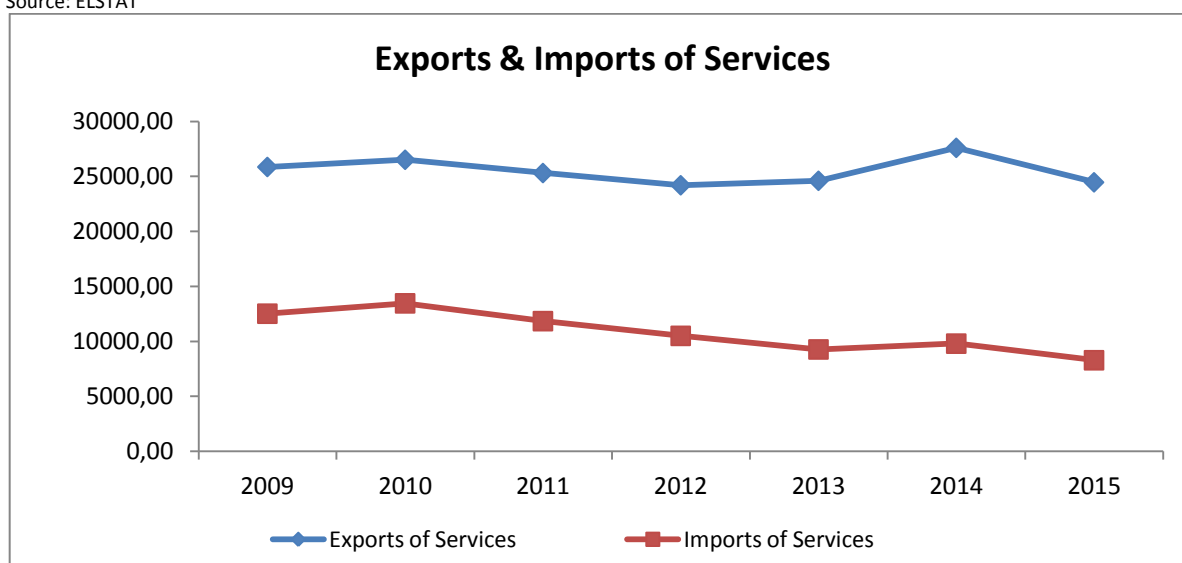
⁸ Index of World Competitiveness World Economic Forum and "ease of doing business index" of World Bank.

In 2015 the external balance of goods and services on national accounts basis contributed positively to the real GDP growth. Exports of goods and services dropped by 3.8% in 2015 compared with 2014 due to the decline in services by 11.4%, while goods increased by 3.2%. In 2014 exports of goods and services increased by 7.5% compared to 2013.

Imports of goods and services at constant prices, declined by 6.9% in 2015 compared to 2014 as a result of a decline in services and goods by 15.4% and 5.2% respectively. In 2014 imports of goods and services increased by 7.7%, compared to 2013. On national account basis at nominal prices, in 2015 the balance of goods and services recorded an incremental deficit of 0.17% of GDP, compared to a deficit of 2.6% of GDP in 2014. Since the beginning of the fiscal crisis in 2009, the total volume of goods and services increased by €5.8 bn and reached €53.4 bn in 2015 from €47.6 bn in 2009.

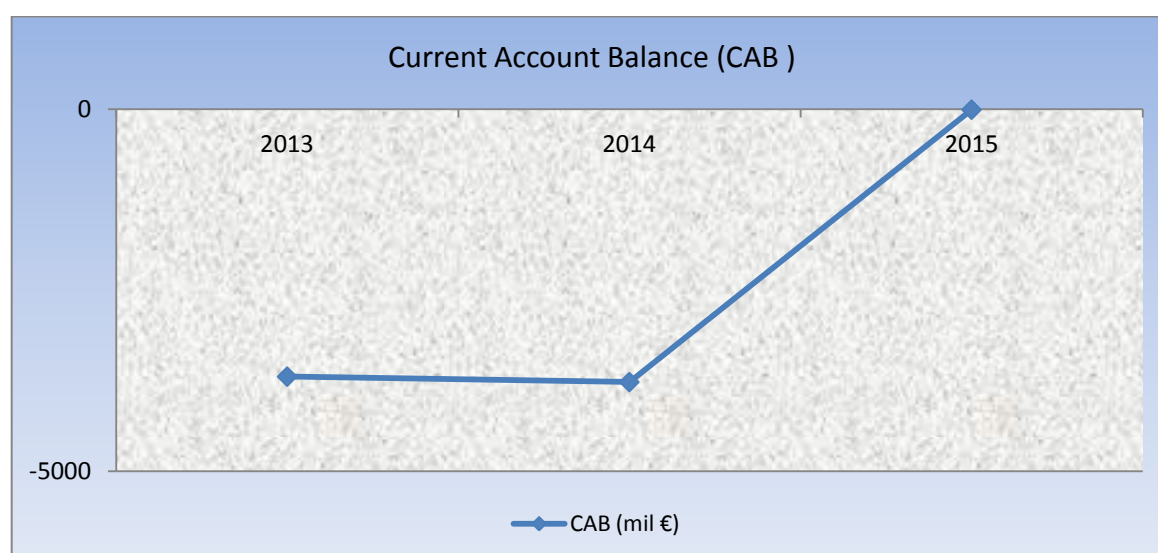


Source: ELSTAT



Source: ELSTAT

Since January 2015, the balance of payments data of the Bank of Greece are presented using the new methodology of the IMF-BPM6-Balance of Payments Manual, 6th edition, 2009. The data according to the new methodology, show that the Current Account Balance improved significantly and almost balanced in 2015. In particular, it recorded a deficit of €7.5 mn, a reduction of €3.7 bn and €3.8 bn compared to 2013 and 2014 respectively. This development reflects the significant improvement in the balance of goods deficit, which offsets the decline in the balance of services surplus. This improvement resulted in narrowing the deficit of the overall balance of goods and services, which represents most of the Current Account Balance. In 2015 exports of goods and services decreased by 8.8%, while the corresponding imports fell by 14.3% compared to 2014.



Source: Bank of Greece

The surplus of the services balance decreased by €1.3 bn in 2015 compared to 2014, reaching a total amount of €17.0 bn in 2015, as net transport receipts registered a decline. This development was partially offset by an improvement in the balance of travel and balance of other services. Travel receipts increased by 6.0% compared to 2014 (10.2%) retaining the positive rate of change.

As shown by the data, the enforcement of capital controls caused a decline in imports of all categories of goods, while exports were reduced to a much smaller extent. In particular the decrease in net payments for purchases of ships is attributable to settlements outside the Greek banking system.

With regard to developments in the financial account, in 2015 there was an increase of the total net assets of residents, in comparison to non-residents. Residents' net assets from

direct investment abroad rose by €345.4 mn, while the corresponding liabilities that represent non-residents direct investment in Greece dropped by €257.6 mn against an increase by €1.26 bn in 2014 and €2.18 bn in 2013. Foreign direct investments and portfolio investments of non-residents' in Greece is expected to record improvement over the next period, as economic stability will be established through the successful first evaluation of the programme and the economic climate will improve further.

1.4 Public Finance developments

In 2014, a range of unfavourable events continued to influence the Greek economy, leading to further deterioration of disposable income. The resulting public revenue shortfall by approximately €3.9bn shaped the outcome of the general government balance at -3.6% of GDP and the respective primary surplus at 0.4% of GDP based on the methodology of the Excess Deficit Procedure (EDP). At the State Budget level (based on ESA⁹), the headline deficit amounted to €9.53bn or 5.4% of GDP and the primary deficit to €2.3bn or 1.3% of GDP.

With regard to 2015, according to the first EDP notification by ELSTAT, the general government deficit reached 7.2% of GDP and the primary deficit 3.4% of GDP. The primary surplus though, according to the methodology adopted in the context of the economic adjustment programme¹⁰, reached 0,7% of GDP. On a modified cash basis, data on budget execution indicate that the net revenue shortfall in the ordinary budget persisted within 2015, amounting to €2030¹¹ million and leading to a respective net revenue shortfall in the State Budget¹², by €1670 million or 3.14% against the budget's target. On the other hand, the expenditures of the ordinary budget over-achieved the year's target by €0.72bn¹³, which combined with the consistent-against-target execution of the spending side of the PIP, confined the overall expenditure of the State Budget to a level lower by €0.71bn or 1.28pp than the year's target.

⁹ European System of Accounts 2010.

¹⁰ According to the definition of the programme, the deficit/surplus does not include revenues stemming from ANFA & SMP receipts and the cost incurred by the recapitalization of banks but includes receipts from privatizations.

¹¹ However, this deviation is due to the €3591 million of non-received ANFA & SMP revenues, which according to the Financial Assistance Facility Agreement are excluded from computations on the fiscal result. Therefore, there is an overperformance of revenues on a cash basis, which amounts to €1921 million.

¹² On the other hand, the Public Investment Programme's revenues exceeded the period's target by €360 million, because of the better performance of own resources against target.

¹³ This is mostly due to the reduction of primary expenditure by €626 million.

As a consequence, in 2015 the primary surplus of the State Budget amounted to €2.27bn or 1.3% of GDP in a modified cash basis, surpassing the respective surplus of 2014 by €0.4bn. The State Budget's headline deficit corresponded to €3.53bn or 2% of GDP within 2015, against a deficit of €3.70bn or 2.1% of GDP in the previous year.

With regard to the cash-based general government balance, in 2015 there was an overall deficit of €3.9bn or 2.2% of GDP versus a deficit of €5.55bn or 3.1% of GDP in 2014, and a primary surplus of €4.14bn or 2.35% of GDP versus a primary surplus of €2.05bn or 1.15% of GDP in 2014.

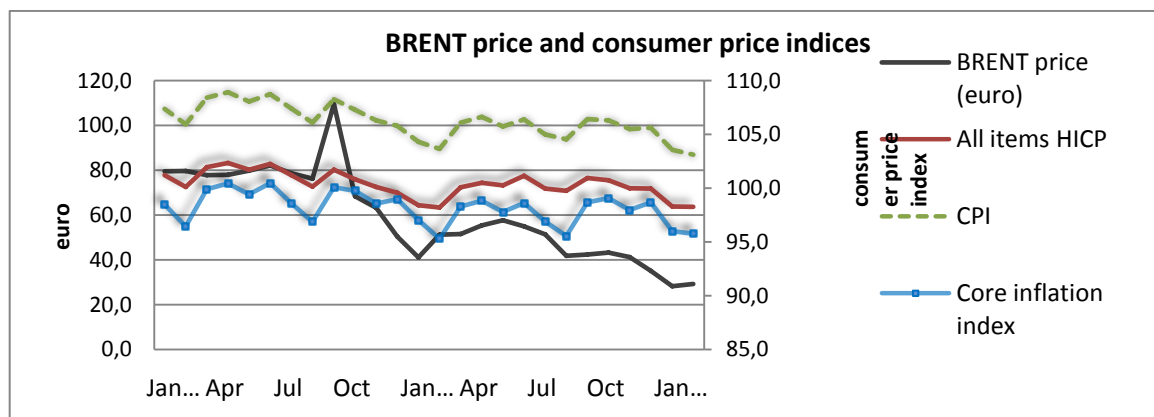
1.5 Prices, Unemployment

During the past few years, the cumulative effects of the global economic crisis and the fiscal consolidation on the active demand of the Greek economy has led to a trend of downward pressures on prices, which in 2013 resulted to a negative change rate in the level of prices (-0.9% based on HICP) for the first time in over a decade. The fall in prices continued in 2014 with greater intensity (-1.4%) and slightly decreased in 2015 (-1.1%). All in all, in 2015 the inflation rate was determined by conflicting factors that exhibited high volatility within the year. On the one hand, the continued decline in international oil prices fuelled a new round of deflationary pressures, with the average oil price corresponding to just 61.4% of the respective average of 2014. The downward impact of this development on the general price level of 2015 is reflected in the limited decline of core inflation (-0.5%) versus the general CPI (-1.7%), as the former excludes price developments in the energy sector. On the other hand, during the second semester of 2015 the increase in VAT rates across product categories partly retained the fall of prices, as indicated by the greater decline of the HICP with constant taxes (-1.6%) against the general harmonized index.

Meanwhile, the as of December 2014 event of falling prices in the Euro area was of a much lower magnitude. While the average euro area inflation was negative in the first three months of 2015 (-0.33% based on the HICP), it then returned slightly positive for the rest of the year, averaging at 0.0% in the twelve month period of 2015. The marginally positive inflation in the euro area was maintained during January 2016, with HICP at 0.3%. However, in February 2016, the further decrease in international oil prices appears

to have caused a new fall in prices, with HICP at -0.2% versus a positive core inflation rate (+ 0.8%).

