



National Reform Programme
2015

April 2015

The 2015 National Reform Programme

Prepared by the Council of Economic Advisors, Ministry of Finance
in collaboration with the Ministry of Interior and Administrative Reconstruction,
the Ministry of Culture ,Education and Religious Affairs, the Ministry of Reconstruction
of Production, Environment and Energy, The Ministry of Economy, Infrastructure ,
Maritime Affairs and Tourism and the Ministry of Labour.

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1.1 Overview of the macroeconomic scenario

In the last five years, Greece made a remarkable economic adjustment that led to a significant improvement of the fiscal position of the country as well as to an increase of the overall competitiveness of the economy. The progress achieved is reflected in the basic macroeconomic indicators and can be largely attributed to the far-reaching structural reforms that took place.

In the context of the adjustment programme, the fiscal position improved significantly and the foundations were laid in order to secure that the macroeconomic progress would not just be of cyclical nature but would also be based on strong structural elements.

Since the emergence of the Greek government-debt crisis in 2010 and the triggering of an abrupt downturn in the country's financial conditions, the Greek State has engaged in an ongoing economic adjustment that entailed fiscal consolidation and radical reform policies of a broad scope.

The Economic Adjustment Program has ameliorated the fiscal outlook of the Greek economy over the past five years. In this account, several fiscal and economic imbalances have been on a correction-path during the prolonged adjustment period, with an emphasis on the twin deficits issue of the Greek economy.

The headline General Government deficit has been reduced from 15.2 percent of GDP in 2009 to 3.5 percent of GDP in 2014, reflecting the intensive efforts towards fiscal consolidation and the path towards meeting the respective convergence criterion. The turn of focus towards a more extroversion-oriented economic model seems to have paid off in 2013 and 2014, when the Current Account balance has recorded respective surpluses (0.6 and 0.9 percent of GDP) on an accrual basis.

While maintaining focus at structural changes that would permit a swift u-turn towards fiscal sustainability, implemented reforms have been extending their effects to the vast majority of financial, sectoral and regulatory aspects of the Greek economy, namely stretching from the cost curtailment of public pension schemes and reconfiguration of the healthcare system, to the overhaul of the labor market institutions, the deregulation in a number of closed professions and the consolidation of the Greek banking system. These structural changes have aimed at improving cost competitiveness and market efficiency, abolishing distortions to competition, ensuring financial stability and enhancing the efficiency of the public sector, so as to set the foundation for the return of the Greek economy from a prolonged recession to sustainable growth.

Structural competitiveness is also improving, as depicted by several international indicators. Indicatively, in 2014 Lisbon Council & Berenberg Bank ranked the Greek economy at the first place of the "adjustment progress indicator" for the second year in a row. What's more, the World Bank's "doing business" indicator reflects Greece's

progress in the areas of starting a business, registering property and enforcing contracts, summing to an overall improvement by 4 positions in terms of “ease of doing business”.

Market distortions causing price rigidities have been partially addressed through market reforms and de-regulation (e.g. liberalisation of “closed” professions). Within the adjustment period, cost competitiveness continues to improve, as compensation per employee has been decreasing since 2010 and prices have been falling since 2013 based on HCPI and CPI. This deflationary pressure on prices has had a positive contribution to disposable income and to export growth dynamics.

The strenuous economic adjustment effort has evoked several adverse socioeconomic effects that continue to exist amidst favorable recovery signs of the Greek economy. Since 2008, the overall losses in real GDP have amounted to more than 25 percent, signaling vicious cycle dynamics. Between 2010 and 2014 there was a 13.4 percent decline in growth potential (DG ECFIN Economic Forecasts) and a rise in unemployment rate 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.

Weak demand and output losses have also undermined job creation dynamics: notwithstanding its slight decline in 2014, unemployment rate ranged within markedly high levels (26.6 percent on average), with youth unemployment rate still affecting more than one half of the youth labor force. The European Commission’s 2014 “Employment and social developments” survey indicates that the Greek labor 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. At the same time, significant social exclusion divergence from the EU median is apparent in the Greek economy. 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 pp and 7.0 pp respectively in 2013 compared to 2012).

What is essential in the current economic conjuncture is the development of a new agenda for growth and structural reforms, in line with the Europe 2020 headline objectives, so as to enhance