The downward trend in prices seems to be carried over into 2016 in the case of Greece as well, especially when the impact of increased VAT rates¹⁴ is not included. In the first two months of 2016, the HICP with constant taxes was -2.0% on average, expectedly lower than the all-items HICP (0.0%) and the general CPI (-0.6%). Given that data on core inflation from the Bank of Greece point to a positive average of 0.3% during the same period, it seems that there is a share of downward pressures on prices that is attributed to the accelerated fall in the fuel price index during February 2016 (-11.6% vs. -5.7% in January 2016). Another share of the downward pressures is associated with factors such as the new budgetary measures and the ongoing decline in compensation per employee, which both have a limiting effect on actual individual consumption and hence on the recovery of consumer demand.



Source: Hellenic Statistical Authority, Bank of Greece, International Organization Platt's (Brend Platt's Date)

Nevertheless, the declining wage rate has possibly been helping boost employment, as in 2015 there was an increase of total employment for the second consecutive year, at an accelerating pace compared to 2014 (1.9% versus 0.1% respectively). Dependent employment has accordingly marked an increase by 3.2%¹⁵ in 2015, which in the third quarter of the year was accompanied by a decrease in part-time (1.7%) and an increase in full-time employment (2.8%) compared to the respective quarter of 2014¹⁶. Unemployment's declining course also continued throughout 2015, falling to 25.0% on average versus a 26.6% rate in 2014. More detailed data on the structure of

¹⁴ This effect is expected to extend across the first half of the current year.

¹⁵ Based on the 1st estimate of the annual NA data for 2015 (Hellenic Statistical Authority).

¹⁶ Based on the latest available, non-seasonally adjusted data of the Quarterly LFS for the nine-month period of 2015 (Hellenic Statistical Authority).

unemployment during the first nine months of 2015 depict an improvement in the average youth unemployment rate, which amounted to 50.1% of the youth labour force versus 53.1% in the respective period of 2014. At the same time, long-term unemployment has also shown small signs of improvement, declining by almost one percentage point year on year, although it still remains at the very high rate of 72.8%. The latter index dictates that the social safety net is to be strengthened, as aimed through gradually implemented policies towards mitigating the social consequences of economic adjustment and distributing the fiscal burden in a socially fair manner.

1.6 Refugee crisis

The intensification of the refugee crisis in 2015 has disproportionately affected Greece as a transit country, with as much as 856,723 refugees and migrants crossing into Europe via the Greek-Turkish sea borders within the year, while from January 1 to March 13, 2016 respective inflows have already surpassed 143,205 according to the United Nations refugee agency. This unanticipated increase in refugee and migration inflows, at a rate of 1601% in 2015 compared to 2014, and the estimated continuation or even escalation of inflows within the current year in response to the continuing geopolitical tensions in the Middle East, undoubtedly entail additional financial costs in terms of refugee reception and settlement operations.

Given the ongoing developments of the phenomenon and the strong daily fluctuation in the number of inflowing refugees, as well as the dispersion of incremental fiscal costs within expenditure accounts across the General Government, the aggregate fiscal cost for the General Government budget is difficult to estimate accurately. In all cases, the refugee-related fiscal cost in 2016 is expected to rise higher than the one of the precedent years. This increase in budgetary costs by way of feeding costs, accommodation (first reception areas and relocation centres) and health care is expected to augment public consumption without inducing significant secondary effects on employment or private consumption overall. The final (positive or negative) effect of the management of refugee flows on GDP will depend on whether the funds will be excluded (and to what extent) from the budgetary target of 2016 and on the specific policies that will be implemented in dealing with the phenomenon at a central European level.

1.7 Prospects

For 2016, projections point to a negative real GDP growth of -0.7% year on year, mostly due to the negative change rates of the demand-side components of GDP in the first two quarters of the year¹⁷, which will however gradually reverse to positive grounds in the second half of the year. A similar path is projected for real exports and imports of goods and services, with an estimated overall positive contribution of the external sector to GDP growth both in 2016 and in the medium term, in contrast to the negative contribution of 2014.

The uncertainty risks of the macroeconomic scenario are both endogenous and exogenous. The main endogenous risks relate to the pace at which confidence will be restored in the Greek economy, to the strengthening of the Greek banking system – a milestone towards which has been the recent bank recapitalization- and to the lifting of restrictions on capital transactions in the most timely manner, in order to boost investment and domestic demand, which in turn will allow the return to growth as of the third quarter of the current year. These agents of recovery are firmly connected to the successful completion of the first assessment of the economic adjustment programme, as well as with the continuation of the fiscal consolidation effort, so that Greece will be able to benefit from ECB's expansionary monetary policies.

Still and all, the successful implementation of the new programme is also subject to restrictions of the international economic environment, which are exogenously determined. The exogenous downward risks for the Greek economy are associated with:

- The weakening of global demand and the excess capacity, which in parallel with the continuing decrease in oil prices affects the level of prices. On the one hand, the weakening of global demand, mostly due to the growth slowdown in China and other emerging economies, affects global trade activity and transport freights rates, implying a potential adverse effect for the Greek Balance of Payments and for Greek shipping. On the other hand, the continuing fall in energy prices is likely to further compress the inflation rate, affecting the recovery of nominal GDP and the ratios of public deficit and of public and private debt to GDP.

¹⁷ An exemption to this trend is Public Consumption due to the increased management cost to handle the ongoing refugee crisis.

- The high volatility of international equity markets and the still frail stability of the global financial system, which cause investors to act as risk-aversers. Investors' preference towards safer investments could potentially favour the European Union as a whole, but for the Greek economy it could induce less foreign direct investments in the short-run.

- Increasing geopolitical tensions in the Middle East region, which could have an impact on the Greek economy through the following channels: first, through possible impact on tourism and investment; second, through an adverse deviation from achieving the fiscal targets (due to increasing fiscal costs); last, through a possible increase of uncertainty in terms of the political and economic prospects of the wider region. This worsening of outlook could be translated into a more medium-term postponement of investment plans.

Given the above estimates and risks, the National Reform Programme is considered to be a plan towards boosting domestic demand and optimizing the fiscal consolidation effort, along with a fair redistribution of the tax burden and a strengthening of the social safety net.

2. REFORMS TO PROMOTE ENTREPRENEURSHIP AND COMPETITIVENESS

2.1 Actions to strengthen the growth potential

1. Development Law

The basic feature of the new Development Law (DL) is the provision of motives for investments having productive, extrovert and innovative orientation, and also the simplification and transparency of procedures. At the same time, the new DL facilitates the creation of a new productive model which will increase growth and solve the problems of previous laws such as ineffectiveness, uneven allocation of resources and failure to utilize the comparative advantages of the country.

The new DL turns from capital subsidies to tax exemptions. For a great range of investments, the new law gives the choice of reduced financial support, with reference to regional supports, or of increased tax exemptions. It retains capital subsidies for new SMEs that face difficulties in finding funds and also for dynamic companies which focus on extroversion, creation of jobs and high added value outcomes.

The new DL retains financial support towards cooperatives, clusters, innovative companies and at special areas which face problems, so as to enhance motives for investment. Moreover, the new law provides various investment motives through new hedging tools, especially for SMEs with revolving loans, participation in share capital, collaterals etc. targeting to multiply the available public funding with private funding.

2. Strategic Investments

There is a plan in progress that aims to redefine strategic investments, including the reduction of threshold for recognizing an investment as strategic, the sectoral differentiation of investments and the rise in countervailing measures, especially at the local level.

3. Foreign Direct Investments

The aim is to create an appealing environment for FDIs through the reconsideration of the institutional framework. The introduction of measures concerning authorization, residence permit for investors and a stable tax regime for FDIs will attract capital inflows. In addition, instruments (“Investment Receptors”) and actions for attracting productive/dynamic investments are being designed.

4. Hellenic Fund for Entrepreneurship and Development (ETEAN)

The law for transforming ETEAN into a powerful development fund is ready. The new ETEAN will coordinate, plan and manage a series of funding actions for SMEs and will contribute to the planning of the development strategy for Greece. The new ETEAN will be more flexible concerning the forms of financial assistance for companies and it will have an inner structure that will manage European funds with transparency and effectiveness. The new ETEAN will function complementary to the systemic bank system.

5. Investment licensing

The Greek Government is already cooperating with World Bank in order to simplify licensing procedures for certain sectors. According to the agreed road map the following sectors will be examined:

- Food and drinks processing (group 9 in the appendix of the law 4262/2014)

- Shops with sanitary facilities
- Tourism activities (group 6 in the appendix of the law 4262/2014)
- Mining activities (group 5 in the appendix of the law 4262/2014)

The institutional changes are expected to be established during June 2016 (for the first three categories) and in March 2017 for the fourth category.

The simplification of licensing procedures will be extended to include other sectors according to their significance for the Greek economy.

Furthermore, amending of the law 4262/2014 is in progress. The aim is to develop functionality and clarity for the preconditions for launching a company. The three categories of economic activities remain the same, however new criteria for launching business, based on risk estimation, will be introduced.

6. Logistics

Logistics is an important sector that is expected to have a significant part in the economic recovery of the country. The Council for Development and Competitiveness of Logistics has been re-activated as an advisory body for the Minister of Economy, Development and Tourism and for the Minister of Infrastructure, Transports and Networks. The Council will play an important role by participating in the formation of logistics strategy, in the annual activities planning and also in the configuration of proposals concerning competitiveness' improvement and investment motives for the logistics sector. Moreover, the Council will prepare the material for the secondary legislation process of the law 4302/2014 in cooperation with legal and technical advisors.

7. Entrepreneurs Parks

The Greek Government is evaluating the impact of reforms for licensing and administrative burden. In this context and in cooperation with the Observatory of Entrepreneurial Environment, it conducts a study concerning the impact of the law 3982/2011 (Part 3, "Development of Entrepreneurs Parks").

The study will be ready on next May and the aim is to evaluate (a) the effectiveness and the extent of implementation of the law (b) its effects on business, employment and

regional development. The results of the study will be used to enhance the effectiveness of the law's implementation by introducing improvements for the various aspects of Entrepreneurs Parks.

8. Action plan for exports promotions

The Greek "Action Plan for Exports promotion" is ready. It is the result of the cooperation between the ministry of Economy, Development and Tourism, the Ministry of foreign Affairs and the organisation "Enterprise Greece". Also, the proposals of business representatives have been taken into account. Furthermore, an inter-ministerial Extroversion Committee was established and the "Business Extroversion Committee" is in its final stage of preparation. The later will conduct the supervision and coordination of the national Strategy for promoting extroversion and will support the work of the inter-ministerial Committee.

In brief, the actions of the Plan are:

1. Creation of an informatics system and an extroversion portal which will be based on the study of the internal and the external environment.
2. Upgrade of Helpdesk services for existing and potential exporters.
3. Creation of a framework of criteria and specifications according to which proposals asking for public funding will be examined (educational programs, programs for exporting companies).
4. Conduct of Entrepreneurship guides
5. Upgrade the function of Commercial and Finance Offices

9. Interventions for improving market competition

The implementation of the third toolkit of OECD is in progress aiming to remove barriers of competition in five sectors: (α) e-commerce, (b) wholesale trade (c) constructions, (d) manufacturing and (e) media. The first phase (mapping the legislation that should be audited) is completed. Comments from the General Secretaries engaged with these matters are expected in order for the second phase (auditing) to begin.

10. Modernization-coding of professional and commerce Chambers' legislation

A series of interventions is being prepared aiming to:

1. Revise the chambers' legislation so as to enhance their role as formal consultants of the State and providers of information to their members.
2. Establish:
 - New effective rules and actions which will respond to modern challenges.
 - Discrete competences of the Chambers in order to avoid overlaps and to further develop the institution of Chambers and their role in developing entrepreneurship
3. Create a uniform supervision and transparent rules of function for Chambers.

Moreover the interventions will help the Chambers to solve problems of personnel needs, organization, strategy and administration in order to promote entrepreneurship more effectively.

11. One Stop Shops for Businesses

Focusing on the

- Faster completion of procedures for businesses through a point of single contact
- Digitalization of procedures
- Provision of consultative, legal, technical and financial services towards businesses.

The structure of One Stop Shops consists of two levels:

- Level one: organizational structures supervised by the Ministry of Interior and Administrative Reform (54 one stop shops all over the country or Administrations of Development of Regional Units)
- Level two: Professional and Commerce Chambers

Both levels will manage the entries in the General Register of Commerce (GEMI) for launching, modification and closure of a company. In the mid-term, the aim is to render Chambers and Administrations of Regional Units responsible for licensing procedures.

The modernization and coding of the laws 3419/2005 and 3853/2010 is a precondition for the actions mentioned. Moreover, some technical interventions (creation of a portal, integration of different public databases etc) are needed.

2.2 Actions to enhance efficiency, integrity, transparency and good management in Public Procurement

1. Public Procurement Legislation

A sound public procurement system is a core element of accountability to the public on how public funds are spent, and can ensure value for money and fiscal savings for the benefit of the Greek government and citizens. The Action Plan on Public Procurement contains a set of actions aiming at increasing the efficiency of the Greek public procurement system, enhancing transparency, preventing misconduct, and ensuring more accountability and control. The full and timely implementation of the Action Plan on Public Procurement by the Greek authorities is an integral part of Greece's obligations to fulfil its commitments under the Programme, as laid down inter alia in Law 4336/2015.

The Greek authorities introduce a new legal framework on public procurement with a view to simplifying, codifying and consolidating the Greek public procurement legislation, as well as transposing the new EU directives on public procurement (EU Directive 2014/24/EU and Directive 2014/25/EU) and concessions (EU Directive 2014/23/EU) respectively.

This new legal framework on public procurement and concessions enters into force by 31 January 2016, including the transposition of the new EU directives on public procurement and concessions.

This new legal framework introduces a long-term and stable framework on public procurement and renders Greek public procurement legislation simple and comprehensive to ensure uniform and coherent interpretation by public authorities and economic operators.

The new legal framework includes a limited number of secondary rules to regulate mainly procedural and institutional issues. The full entry into force of the new legal framework

on public procurement and concessions does not depend on the enactment of secondary acts.

2. E-procurement

The use of e-procurement ensures transparency, good management, prevention of misconduct, and enhances accountability and control throughout the public procurement cycle.

The execution of these actions will be closely monitored in cooperation with the Commission services. The Greek authorities and the Commission will appoint an independent expert(s) to monitor progress and completion of the actions and ensure that all necessary actions will be taken and all information/data is provided to allow for the completion of this assessment.

In particular, the Greek authorities act in the following areas:

- Use of e-notification/e-access:
- Use of e-submission system:
- Governance issues and resources
- Interoperability issues: ensure that
- E-Certis
- System reliability and security

3. Central Purchases

In cooperation with the Commission, the Greek authorities continue their efforts to establish and operate a new central and professionalized purchasing scheme, which will go beyond the mere aggregation of demand which the Greek authorities currently apply.

Specific actions:

- The Greek authorities propose a plan to the Commission departments for consultation on the new central purchasing scheme in Greece by 31 January 2016.
- The Greek authorities will work in cooperation with the European Commission on the preparation and finalization of the plan. The Greek authorities may also ask for the support of the OECD on the preparation of this plan.

This plan describes what is covered under the central purchasing scheme (i.e. supplies, services, works) (*'what'*), which body/bodies will be responsible for central purchasing (*'who'*), and the procedural and administrative arrangements (*'how'*) for the operation of the new purchasing scheme. The plan explores all possible options concerning the organization of the body/ies to be responsible for central purchasing (*'who'*).

The plan will be based on the manual of framework agreements provided in December 2014 by the OECD to the Greek authorities and will take into account the list of products/services subject to mandatory award through framework contracts as provided for in Ministerial Decision Π1/1732/23.7.2013 as amended by Π1/517/2014 and Π1/2011/2014 (ΦΕΚ2899/Β/29.10.2014).

The plan also includes detailed information on central purchasing in the health sector (EPY) and addresses overlapping purchases with the main central purchasing body.

The plan includes information on the possible establishment of other sectoral central purchasing bodies (e.g. works contracts).

Following the opinion from the Commission departments, the Greek authorities start the implementation of the new central purchasing scheme.

2.3 Actions and initiatives to reduce NPLs and improve the insolvency framework for businesses and households.

NPLs management is a central issue of negotiations and it is still in progress. However, during the previous period there were certain agreements and initiatives such as:

1. Modernization of the legal framework for indebted natural persons through the updating of Bank Code of Conduct for out-of-court settlement of debts and also for the juridical settlement of debts (amending the law 2869/2010 so as to include debts towards public organizations and funds).
2. Re-activation of the Governmental Council of Private Debt Management.

3. There was an amending of the Bankruptcy Code concerning indebted businesses so as to encourage pre-bankruptcy arrangement or to accelerate bankruptcy procedures.
4. The law 4354/2015 which specifies the rules for lending organizations and for debt assignment was voted.

Further actions of the Ministry include:

1. Finalizing and publishing the strategic plan for NPLs management.
2. Conducting the plan for the implementation and competences of the Credit and Wealth Service. This Service will be an Independent Authority that will assess the creditworthiness of each borrower.
3. Creating a special secretariat for the coordination and monitoring of activities concerning NPLs management.
4. Configuring a coordinating mechanism under the supervision of the Central Bank of Greece for managing large debtors.
5. Developing a Debtors' Information Network all over the country which will provide free information and consultation for the citizens.

3. STRUCTURAL AND COHESION FUNDS

3.1 Programming period 2007-2013

The absorption rate of the public expenditure of the NSRF co-financed Operational Programmes rose from 18%, which was at the end of 2010, to 31.5% in 2011, to 45.77% in 2012, 66.5% in 2013, 80.2% in 2014 and to 96.8% in 2015 (According to the Data of the Management Information System).

Fund	2010	2011	2012	2013	2014	2015
ERDF	21.70%	36.20%	50.00%	69.70%	81.00%	97.00%
ESF	11.10%	22.60%	37.90%	57.40%	77.50%	94.10%
Cohesion Fund	12.40%	28.30%	42.80%	66.80%	80.60%	99.70%
Total	18%	31.50%	45.77%	66.50%	80.20%	96.80%

Note: The rates of absorption have been estimated as the total amount of expenditure compared to the total approved, as for the year of reference.

The contracts signed amounted to 141% of the total programmed funds decided at the end of 2015. Despite the successful completion and the fact that the targets for the absorption of the Operational Programmes (OP) of the Programming Period 2007-2013 were met, the overbooking remains at high levels in a few OPs, regarding both the approvals of the projects and the contracts signed. This overbooking has been dealt through the application of a “screening” procedure of the OPs by the National Coordination Authority of the Ministry of Economy, Competitiveness and Tourism, in cooperation with the Managing Authorities of the OPs. The screening procedure includes:

- the immediate exclusion from the OPs 2007-2013 of all the projects which do not conform to the regulative preconditions for their implementation in the programming period 2007-2013 (de-activated projects)
- the exclusion of projects which are designated to be approved in an OP of Partnership Agreement 2014-2020 and are eligible for the next Programming Period (PP). These projects will contribute to the absorption of the EU funds contribution of the OPs for the next PP
- the reduction of the subject of the phased projects (meaning projects which are implemented in two phases through OPs of the two Programming Periods 2007-2013 and 2014-2020)
- the regularization of the financial data of the projects in the Management Information System.

It is expected that only from the exclusion of the deactivated projects, the overbooking of the NSRF will decrease 1.5 billion € (concerning the level of approved projects).

Regarding the financial progress of all the NSRF Sectoral Operational Programmes and Regional Operational Programmes at the end of 2015, the ROP “Crete – Aegean Islands”, the ROP “Thessaly – Epirus – Mainland Greece”, the OP “Accessibility Improvement” and the OP “Macedonia – Thrace” presented high rates of absorption.

In cooperation with the Managing Authorities and with the continuous application of the “screening” procedure for the Operational Programmes 2007-2013, the OPs revised at the end of 2014, and the final revised OPs were submitted and approved by the EC, so that, in accordance with the above actions, the rational closure of all the OPs will be achieved at the level of Priority Axis.

It is mentioned that the rates of absorption, which are presented above, do not depict the real situation of the absorption of the EU Funds, because the data entry of all the eligible expenditure in the Management Information System until 31/12/2015 was not feasible. In fact, the rate of the absorption of the EU funds amounts to a percentage higher than 100% for all the 3 Funds.

3.2 Programming period 2014-2020

The approval of the Partnership Agreement Operational Programmes was completed in 2015. Specifically: On 23rd October 2015 the Operational Programme of Maritime and Fisheries was approved, with a Commission Implementing Decision, to be supported by the European Maritime and Fisheries Fund (EMFF). The overall contribution of the EMFF amounts to 388,777,914€. Moreover, on 11th December the Rural Development Programme was approved, with a Commission Implementing Decision, to be supported by the European Agricultural Fund for Rural Development (EAFRD). The total amount of the financial support is 4,718,291,793€.

The already approved Operational Programmes of the “Growth and Employments Objective” were activated in 2015. This approval concerns 5 Operational Programmes and 13 Regional Operation Programmes; 18 in total. The activation of the Programmes was signified with the first meeting of the Monitoring Committees of the OPs mentioned above.

Furthermore, in 2015 the “Management and Control System” of the Operational Programmes of the “Growth and Employments Objective” was completed.

The overall public expenditure of calls, the budget of the approved projects, the signed contracts and the expenditure to be declared (as rates of the related programmed public expenditure) are presented in Annex II.

4. PUBLIC ADMINISTRATION

4.1 Public Sector structures

The re-establishment of the Evaluation Committees will be a first ex post evaluation tool, in order to assess the existing situation in the field of structures, to identify potential problems and malfunctions and to propose relevant improvements.

After the end of that process of reassessment of the structure of the organisational units of the Ministries, the approval of the proposed reform scenarios from GRC will follow, as required. The relevant presidential decrees will be published within June 2016.

Emphasis will be given firstly to the restructuring of the Legal Entities of Public Law according to the existing legal framework (evaluation by groups, presentation of Assessment Report to the GRC, preparation of new organigrams-presidential decrees based on the GCR decision).

In addition to that, the evaluation and restructuring of Legal entities of private Law –S.A. is also foreseen with a different process. However, as far as these entities are concerned, only a prior assessment report is required (with no necessarily approval by GCR). Following that, the forwarding and adoption of relevant regulatory acts/decisions concerning the organizational chart and staff will be issued, where appropriate

4.2 Management by Objectives and Common Assessment Framework (CAF)

The recently adopted Law 4369/2016 provides for a more functional and participatory environment for the effective implementation of procedures concerning the implementation of the management by objectives in public administration. In the framework of the fulfilment of Greece's conditionality concerning the Thematic Objective 11 "Strengthening the institutional capacity of public services and institutions, and efficient public administration" (O.P. Reform of the Public Sector) the Action Plan for the Goal-setting and Quality 2015-2016 is being implemented for this purpose by the Directorate of Organizational Reform.

Among the actions to be implemented under the Action Plan for the Goal-setting and Quality 2015-2016, the implementation of the Common Assessment Framework is

included in predetermined Ministries' departments as well as training regarding Goal-setting in public entities for the next year in accordance with the new law.

4.3 Reforms on transparency, accountability and e-government

a. Transparency and accountability

The further enhancement of transparency and accountability is pursued through enlarging the scope of the DIAVGEIA programme (<https://diavgeia.gov.gr/>) by implementing article 15 of l. 4305/2014 regarding the publishing of data on the execution of budgets of public entities and by undertaking preliminary actions towards implementing article 16 regarding publishing data on the expenses of those non-profit entities receiving funding by General Government Entities. By the provisions of Law No. 4325/2015, the provisions of the DIAVGEIA project are strengthened as lease contracts awarded by entities in the operational programs of the NSRF or under other EU or international programs, are compulsorily published on the DIAVGEIA portal.

b. e-government

Key milestones include:

1. The establishment and functioning of a single system of management of human capital of public administration (HRMS- effective and efficient management of human resources in the Public Sector)
2. The E-government Now Project (eGov Now-defines the principles and tools for interoperability of Public Sector information systems)
3. The operation of a system for the provision of management services for relations with citizens – (CRMS Project- the possibility of user access to Electronic Governance services from a single Central Portal for Access).
4. The implementation of eIDAS regulation for electronic transactions in the internal market. A respective bill has been drafted and is expected to be voted by June 2016 and will provide for the introduction of the institutions, structures and procedures for the implementation and monitoring of the regulation in Greece.

4.4 Open Governance

An action plan is currently drafted which will pave the way for concrete legislative initiatives with a view to:

1. Identification of critical agents within the Administration to further implement open data policies
2. Further addressing infrastructure issues
3. Further participation of shareholders outside the Administration
4. Strengthening the re-use of open data by public sector entities and other stakeholders
5. Exploring aspects of economic evaluation of the proposed policy.

At the same time and in the framework of the international cooperative initiative of Open Government Partnership (OGP), the parallel implementation of the national action plan on Open Government is prioritised, currently, in close cooperation with various entities of the Greek public administration, the Hellenic Parliament and Civil Society Organisations, the implementation of the second National Action Plan for Open Governance is upon completion (for the period 7/2014 - 6/2016). The Independent Reporting Mechanism (IRM) assessment report is published, with recommendations and proposals deriving from the implementation of the second action plan. The main conclusions of this report will be presented through a relevant event on March 29th, 2016. Moreover, the drafting of the third national Action Plan is about to be launched, covering the period 2016-2018. The aim is to co-create a coherent action plan, with a number of specific commitments, which will come from the Civil Society and the entities of the public administration, by following an open and cooperative procedure based on wide deliberation and consultation processes, also including commitments of the Greek Parliament and the local government in cooperation with two Regions.

4.5 Reforms on Human Resources Management

a. National registry of corporate executives

Law 4369/2016 introduces the National Register of Corporate Executives, according to which civil servants with increased qualifications can be registered in order to staff the

positions of Administrative Secretaries of the Ministries and Chairmen and members of the Boards of public services and legal entities of private or public law. It is expected that all relevant posts will be published by end September 2016 while the process of filling these posts will have been completed by end of 2016.

b. Public Sector Mobility

A new institutional framework is under consideration with a view to increase public sector mobility through reassignments of personnel, the reinforcement of the transparency of procedures, the effective coverage of official needs and the better utilization of human resources in public administration. The backbone will be the purely voluntary nature of the mobility, which will be strengthened with the provision of incentives for the faster development of the personnel.

4.6 Citizens Service Centres (CSC-KEP) and Ermis Portal

13 services provided by KEP are now available online while expanding the scope of services provided online, aiming at further reducing bureaucracy, remains a significant priority. At the same time the Greek national governmental portal “Ermis” (www.ermis.gov.gr) provides 124 online services and is accessible by all Greek citizens through its interconnection with the authentication system of TaxisNet.

5. EDUCATION

A comprehensive reform strategy is under implementation with a view to promote restructuring in all levels of education as an eminent priority and a main pillar towards an inclusive and effective educational system.

The main policy priorities for 2016 and beyond focus on the need to tackle the underperformance in certain identified educational areas, to make more efficient use of the limited resources and exploit the international best practices for education and skills, research and development. In this respect, the ongoing National and Social Dialogue on

Education is expected to have significant added value. The areas on which this process is expected to touch upon include *inter alia* the planning of the national curriculum, the access to and functioning of the tertiary education, the education of the disabled, the assessment of the teaching staff and the vocational education and training. The preliminary outcomes of the dialogue are expected to be delivered in April 2016.

A joint effort with OECD is also in place with a view to facilitate the modernization of the education system in line with the best EU practices. A comprehensive review is expected to cover all levels of education and to provide policy advice and recommendation for immediate implementation as well as recommendations for policy actions to be considered and prioritized over the medium term. More specifically, the review will focus on

- the procedures for budgeting expenditures for education
- the autonomy of the educational institutions as well as the transparency, functioning and governing of the universities.
- the development of all day schools
- the training and development of the schooling staff.
- the interconnection between education and the business sector
- the monitoring of the effectiveness of the reforms

5.1 Policies to achieve the “Europe 2020” educational targets

**1. The share of early leavers from education and training should be less than 10%.
Greece (2014): 9%**

ADDRESSING THE REDUCTION OF EARLY SCHOOL LEAVING (ESL)

➤ Implementation of the national strategic policy framework for ESL:

- based on empirical data;
- covering the relevant education sectors;
- focusing especially on socially vulnerable at-risk groups (EKO);

- encompassing measures of prevention, intervention and compensation;
- including all policy areas;
- encouraging participation of all relevant bodies that are involved in addressing ESL.

➤ Development of the system to collect and analyze information on ESL to support targeted policies.

The DIOFANTOS CTI will complete the implementation of the relevant MySchool Information System application and will streamline the data collection process according to the recommendations of the Institute of Educational Policy (IEP). In IEP, the Student Drop-out Observatory, will analyze the data and indicators on early school leaving. The aim is to take compensatory and supportive measures at regional and national level.

It should be mentioned that the new Operational Programme “Development of Human Resources, Education and Lifelong Learning” of the period 2014-2020 also foresees development and implementation of measures to combat early school leaving and reduce ESL rate.

2. The share of 30 to 34 year-olds with tertiary education attainment should be at least 40%. Greece (2014): 37.2%

Although Greece is at the moment very close to achieve the headline target for the tertiary education, efforts should continue with a view to also improve the quality of the tertiary education. In this respect several actions are either under consideration or under implementation. It should be noted that the achievement of the target is not only related to the facilitation of the access to the tertiary education but also to policies that target the efficiency of the education provided.

a. Rationalizing and modernizing higher education

Synergies between higher education and research can help reversing the tendency of young scholars and researchers to seek employment abroad (brain-drain). To this end, a

planned co-founded programme for hiring post-doctoral fellows, teaching fellows and researchers in the HEIs and Research Centres can be of particular importance.

b. Promoting equal access to Higher Education

Policies are under consideration to assure equal access and support of student participation that come from low income families and/ or the rest under-presented groups, with special emphasis to disadvantaged individuals, or even people from marginal communities.

c. Rationalizing and improving access to lifelong learning opportunities

The aim is to increase the participation rate in lifelong learning and widen the range of beneficiaries. The facilitation of access to Lifelong Learning opportunities is sought after by strengthening the network of Centres for Lifelong Learning through the involvement of regional and local communities, higher education institutions, social partners and civil society organizations. In particular, the aim is to widen access to education and training through more effective and targeted actions. More specifically, these actions facilitate the participation of under-represented groups, such as low-skilled, unemployed, early school leavers, older workers, immigrants and minority groups, with emphasis on those coming from marginalized communities.

5.2 Coherent policies to achieve the “Europe 2020” benchmarks

1. Policies to increase participation in education.

Upgrading the quality of the provided pre-school education aims inter alia at improving the basic skills of literacy and numeracy and the smooth integration in the school community of formal education. Particular attention will be given to widening participation of children from disadvantaged socio-economic backgrounds.

➤ **Students with disabilities**

A set of measures to individually support disabled pupils and to provide accessible instructional material for students with disabilities will be introduced through the use of New Technologies and existing educational materials in digital form. Special Education School Units will be also be restructured.

➤ **ZEP – Zones of Educational Priority**

As regards the support of primary and secondary schools that are included in the Educational Priority Zones (ZEP), various actions are implemented as follows:

- Addressing school failure of repatriated and foreign pupils in the Greek school, in order to ensure as far as possible the equal learning opportunities between these groups and native pupils and their social integration.
- Implementing activities of intercultural education in Secondary Schools by strengthening transnational cooperation, that refer to the operation of Reception Classes ZEP and Remedial Teaching Classes for pupils who come from socially vulnerable groups (foreign, repatriated, Roma, Muslims, etc.).
- Implementing educational activities with special emphasis on culture and supporting the inclusion of students from vulnerable groups (EKO) in Primary Schools.

2. Policies to increase participation of adults (age group 25-64) in formal or non-formal learning

➤ National strategic policy framework for Lifelong Learning (LLL) that will include the following measures for:

— the support of the development and interconnection of LLL services, including their implementation and foreseeing the participation and the co-operation of stakeholders by providing for the involvement and co-operation of stakeholders

— the development of skills of various targeted groups, that are defined as priority groups in the national or regional strategic policy framework

— the widening of access to LLL, through the effective implementation of transparency tools (e.g. the European Qualifications Framework, National Qualifications Framework, the European Credit System for Vocational Education and Training (VET), the European Assurance Quality in VET).

➤ Participation in the PIAAC Survey – Programme for the International Assessment of Adult Skills (16-65 years old)

Greece participates in the second round of the international survey PIAAC of OECD, for the period 2012-2016. A selected sample of 5000 adults across country was assessed on the acquisition of basic skills, namely literacy-numeracy, and problem solving through computer use.

The results of the second round of the survey will be announced by the OECD and the EU on the 28th of June 2016. Based on specific methodology, the research data will provide for the first time the evaluation of basic skills of the country's active population which will be addressed in the redesign of interventions in human resource development.

3. Policies to increase the employment of recent (age group 20-34) upper secondary and tertiary education graduates.

➤ Improving the interconnection between education and the labour market

The restructuring of initial vocational learning programs (IVET) is planned with a view

to be more compatible with the needs of the labour market, especially in sectors of economic activity that are growth enhancing. The enhancement of the relevance between educational and training systems, the labour market and companies, as well as the improvement of lifelong counselling and guidance in all education and training levels will also be pursued.

➤ **Implementation of national strategic policy framework to improve the quality and effectiveness of vocational education and training (VET), which include measures:**

— to improve the compatibility of VET systems in accordance to the labour market needs, in close cooperation with stakeholders. Measures will include the adaptation of curricula, the acquisition of work experience in various forms and the adoption of mechanisms of anticipation of skills shortages

— to improve the quality and attractiveness of VET, through the establishment of a national approach for the quality assurance in VET (according to the European Framework for Quality Assurance in VET) and the application of transparency instruments, such as the European Credit System for VET (ECVET).

➤ **To increase the number of students / graduates participating in apprenticeship programs by:**

— redesigning the Apprenticeship Programmes for 150 specializations/professions

— improving the curricula, enhancing the syllabus and the elaboration of the textbooks of all specializations

— providing practical training in Maritime Academies

— developing and implementing the apprenticeship programmes for **EPALE** and **IEK** graduates.

4. Policies to decrease the share of 16 year old students with underachievement in reading, mathematics and science.

Planned interventions focus on the development of human resources and training, on innovations at all levels of education, on the consolidation of modern pedagogical approaches and the use of ICTs in all aspects of educational processes.

➤ **Digital School**

The specific lines of action are as follows:

- Development of digital services for the creation of a public digital library of old school textbooks
- Development of methodology and digital teaching scenarios for the cognitive subjects of Primary and Secondary (General and Vocational) Education
- Development of a Digital Educational Platform, Inventory and Collection of existing Digital Educational Material and Co-ordination of Actions
- Definition of new focused thematic classifications
- Selection and enrichment via educational meta-data of existing digital content from cultural bodies' collections (museums, libraries, audio-visual archives, etc.).

➤ **Vocational Education and Training- Apprenticeship Programmes**

Indicatively, the following activities are under implementation:

- Redesigning the structure of EPAL, in favour of the development of students' Basic Competences and limiting fragmentation and excessive specialization.
- Creating a VET curricula quality framework
- Redesigning of VET curricula and Study Guides
- Gradual implementation of Apprenticeship Schemes at EPAS, the optional fourth year of EPAL and IEK. Creating an apprenticeship quality framework
- Designing and implementing Apprenticeship pilot projects
- Alignment of VET systems with the real needs of the Greek economy, as these are recorded on a national and regional level.

- Creating a Skills Diagnosis Mechanism (Ministry of Labour) and integrating its' outputs in VET systems.
- Designing and implementing a Guide for local partnerships
- Design, implementation of web platform and accompanying language technology tools to support teaching Modern Greek in T.E.E.
- Designing a pilot project in order to transform EPAL into a ZEP (Zone of Educational Priority)
- Approaching the VET systems Governance in a more holistic way.
- Upgrading quality and monitoring in CVET

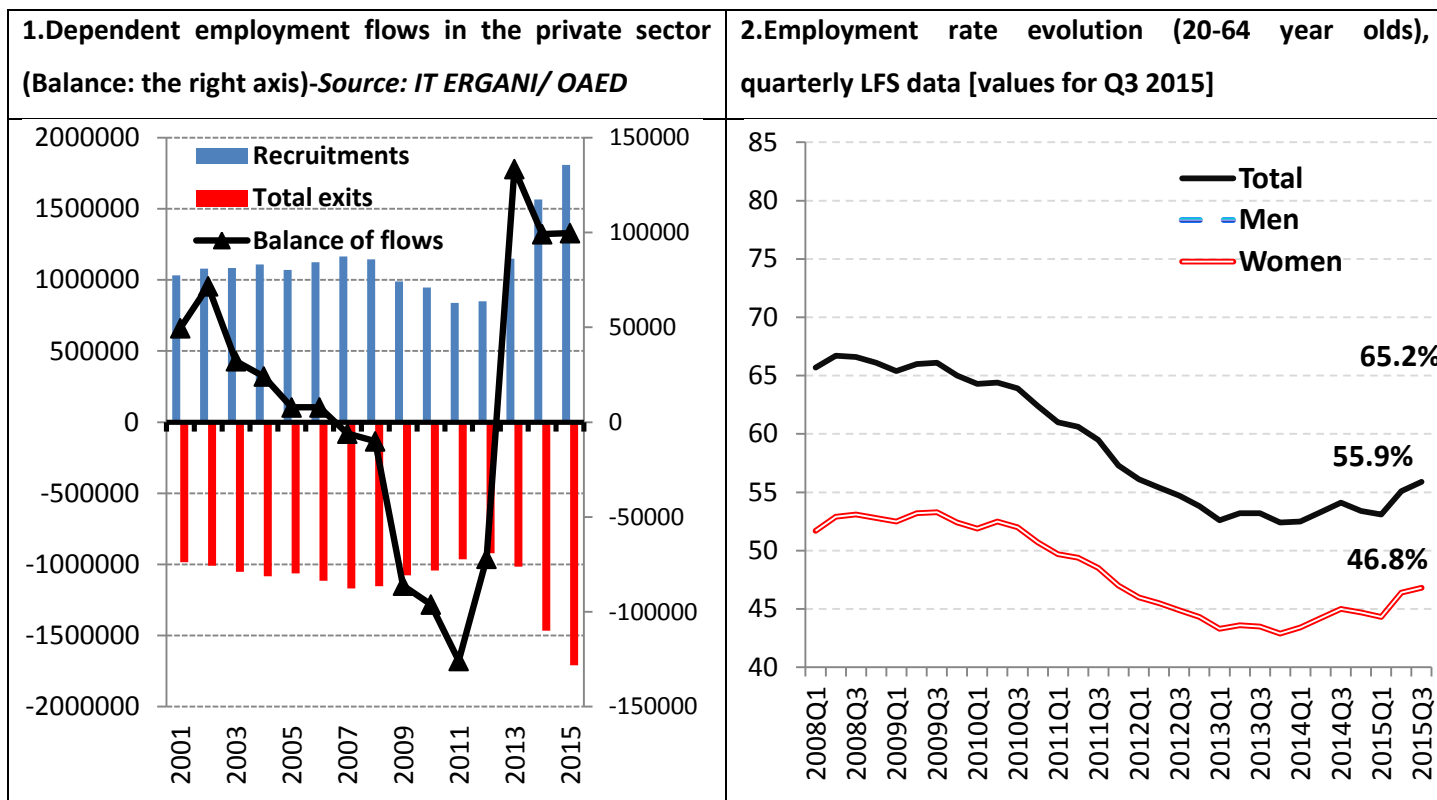
6. LABOUR MARKET – POVERTY

6.1 National employment target: 70% of population aged 20-64 be employed by 2020

I. Labour market

The improving labour market trends observed in 2014 have been confirmed in the first nine months of 2015. Total employment increased by 1.8% in the first nine months of 2015 against the first nine months of 2014, after having registered a 0.7% y-o-y increase in 2014, according to ELSTAT LFS data. Information from the online IT system that records employment flows (ERGANI) also confirm the positive trend (Graph 1 below). Moreover, the number of unemployed persons decreased by 6.2% in the first nine months of 2015 compared with the first nine months of 2014. As a result, the unemployment rate (15+) declined to 25.1% in the first nine months of 2015 from 26.6% in the corresponding period of 2014 (LFS).

Despite these positive developments, the employment rate (20-64) still remains at the low levels of 54.7%, recording the worst performance among EU member states.



This performance implies a 15 pps distance from the 2020 national employment rate target of 70%. Additionally, between 2008 and 2014, 1,074 thousand jobs were lost [implying a 23.3% drop in employment (ages 15+) in the respective period] – according to ELSTAT data. The unemployment rate and the long term unemployment rates remain at very high levels, the highest in the EU-28.

The economically active population (labour force), which reflects the size of available resources of the Greek economy as a factor of production, registered a marginal decline 0.3% in the first nine months of 2015 against the corresponding period of 2014. The observed 4% decline in the labour force in the 2008-2015 period (although much less in magnitude than the employment drop in the respective period) can be attributed to factors like migration, the phenomenon of discouragement in job search and demographic developments. The activity rate (15-64) registered a marginal increase in the first nine

months of 2015 as compared to the first nine months of 2014 (67.7% vs. 67.5%) on the back of an increase in the activity rate of women.

Flexible forms of employment:

The share of part time employment (ages 15+) increased in 9M 2015, accounting for 9.5% of total employment in 9M 2015, up from 9.4% in 9M 2014 and 8.5% in 9M 2013. It should be mentioned that the percentage of part timers who choose to work part time because they cannot find a full time job is very high in Greece, 68.6% in 9M 2015. Part time employment is widespread among young people aged 15-24 (27.3% in the 3rd quarter of 2015) and specifically among young women aged 15-24 as well as among employees in the trade and tourism sectors – according to ELSTAT data. The share of temporary employees as percentage of the total number of employees also increased in 9M2015 (12% for the 15-64 age group against 11.7% in the first nine months of 2014). Temporary employment is also more widespread among young people aged 15-24 (33.7% vs. 29.8%).

The expansion trend of flexible employment arrangements is confirmed by data provided by ERGANI on private-sector employment flows. According to these, 54.8% of new recruitments in 9M 2015 concerned part time or job rotation contracts as compared to 48.6% in 9M 2014.

Unemployment characteristics:

A declining trend in youth unemployment is evident, however it still remains at very high levels, 50.1% for the age groups 15-24 and 36.6% for the age groups 25-29. The share of young people not in employment, education or training (NEET rate) is also very high in Greece, despite a marginal decline to 19.1% in 2014 from 20.4% in 2013. In absolute terms, the number of NEETs declined to 214,183 in Q2 2015 from 233,093 in Q1 2015 (Table 2). The unemployment rate of women stands at 29% while that of men reaches 21.9%.

72.8% of total unemployment concerns long-term unemployment reflecting the structural nature of unemployment and the socio-economic impact of the crisis and the adjustment programme.

Table 1: Unemployment by gender, age and duration (%)

	1Q'14	2Q'14	3Q'14	1Q'15	2Q'15	3Q'15
Unemployment rate (15-74)						
Total	27.9	26.6	25.6	26.7	24.6	24.1
Men	25.0	23.6	22.7	23.5	21.6	20.7
Women	31.5	30.4	29.2	30.6	28.3	28.2
Unemployment rate (15-24)						
Total	56.7	52.0	49.5	51.9	49.5	48.8
Men	52.6	47.1	43.3	47.5	45.4	43.7
Women	61.5	57.5	56.6	57.0	54.1	54.5
Long term Unemployed /total unemployed						
15-24 /Total	59.5	59.9	61.9	56.1	56.4	54.8
15-74 /Total	71.4	74.4	75.4	71.6	73.1	73.7

Source: ELSTAT

Table 2: Number of NEETs

	Q1 2015		Q2 2015		Q3 2015	
	15-24	25-29	15-24	25-29	15-24	25-29
NEET unemployed	129,049	198,669	117,684	175,093	120,770	173,270
NEET in search, not available	5,666	5,354	5,095	3,829	3,682	3,264
NEET would like to work, not in search	3,820	6,052	3,454	6,796	8,411	8,084
NEET other non-active	94,558	39,067	87,949	37,313	320,572	44,996
Total NEETs	233,093	249,141	214,183	223,031	453,435	229,615
	Q1 2014		Q2 2014		Q3 2014	
	15-24	25-29	15-24	25-29	15-24	25-29
Total NEETs	259,168	264,237	225,762	252,826	506,709	267,642

Source: ELSTAT

6.2 Reforms and measures to tackle unemployment

1. Promotion of Human Resources Development (HRD) policies to accommodate labour market needs

Greece established in 2016 a mechanism for the identification and forecasting of skills needs in the labour market. The new legislation defines the governance of the system and establishes a network of bodies with distinctive roles and responsibilities, which are involved in the inputs and outputs of the system. It also provides for the establishment of a Coordination Committee composed by members of the central government, social partners and other stakeholders for the monitoring and coordination of the process. The committee is scientifically supported by the National Institute for Labour and Human Resources (EIEAD) which analyzes primary and secondary data with a view to determine labour market needs in skills and occupations at sectoral, national and local level and for the issue of the annual report. The annual report, given by the Minister of Labour on the National Employment Committee, is taken into account when designing the human resources development policies.

2. Upgrade and expansion of Vocational Education and Training (VET) and Apprenticeship

The National Strategic Framework on VET and Apprenticeship, which was submitted to the European Commission in February 2016, is being further specialized regarding the design and the implementation of the reforms in Continuing Vocational Education and Training (CVET) and Apprenticeship.

The CVET reform includes establishing an institutional framework on Lifelong learning Centres level 1 and 2 (licensing, accreditation, trainers), as well as shaping the educational context (define of learning content).

The **reform in the Apprenticeship system** includes upgrading and expansion of the institution, pursuant to the provisions of Law 4336/2015. These are being achieved through the following axes: quality assurance, ensuring a sufficient number of

apprenticeship places, ensuring active involvement of social partners and all VET/Apprenticeship actors, incentives for enterprises and communication activities.

Pilot partnerships between regional authorities and employers are planned to be developed in 2016 under the pilot implementation of the “Apprenticeship class” in selected regions of the country and specialties addressed to vocational high schools graduates of past years.

3. Reengineering of the Public Employment Services (OAED)

In order to increase the effectiveness and efficiency of OAED three streams of actions have been streamlined for 2016:

- a) the re-organisation of business model and new management tools,
- b) the implementation of the new service model and,
- c) the staff retraining, performance and capacity upgrade.

The new service and policy delivery model, will include more and better services to jobseekers and employers, support to new groups of beneficiaries, customer prioritization and service segmentation, effective and cost-efficient ALMP, digitalization and diversification of service-delivery channels.

OAED will also play a crucial role in anti-poverty and social integration policies by assisting the labour market reintegration of the jobless adult members of the households entitled to the GMI (guaranteed minimum income).

4. Employment programmes

The Ministry of Labour takes measures to actively support as many as possible unemployed persons and their reintegration in the labour market.

Employment programs in 2015 contributed to:

- a) Address dynamic sectors of the Greek economy, helping enterprises to provide guaranteed employment,

- b) Provide targeted training and counselling to unemployed or entrepreneurs, as needed and when needed,
- c) the certification of knowledge acquired and skills upgrading,
- d) spatial interventions in regions with high unemployment.

In 2015 three Public Calls were issued under the Act “Promoting employment through public works programmes” for more than 50,000 full-time jobs. In the last two Public Calls disabled persons and parents of dependent children with disabilities were prioritized in the selection procedures, while in the last Public Call disabled persons were included in the beneficiaries.

The recent Law 4368/2016 (article 1) provides for improvements on the implementation of public work schemes, with regard to the labour rights of the participants and the connection with the Guaranteed Minimum Income (GMI) recipients.

In 2016 we move to the next phase of public works programmes, focusing on the unemployed. The new public works/reintegration into the labour market programmes combine jobs placement with skills upgrading of the unemployed to enable their sustainable integration in the labour market. Unemployed persons who will participate in the programme will offer their services to specific, discrete and measurable projects and will not substitute jobs which meet permanent needs of the municipalities.

The new public works programmes will be pilot in 17 municipalities of the country “high and long-term unemployment pockets” (6,000 beneficiaries), and secondly in other 32 municipalities (12,000 beneficiaries), aiming to be gradually extended to all municipalities of Greece. The duration of the new public works programmes is 8 months. In addition, 5,000 unemployed of public work programmes will be employed in jobs related to first reception services, asylum and management of refugee flows services.

Furthermore, the following programmes are being implemented:

- “Pre-retirement subsidy scheme financed through the Account for Employment and Vocational training (LAEK) is implemented. The scheme is addressed to 15,000 particularly disadvantaged long-term unemployed, aged over 50.

- A training voucher programme for unemployed aged 29-64 in 8 cutting-edge sectors of the economy and in 44 specialties with 26,000 beneficiaries.
- 10,000 new jobs programme in the private sector for unemployed and special groups of unemployed.

4.1. Youth Guarantee – Youth Employment Initiative

The following programmes focusing on job creation, training and vouchers for young people to gain work experience, have been designed and they are about to be launched:

- “Programme for the Promotion of i) 5,000 young people aged 18-24 and ii) 5,000 young people aged 25-29 toward self-employment, through subsidizing social security costs up to 12 months” (total budget earmarked amounts to €25.4 million).
- “Programme for the promotion of youth entrepreneurship through innovation/start ups aiming to reinforce youth entrepreneurship” (total budget earmarked amounts to €18 million)
- “Integrated intervention actions for 8,000 young people up to 24 years for providing counselling and training, training programmes with guaranteed employment, employment or entrepreneurship” (total budget earmarked amounts to €45 million).
- “Vouchers for young people i) aged 18-24 (10,000 beneficiaries) and ii) aged 25-29 (3,000 beneficiaries)”. The total budget earmarked amounts to €57 million.
- “Training voucher for 15,000 young unemployed aged 18-24”. The action provides vocational training, certification and on-the-job training in private sector enterprises in cutting-edge sectors of the economy and in particular in the following: supply chain (logistics), retail trade, international trade (focusing on primary sector), information and communication technologies (ICT). The total budget earmarked amounts to €39.75 million).

4.2. Local actions for the social inclusion of vulnerable groups (TOP/EKO)

The "local actions for the social inclusion of vulnerable groups" programme focused on supporting the labour integration of vulnerable groups through a broad set of actions and the provision of tailor made comprehensive support. The Programme was implemented from **2012 to 2015** all over Greece through 128 Development Partnerships (DPs) with 11,908 beneficiaries.

From 2016 onwards, local actions for the social inclusion of vulnerable groups are to be implemented in the framework of Territorial Operational Programs during the new Programming Period 2014-2020 since they will be acting as vehicles against unemployment and social inequality.

5. Health and Safety at Work

The new National Strategy for Health and Safety at Work (2016-2020) is currently being drafted, according to the guidelines of the EU Strategic Framework on Health and Safety at Work 2014-2020 and with the following key goals:

- The establishment of a new, modern and effective National Health and Safety at Work System
- The strengthening of the policies and measures for the prevention of workplace accidents and occupational diseases for all workers, focusing especially to the most vulnerable ones.
- The improvement of the notification procedures and the enhancement of the recording systems for the workplace accidents and occupational diseases.
- The development of occupational risk prevention culture for workers and employers by means of education, training and information.

6. Fight against undeclared work – Audit action of SEPE (Labour Inspectorate Body)

The fight against undeclared work is a priority for the Ministry of Labour as it enhances the competitiveness of legally operating enterprises protects workers and increases revenues from tax and social security contributions.

The number of audits that took place during 2015 present an augmentative tendency and rise (+11.73%), as compared to the 49,283 scheduled for the same year while it is important to mention that at the same time a number of full time Labour Inspectors decreased because of retirement.

SEPE audit activity for 2015

	SAFETY AND HEALTH		LABOUR RELATIONS		TOTALS*	
Audits	24,572		30,490		55,062	
Legal action	627		2,666		3,293	
interruption of production	259				259	
Imposed fines	992	TOTALS	6,550	TOTALS	7,542	TOTALS 11,094
TOTALS	4,036,314 €		33,746,018 €		37,782,332 €	

The audits undertaken by the Labour Inspectors of SEPE target sectors of economic activity on an evidence-based prioritization i.e. those sectors which exhibit the highest rates of undeclared work, like Food services (restaurants-taverns, reception halls, cafeterias, bars, night halls), Industrial Parks, Industrial areas, Hairdresser's, Petrol Station, Garages, transport companies, Retail trade, Cleaning Services, Construction Sites, Hospitals, Security services, Outsourced activities.

SEPE and E.YP.E.A. audits on undeclared work for 2015 and all sectors of economic activity

Year	2015
Number of Enterprises Audited	34,054
Number of Enterprises having undeclared workers	5,562
Percentage of % delinquent Enterprises	16.33%
Total number of employed Workers	142,570
Number of undeclared Workers	9,975
Percentage of undeclared workers	7.00%
Total Fine Imposed (€)	105,056,610 €

6.3 National Targets for Poverty and Social Exclusion

Regarding Poverty and Social exclusion, Greece has set three national targets since October 2010

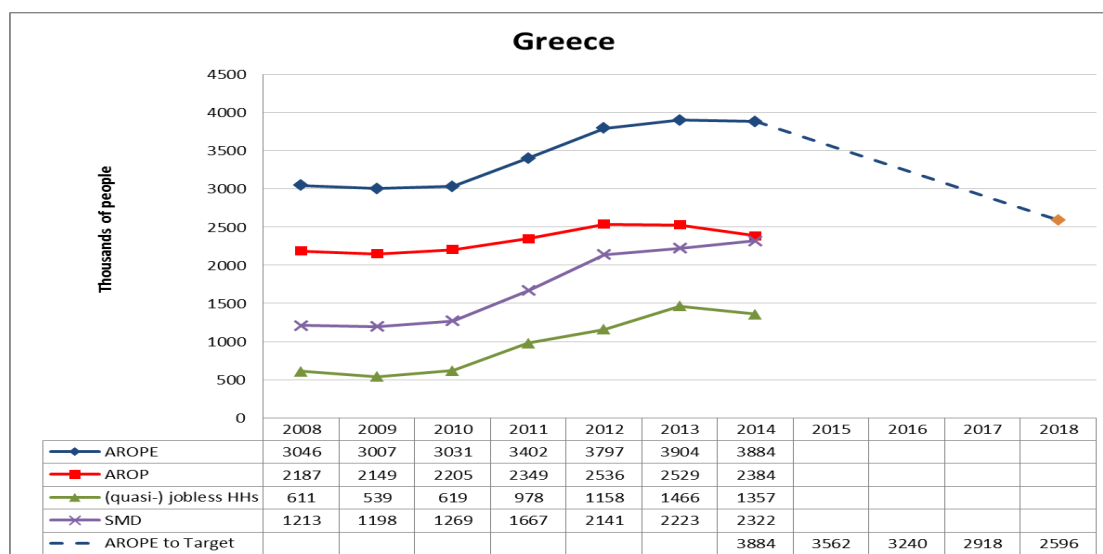
- 1) **Reduction in the number of people at risk of poverty and/or social exclusion¹⁸ by 450,000 by 2020** which means a reduction of the at-risk of poverty and/or exclusion rate from 28% in 2008 to 24% in 2020¹⁹.
- 2) **Reduction in the number of children (0-17 years) at-risk-of poverty by 100,000 until 2020**, which is translated into a reduction of the at-risk-of poverty rate for children (0-17) from 23% in 2008 to 18% in 2020.
- 3) **Development of a “social safety net” against social exclusion**, which includes access to basic services, such as medical care, housing and education.

As it is evident from the graphs and tables below, no progress regarding the national poverty and social exclusion targets set in 2010 has been achieved. On the contrary, the poverty and social exclusion indicators have significantly deteriorated which calls for both a more decisive policy action as well as a downwards revision of the targets set. Annex I provides more analytical information on various poverty and social exclusion characteristics.

¹⁸ AROPE: People at-risk-of-poverty or Social exclusion: Population at- risk- of- poverty (AROP), or living with severely material deprivation (lack of at least four out of nine material deprivation items in the 'economic strain and durables' dimension) (SMD) or living in households with very low work intensity (quasi-jobless HHs).

¹⁹ The reference year is the previous calendar year from the one in which the survey was conducted.

Graph: Trend towards poverty target.



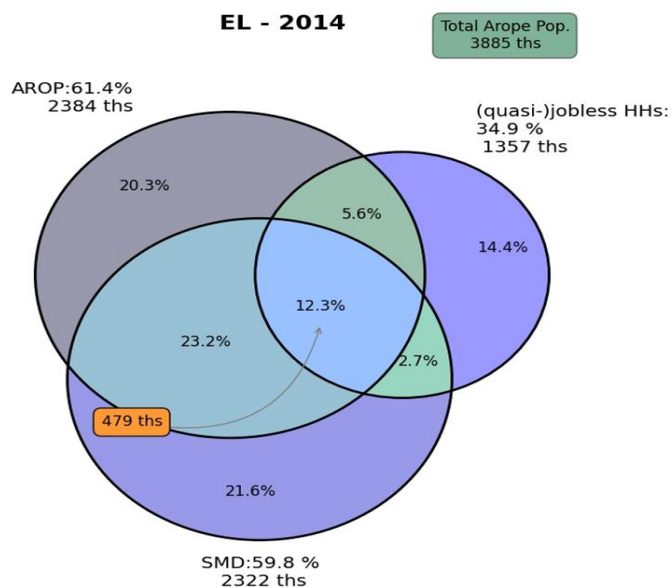
Source: Eurostat (EU-SILC) Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; (quasi-)jobless HHS - share of population living in (quasi-)jobless households, i.e. very low work intensity (VLWI) households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the reference year prior to the survey while for the severe material deprivation rate (SMD), the reference is the current year.

Progress towards Poverty and Social Exclusion Targets

		Greece						EU 28		
		2009	2010	2011	2012	2013	2014	2012	2013	2014
AROEPE	% of total pln	27.6	27.7	31	34.6	35.7	36	24.8	24.5	24.4
	1000 persons	3,007	3,031	3,403	3,795	3,903	3,884	124,060	122,897	121,800
AROP only	% of total pln	19.7	20.1	21.4	23.1	23.1	22.1	16.9	16.7	17.2
	1000 persons	2,149	2,205	2,349	2,536	2,529	-	84,877	83,462	-
VLWI only	% of total pln	6.5	7.5	11.8	14.2	18.2	17.2	10.5	10.7	
	1000 persons	539	619	979	1,158	1,466		39,644	40,189	
SMD only	% of total pln	11.0	11.6	15.2	19.5	20.3	21.5	9.9	9.6	8.9
	1000 persons	1,198	1,269	1,667	2,141	2,223	2,322	49,673	48,245	

Source: ELSTAT, Press Release 08.07.2015: Statistics on Income and Living Conditions, 2014

Composition of the population At Risk of Poverty or Social Exclusion (2014)



Source: Eurostat, EU-SILC

6.3.2. Poverty Threshold

In 2014 the poverty threshold amounted to 4,608 Euros (5,023 in 2013 and 5,708 in 2012) per person annually and to 9,677 Euros (10,547 in 2013 and 11,968 in 2012) for households with two adults and two dependent children under 14 years old.

Population at risk-of-poverty or social exclusion

Year	Number of people	% of total population	% In the EU	Number of people in the EU
2008	-	28.1%	23.8%	116,570,000
2012	3,795,100	34.6 %		
2013	3,903,800	35.7 %		
2014	3,884,700	36%	24.4%	121,800,000

Source: ELSTAT, Press Release 08.07.2015: Statistics on Income and Living Conditions, 2014

Population at risk-of-poverty

Year	Number of households	Number of people	% of total population	% In the EU
2008	-	-	20%	16.6%
2012	914,873	2,535,700	23.1 %	
2013	892,763	2,529,005	23.1 %	
2014			22.1%	17.2%

Source: ELSTAT, Press Release 08.07.2015: Statistics on Income and Living Conditions, 2014

Population at risk-of-poverty aged 0-17(child poverty)

Year	Total	Male	Female
2008	23%	-	-
2012	26.9 %	-	-
2013	28.8 %	23.4	24.8 %
2014	25.5%	-	-

Source: ELSTAT, Press Release 08.07.2015: Statistics on Income and Living Conditions, 2014

At risk-of-poverty rate (after social transfers) by gender and age group: 2014

Age groups	Total	Men	Women
Total	22.1%	22.0%	22.2%
0-17	25.5%		
18-64	23.4 %	23.6%	23.4 %
65+	14.9%	16.1%	13.4%

Source: ELSTAT, Press Release 08.07.2015: Statistics on Income and Living Conditions, 2014

Poverty gap (after social transfers), by gender and age group (2014)

Age groups	Total	Men	Women
Total	31.3%	30.8%	32.1%
0-17	34.4%		
18-64	34.2 %	33.9%	34.4%
65+	17.3%	16.8%	18.5%

Source: ELSTAT, Press Release 08.07.2015: Statistics on Income and Living Conditions, 2014

Material deprivation rate

Year	%	E.U Average
2008	11.2%	8.5%
2011	15.2 %	
2012	19.5 %	
2013	20.3%	
2014	21.5%	8.9%

Source: ELSTAT, Press Release 08.07.2015: Statistics on Income and Living Conditions, 2014

6.4 Policies to achieve the poverty targets

a. the National Strategy for Social Inclusion (ESKE)

The National Strategy on Social Inclusion was submitted to the European Commission in June 2105. The Strategy lays the foundations for the promotion of policies to tackle poverty, social exclusion and discrimination. It also attempts to prioritize the required reforms in the social protection field and to introduce a common framework for the coordination the monitoring and the evaluation of all relevant interventions. The Strategy is built on three pillars, specialized in four operational axes, each of which is further broken down into measures.

b. Addressing the social consequences of the crisis

1. The Humanitarian Crisis Law

The Law 4320/2015 included immediate measures to alleviate the humanitarian crisis” and tackle material and food deprivation of the people and families living at extreme poverty, with a particular focus on children (under 17 years old). Three actions were implemented:

- **Provision of electricity in cases of disconnection.**
- **Rent subsidy**
- **Food subsidy**

The programme carries on in 2016 until the completion of the payments to all beneficiaries.

2. The Guaranteed Minimum Income Scheme

The pilot programme “Guaranteed Social Income” was implemented in 13 municipalities (November 2014 – March 2015) and targeted individuals and families living in extreme poverty. A total of 32,418 applications were filed. The government had set a target to reach between 5 to 7 percent of the overall population; the final proportion of accepted recipients represented 6.1 percent of the overall population in the 13 pilot municipalities, in line with expectations.

The World Bank has provided technical assistance in the implementation and evaluation of the pilot programme along with two other evaluations (albeit at a smaller scale) conducted by the National Institute for Labour and Human Resources (EIEAD) and by the Programme Unit (ODE). The complete roll out of the GMI is expected in 2017 on the basis of the experience and the lessons learned from the pilot project. The programme will provide for income support, along with social reintegration activities, access to services and goods and support for integration or reintegration into the labour market, for those who are able to work.

3. Other programs

- Fund for European Aid to the Most Deprived (TEBA/FEAD). The provisions include food, cleaning products, clothing and school Supplies.
- The “Housing – Reintegration” Programme. The programme has been extended until the end of 2016 and provides for counselling, housing and basic needs, reintegration into the labour market and Follow up – Support.
- The Establishment of the Community Centres. Their role is to support both the implementation of social protection policies and the development of local contact points for the citizens.
- Structures for Immediate Action against Poverty These structures include Open Day Centres, Dormitories for the homeless, Social Grocery, Social Pharmacy, Municipal vegetable gardens, Time Banks and Liaison Offices.

4. The Social Welfare Review

The Social Welfare Review (SWR) which is currently running under the auspices of the World Bank, aims to assess the welfare programs and expenditures in Greece as well as to provide for a comprehensive inventory of social benefits and associated expenditure. The SWR will contribute to the ongoing reform of social welfare programs and services in Greece in order to further streamline the sector, and make it more effective in alleviating poverty. The government intends to use the outputs to develop legislation on rationalization of benefits with the aim of generating fiscal savings, and improving the effectiveness of social welfare.

5. Pensions

Regarding pensions, the aim is to gradually strengthen the public, redistributive and universal character of social insurance, in line with the pace of the economic recovery, by abolishing or modifying provisions, while fully respecting the established pension rights and seeking to ensure adequate and decent pensions for all. The main objective is to enforce the effort to alleviate the humanitarian crisis and to combat the rates of poverty among elder persons through the redistribution of income in favour of pensioners of lower income as well as by speeding up the procedure of the awarding of pensions. To ensure the sustainability of the system, the social insurance revenue is being enhanced by the implementation of a national reconstruction plan, through increased employment and contribution revenues as well as by combating social contribution evasion, facts that will contribute to improve the social efficiency and increase insurance consciousness. At the same time, the strengthening of public financing of social insurance with additional public resources that do not burden taxpayers as well as extra revenues deriving from the optimal use of the property of pension funds, are provided.

With the creation of Unified single social insurance fund-EFKA the focus will be put on the quality and the adequacy of the coverage of the needs of the insured persons, mainly by reducing bureaucracy and improving the quality of services as well as the level of the benefits.

7.1 R&D intensity target (1.20% of GDP)

2014 data from the Research & Development survey show that the increase in the Gross domestic Expenditure for Research and technological Development (GERD) is continuing. More specifically, GERD has reached the amount of 1,488.7 million € in 2014, increased by 23 million € or 1.57% compared to 2013. At the same time, the reduction of the GDP between 2013 and 2014 was 1.43%. According to the above, the indicator Gross domestic Expenditure for Research and technological Development as a fraction of the GDP reached 0.84%. This increase was not uniform to all sectors.

Specifically, regarding expenditure:

- An increase of 3.2% is evident in the business expenditure for R&D (BES sector) which corresponds to 504.4 million € in 2014, compared with 488.7 million € in 2013.
- There is a slight reduction of 0.6% of state expenditure for R&D (state sector). This percentage corresponds to 412.7 million € in 2014, compared to 410.1 million € in 2013.
- A slight increase of 0.8% is recorded in the higher education expenditure for R&D which corresponds to 553.2 million € in 2014, compared with 548.6 million € in 2013
- A slight increase of +1% is recorded in the expenditure of the non-for profit organizations. Nevertheless, the absolute amount (18.5 million € in 2014) does not contribute significantly to the total expenditure amount

Based on the above numbers as well as on other factors described below, the estimate remains that GERD will reach 1.20% by 2020. It must be noted that this target reflects the overall national effort and should not be considered as a target for the Partnership Agreement (PA) 2014-2020, since the percentage of the relevant funds planned for R&D in the PA is less than 15% of the total funds.

The main pillars supporting the effort towards the attainment of the above mentioned target are the following:

1. The National Smart Specialization Strategy for Research & Innovation (RIS3) for 2014-2020 was adopted in July 2015. The implementation of the strategy will mitigate the adverse effects of the economic crisis on R&D and will boost the competitiveness of the economy based on research and innovation. National funding will follow an incremental trajectory, starting from 77 million € in 2014 and reaching 400 million € in 2020. The total national funds required are considered low since the annual charge on the national budget will remain as low as 0.2% of GDP in 2020.
2. The increased funding provided in the PA for Research, Technological Development and Innovation compared to the current NSRF 2007-2013. Funds for Thematic Objective 1 (Research & Innovation) are estimated to reach 1.25 billion € and when coupled with the national contribution will reach 1.5 billion €, implying an increase by 50% compared to the amount initially earmarked for R&D (1 billion €) in the framework of the current NSRF.
3. The increased by 30% in the Horizon 2020 budget compared with the FP7.
4. The stabilized funding of R&D activities by the enterprises in 2013, while in recession, indicate that it is more apparent now to enterprises that competitiveness can only be boosted through increased funding of Research & Innovation. R&D is the only solution for enterprises, associations of enterprises, start-ups etc for the transition to growth. These words are the new buzzwords among enterprises, associations of enterprises, new start-ups etc. As a result, the public funding mentioned above is expected to leverage increased funding from the private sector expected to reach 0.38 % of GDP in 2020 starting from 0.28% in 2014.
5. Better funding conditions will hopefully emerge in line with the expected GDP growth as of 2016.

6. The Smart Specialization governance system which creates a positive environment for R&D activities in national as well as regional level
7. The stabilization of salaries and annual budgets of PRCs and HEIs.
8. The adoption of the new Law for RDI which promotes RDI activities

7.2 Main Policies to achieve the R&D intensity target

I. Evaluation of the measures concerning the 2007-2013 period

On 31/12/2015 projects approved under the measures launched by the General Secretariat for Research and Technology were completed. Thus, during the programming period 2007-2013, research projects of 481 million € total public expenditure were financed by the Structural Funds. These projects were allocated to the following main pillars:

- Enhancing the human R&D potential
- Strengthening the national research system
- Mobilization of the private sector for increase participation in RDI activities and exploitation of new knowledge
- Strengthening cooperation between private and public sectors on research
- Measures to support the Greek research community for an increased participation in the EU Framework Programs and to promote the international outreach of Greek R&D entities

II. Adoption of the new national smart specialization strategy for research and innovation in view of the programming period 2014-2020. Framework improvements for the utilization of structural funds.

The National Smart Specialization Strategy (RIS3) prepared by the General Secretariat for Research and Technology, was adopted in July 2015 by the Council for Smart Specialization Strategy. The Council is composed of the General Secretaries of all ministries with authority on development measures. In this way

all stakeholders will undertake initiatives having a common strategy that includes specific and measurable goals. It is noted that during the preparation of RIS3, GSRT cooperated intensively with other ministries with policy responsibility in specific economic sectors (Tourism, Health, ICT, Environment, etc.) as well as regional authorities. This cooperation will continue throughout the duration of the programming period 2014-2020. This policy will allow better use of resources available from ESIF and other national resources aiming at increased investment in RTD as well as better coordination of policies affecting the operation of the Technology and Innovation Research System (RTDI) of the country.

The national smart specialization strategy (RIS3) has a specific sectoral dimension, which resulted from the application of the entrepreneurial discovery process. The priority areas that emerged are:

- Agrofood
- Life Sciences & Health - Pharma
- Information and Communication Technologies
- Energy
- Environment and Sustainable Development
- Transport and Logistics
- Materials - Construction
- Culture - Tourism - Cultural & Creative Industries

The above mentioned priority areas are analyzed into individual priorities, as derived from the work and deliberations of innovation platforms set up by GSRT involving policy makers from relevant public and private bodies. Also, the challenges are identified for each sector and targets are set. Based on the challenges and the goals set, the following Strategic Pillars governing the design of the Smart Specialization Strategy emerged:

1. Strategic Pillar 1: **Investing in the creation and dissemination of new knowledge** aiming to promote excellence in research, to enhance networking mechanisms and human research potential (capacity building), to support

research and innovation infrastructure as well as access to them and to exploit research results.

2. Strategic Pillar 2: **Investing in research and innovation** aiming to support innovative, internationally competitive firms, through research and innovation, and to create new, innovative, productive players
3. Strategic Pillar 3: **Developing innovative culture and institutions and RTDI interfaces with society** to address societal challenges.

The funding of smart specialization strategy is guaranteed both by national resources and resources of ESIF (European Structural and Investment Funds). It is noted that the European Structural and Investment Funds are practically until today the main source of funding with which policy makers (and the government in general) can exercise policy to strengthen RTDI. Proper use of national and ESIF resources is crucial for increasing R&D expenditure by 2020.

The adoption of smart specialization strategy was accompanied by the approval of the monitoring committee of the largest operational programme “Restart” of a large part of the actions outlined in the strategy. Specifically, in 2015 RTD actions of 467.05 million € budget were approved.

Finally, the design and implementation of a stable framework (mechanism) for measurement and evaluation of RTDI results, according to the design of smart specialization strategy, is under completion.

8. ENVIRONMENTAL TARGETS

8.1 Target for Renewable Energy Sources (RES)

The higher penetration of RES in the Greek energy mix, besides the direct contribution to the achievement of the environmental targets, also results to a more sustainable development and an increased security of energy supply. Especially in the current context of the Greek economy the cost effective growth of the RES can increase the competitiveness of the Greek economy and create new market opportunities in various sectors.

The rapid increase of the share of renewable energy sources (RES) in the national gross final energy consumption (GFEC) was decelerated since 2013. Latest figures show that it has reached 15.3% in 2014, increased by 2% compared to 2013. Nevertheless, this translates to an achievement of more than 80% of the relevant national target according to the EU Directive 2009/28/EC²⁰ and still corresponds to a significant higher share than the one foreseen in the indicative trajectory presented at the National Renewable Energy Action Plan (NREAP)²¹.

	2010	2012	2013	2014	2020
RES share in heating and cooling	17.2%	23.4%	26.5%	26.9%	20%
RES share in electricity	12.4%	16.4%	21.2%	21.9%	40%
RES share in transport	2.0%	1.0%	1.1%	1.4%	10%
Overall RES share in GFEC	9.7%	13.4%	15%	15.3%	20% (18%)*

* Revised from 2014 National Reform Programme Report

²⁰ 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.

²¹ The indicative trajectory presented at the NREAP in 2010, estimated for 2013 a share of 9.9% or up to 13% of RES in GFEC in order to meet the RED or the target set by the Greek government respectively.

The leading sector in the RES share remained the gross consumption for heating and cooling, where the relevant target for 2020 was exceeded by 34.5% in 2014. The achievement of this target is associated with a series of measures that have been undertaken in the energy end-use sector and especially the households, where an increased penetration of heat pumps, solar thermal system and use of biomass has been observed. The relative increase of RES contribution in heating and cooling is more than 50% since 2010 indicating the RES cost efficiency in relation to the alternative fuels in a period of economic recession.

Concerning the penetration of RES in the gross final electricity consumption, the big increase of the share before 2013 has been almost halted in 2014, achieving a marginal 3.3% relative annual increase, almost 55% of the 2020 target. This change of trend is attributed to the implications of the corrective measures taken during 2013 and 2014, in order to re-establish sustainability in the national RES support scheme, and especially L.4254/2014 that readjusted the applied feed-in tariffs (FIT). Due to the abovementioned measures, the new PV capacity in 2015 was marginal as well and reached 2,604MW (including the PVs of the special programme for the deployment of photovoltaics up to 10kW on buildings and especially roofs). The enacted legislation for a national net-metering scheme for self-produced electricity from photovoltaic energy had minor effect in the market for small and medium PV installations. According to Hellenic Electricity Distribution Network Operator's latest evidence, since January 2016 432 applications were submitted, corresponding to more than 8.1 MWp. The wind sector instead continued to grow during 2015 with 113MW of new installed capacity, reaching 2,091MW by the end of the year, as this sector has gained again a momentum and new wind parks in operation should be expected in the next period. The development of new wind parks is expected to be further advanced with the operation of some major grid transmission system extensions and enhancements planned to be concluded in the next couple of years.

As far as concerns the other types of RES installations for electricity production the installed capacity in 2015 continued to increase marginally and accounts for 224MW of small hydro plants and 52MW of biomass and biogas plants. Overall, the RES penetration as a share of gross electricity production is in line with the indicative trajectory presented in the NREAP with a share of 21.9% in 2014, which is expected not to change significantly for 2015.

Technology	2010	2011	2012	2013	2014	2015	2020²²
Wind installed capacity (GW)	1.3	1.64	1.75	1.81	1.98	2.09	7.5
PV installed capacity (GW)	0.2	0.61	1.53	2.58	2.60	2.60	2.2
Total RES installed capacity (GW)	4.75	5.52	6.57	7.67	7.86**	**8.09	13.27

*includes large hydro power plants.

**an additional 155 MW large hydro plant is on trial operation at the end of 2014

In the legislative framework, enacted bank guarantees for RES projects that have a binding connection offer and the payment of fees for the RES projects that withhold a production license and are not in operation after a specific period, are expected to address positively technical and administrative issues related to the huge number of RES applications that are in the licensing pipeline and encourage the timely completion of the mature projects. Also, a new RES support scheme will be issued, effective from January 1st 2016, according to the provisions described under the EC State Aid Guidelines for Environmental Protection and Energy (EEAG) 2014-2020, which is expected to reinvigorate the RES market in the next period and help to address distortions to the electricity market caused by the continuous increasing share of the RES.

Finally, while the current share of RES in the GFEC is overachieving the trajectory for the 2020 national target, a revision of the actual technology mix and participation of RES in the different types of energy consumption is planned to be performed, considering the existing levels of penetration, the new forecasts for the energy demand and the economic development, in order to establish a new roadmap for achieving the 2020 RES target and to set the targets for the upcoming national energy roadmap to 2030.

8.2 Energy Efficiency

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.

²² Figures presented at the 2010 NREAP

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, establishing the necessary legislative framework in conjunction with several energy saving programs 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, NEEAP 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 NEEAP 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 under

review in order to set cost-optimal levels of minimum energy performance requirements and adopt specifications for Nearly Zero Energy Buildings.

With a view to promote energy efficiency policies, energy saving programs are 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”, up today, approximately 50 thousand households have been granted, leading to energy saving of 41%, since the overwhelming majority of the them concerns old buildings. For the programming period 2014-2020, a new programme is being elaborated, 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.

Greece supports a specific energy efficiency objective for 2030 of at least 27% 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.

Energy efficiency is expected to exhibit significant 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 will be developed 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 behaviour 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.

ANNEX I – POVERTY FINDINGS

- At risk-of-poverty population as percentage for each of the groups below:

Males in unemployment:	51.9%
Single parent households with dependent children:	37.8%
Inactive population – Other:	28.4%
Children aged 0 – 17 years:	36.7%
Households with one adult aged 65 years and over:	23.6%
Single female households:	22.9%
- The risk of poverty rate was higher for females than for males in 2013. In 2014 it was at the same level for both sexes. Moreover, the risk of poverty rate for the single female households is higher than the corresponding rate for the single male ones (22.9% and 22.2% respectively).
- The risk of poverty rate for single-parent households with at least one dependent child is 27.8% of the households belonging in this specific category, while the corresponding indicator for households with two adults with one dependent child is 22.6%.
- The risk of poverty for children aged 0 – 17 years old (child poverty) is 3.4 percentage points higher than the corresponding percentage for the total population.
- The **at-risk-of poverty or social exclusion rate** of people aged 0-17 years old **in 2014 is lower than in 2013**, but it is still 8 pp higher than in 2008.

At –risk –of-poverty or social exclusion rate (0-17)²³

Age group	2008	2011	2012	2013	2014
0-17	28.7%	30.4%	35.4%	38.1%	36.7%

Source: Hellenic Statistical Authority

- The percentage of people **under 17 years old** facing **severe material deprivation** over **doubled between 2008 and 2014**, that is from **10.4% in 2008**, it rose up to **23.8% in 2014**.

²³ Hellenic Statistical Authority, Statistics on Income and Living Conditions, Press Releases: March 2007, March 2010, February 2012, November 2013, October 2014.

Table 8: Severe Material deprivation rate (0-17)²⁴

Age group	2008	2011	2012	2013	2014
0-17	10.4%	16.4%	20.9%	23.3%	23.8%

Source: Hellenic Statistical Authority

- The situation is similar for young people that live in households with very low work intensity, though there is a decrease in 2014.

Children living in households with very low work intensity

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
%	4.2	3.9	3.9	3.6	4.8	6.3	9.2	12.9	13.8	10.2

Source: Hellenic Statistical Authority

- The risk of poverty for people aged 65+ was 14.9%, remaining almost at the same level with 2013.
- The risk of poverty rate before all social transfers (not including social benefits²⁵ and pensions in the total disposable household income) is 52.2%, while it drops to 26% after pensions (but not other social transfers) are included. As regards social benefits, it should be noted that they include certain social assistance allowances (such as the allowance of social solidarity for pensioners – EKAS, allowances to long-standing unemployed aged 45-65, etc.) family benefits (such as children allowances), as well as unemployment, sickness, disability/invalidity benefits or education allowances.
- Given that, as already discussed, the at-risk-of-poverty rate for the total population after social transfers is 22.1%, it can be concluded that the inclusion of social benefits contributes to a decrease of 3.9 percentage points in the at-risk-of-poverty rate, while the inclusion of pensions contributed to a decrease of 30.1 percentage points.

²⁴ Hellenic Statistical Authority, Statistics on Income and Living Conditions, Press Releases: March 2007, March 2010, February 2012, November 2013, October 2014.

²⁵ Social benefits include social assistance (the allowance of social solidarity for pensioners –EKAS, 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 long-standing

- Employed persons face a lower risk of poverty compared with unemployed or economically inactive persons (housewives, etc). At-risk-of-poverty rate for employed persons amounts to 13.4%, and it increased for males and decreased for females (15.4% and 10.4%, respectively). At-risk-of-poverty rate for economically inactive persons (excluding pensioners) is 28.4%.
- The at risk-of-poverty rate for persons working full-time amounts to 11.9%, while for part-time employed persons to 27.9% (Graph 4, Table 12).
- The risk of poverty for the unemployed has increased sharply: from 38.1% in 2009 to 44% in 2011 and 46.5% in 2013. It shows a light decrease in 2014 to 45.9%, and it is significantly different between males and females (51.9% and 40.3% respectively).
- With respect to the risk of poverty for people living in households with very low work intensity, the rate in 2014 was 19.4%, that is it remained at almost the same level as in 2013. (6.5% in 2009, to 7.5% in 2010, to 11.8% in 2011, to 16.1% in 2012 and to 19.6% in 2013).
- At-risk-of poverty rate for households residing in owned dwellings is 20.5%, while for those residing in rented dwellings is higher and it amounts to 28.5%. The at risk-of-poverty rate for owner-occupiers aged between 18 and 64 years old is 22.2%, while for those who live in rented dwellings the at risk-of-poverty rate rises to 27.7%.
- The course of the **material deprivation rate** depicts the sustained hardship hit upon large population groups, even more prominently, as the number of the severely deprived people rose by almost 930,000 between 2008 and 2012²⁶, with more than half of them recorded within the period 2011-2012. During the last 5 years (2010-2014) the increase in severe material deprivation is greater at ages 0-64 than those aged over 65. Specifically, in 2014 21.5% of the total population faces financial burden with an enforced lack of at least 4 out of potentially⁹ material deprivation items, while this percentage was 20.3% in 2013, 19.5% in 2012, 15.2% in 2011, 11.6% in 2010 and 11.2% in 2008.
- It is also worth mentioning that **material deprivation concerns not only the poor population, but also part of the non-poor population**, as it is concluded by the study of Living Conditions indicators, given by the Hellenic Statistical Authority, which shows that **the situation has worsened since the previous year**. For instance: In 2014: 82.4% of the poor population (79.1% in 2013) and 43% of the non-poor population (39.1% in

²⁶ Hellenic NSR 2014.

2013) report difficulties in facing unexpected financial expenses of approximately 475²⁷ euros (550 in 2013). Inability to keep their home adequately warm is reported by 27.3% of the non-poor population (24.3% in 2013), while the corresponding percentage of the poor population is estimated at 52,3% (48.6% in 2013) and the percentage of the total population is 32.9% (29.4% in 2013).²⁸

ANNEX II – GERD SCENARIO BASED ON INDIVIDUAL SCENARIOS OF THE MAIN FUNDING SOURCES

R&D expenditure by source of funding

Year	GDP (bln €)	National Funds		EU ESIF Funds		Ordinary Budget		Business sector		Abroad		Other national funding sources		Total R&D expenditure	
		Amount	% of GDP	Amount	% of GDP	Amount	% of GDP	Amount	% of GDP	Amount	% of GDP	Amount	% of GDP	Amount	% of GDP
2015*	176	60	0.03	350	0.20	420	0.24	450	0.26	180	0.10	50	0.03	1,460	0.83
2016	175.7	100	0.06	100	0.06	450	0.26	530	0.30	150	0.09	55	0.03	1,330	0.76
2017	182.1	150	0.08	200	0.11	490	0.27	630	0.35	200	0.11	60	0.03	1,670	0.92
2018	189.6	200	0.11	300	0.16	530	0.28	700	0.37	230	0.12	65	0.03	1,960	1.03
2019	197.5	300	0.15	300	0.15	570	0.29	750	0.38	260	0.13	70	0.04	2,180	1.10
2020	205.7	400	0.19	400	0.19	610	0.30	790	0.38	270	0.13	75	0.04	2,470	1.20

* GDP for 2015 is estimated based on values of quarters of the year. Estimations for the following years from Ministry of Economy, Development and Tourism

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

1. **Column “National 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). In 2014 there was a “pure” national financing of the Public Research Centres and Higher Educational Institutions, coming from the Public Investment Budget, of 77 m€. The above financing concerned mainly matching funds for the participation of Greek research teams in projects of the 7th FP. The amount of the “pure” national financing is expected to increase in the future. However the overall amount of the “pure” national funding, as shown in the

²⁷ For the calculation of the amount, the national at-risk-of-poverty threshold has to be used per single consumption unit, which means it has to be used independently of the size and structure of the household. A ratio of 1.12 of the above value is used.

²⁸ Hellenic Statistical Authority, Living Conditions Indicators, Press Release 08.07.2015.

above Table, will remain rather restricted, reaching in 2020 a ceiling of 0.19% of the GDP.

2. **Column “European Structural and Investment Funds (NSRF, PA-Partnership Agreement)”**: It concerns mainly funding coming from the European Structural and Investment Funds under the Thematic Objective 1 (Research and Innovation) of the PA, including both the EU and the national co-financing. Especially for the years 2015 and 2016 estimations about the absorption of NSRF funds have been added to the estimations of ESIF funds from the new programming period 2014-2020.
3. **Column “Ordinary Budget”**: After the stabilization of the regular budget to 0.23% of GDP in 2014, an increase is estimated that will start that will reach 0.30% at 2020, equal to that of 2008.
4. **Column “Business Sector”**: The financing of R&D by the Business Sector was 0.15% of the GDP in 2007. However, in 2011, in spite of the recession and the financing difficulties of the enterprises, the above percentage raised to 0.21% of the GDP, 0.24% in 2013 and 0.25% in 2014, mainly due to the reduction of the GDP. It is estimated that after stabilization to 0.26% in 2015, a positive trend will be recorded in 2016 up to 0.38% of the GDP in 2020. As already mentioned above, this estimation is based on two expectations: on one hand an important mobilization of the enterprises for R&D activities will take place and on the other hand public funding -either from national, or European sources (Partnership Agreement, Horizon 2020)- will achieve to leverage increased funding from the private sector.

Column «Abroad: FP7 and Horizon 2020”: On the basis of final data for reference year 2013, the inflow of funds for R&D from abroad was 204.9 M€ or 0.11% of the GDP. In 2014 the inflow was 196.8M€ but the relevant percentage remains 0.11% because of the GDP decline. Approximately 80% of the above funds come from the 7th FP of the EU. According to the Research & Innovation Performance 2014-Greece country profile of EU, the total amount of funds absorbed by Greek participants to the FP7 projects exceeded 1 bln€. 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 1500m€, starting with lower absorption rates which will steadily increase through the years. Funds for 2015 are related mainly to FP7 and then after 2016 the inflow of HORIZON 2020 funds will start, which explains the small decline.

ANNEX III - ACTIVATION AND IMPLEMENTATION OF THE OPERATIONAL PROGRAMMES 2014-2020.

CODE OF OP	OPERATIONAL PROGRAMME	Co-financed Public Expenditure	ACTIVATION - Public Expenditure of Calls (%)	Rate of Approved Projects (%)	Rate of Signed Contracts (%)	Rate of expenditure to be declared to the EC (%)
		1	2	6=5/1	8=7/1	11=10/1
01	Competitiveness Entrepreneurship and Innovation	4,665,144,590	1.43%	1.24%	0.20%	0,10%
02	Transport, Infrastructure, Environment and Sustainable Development	5,186,665,146	10.55%	1.28%	1.18%	0,23%
03	Human Resources Development - Education and Lifelong Learning	2,667,494,916	23.36%	11.68%	8.36%	5,77%
04	Public Sector Reform	486,913,888	21.33%	11.60%	11.23%	3,58%
05	Eastern Macedonia - Thrace	507,739,340	17.14%	1.13%	0.00%	0,00%
06	Central Macedonia	964,864,185	16.16%	16.07%	7.49%	2,39%
07	Thessaly	401,130,674	6.85%	4.15%	0.00%	0,00%
08	Epirus	325,846,893	23.73%	4.33%	2.69%	1,28%
09	Western Greece	490,985,732	10.78%	1.71%	0.31%	0,00%
10	Western Macedonia	330,737,741	16.88%	1.15%	0.00%	0,00%
11	Mainland Greece	190,052,422	17.15%	1.61%	0.00%	0,00%
12	Peloponnese	270,342,339	1.35%	1.05%	0.00%	0,00%
13	Aegean Islands	226,924,700	20.16%	1.02%	0.00%	0,00%
14	Northern Aegean	301,669,500	2.06%	0.78%	0.00%	0,00%
15	Crete	434,883,125	24.65%	1.79%	0.00%	0,00%
16	Attica	1,139,966,974	2.73%	2.73%	0.00%	0,00%
17	Southern Aegean	168,170,562	9.19%	8.30%	3.69%	0,65%
20	Technical Assistance	401,870,438	94.02%	84.03%	8.65%	7,57%
TOTAL OF SECTORAL PROGRAMMES (01-04 KAI 20)		13,408,088,978	12,82%	6.19%	2.86%	1.63%
TOTAL OF REGIONAL PROGRAMMES (05-17)		5,753,314,187	12,14%	4.65%	1.52%	0.49%

According to the data of the above table, the rate of activation of the Sectoral Operational Programmes amounts to 12.82% while the one of the Regional Operational Programmes amounts to 12.14%. The rates for the budget of the approved projects amounts to 6.19% and 4.69%, correspondingly.

Further activation of the Operational Programmes and the approval of new projects will result to a significant raise of the above rates in 2016. It is worth to mention that in February 2016 four calls came out from the Operational Programme Competitiveness Entrepreneurship and Innovation addressing to existing entrepreneurs, start-ups and individual professionals, with an overall public expenditure of 252,500,000€.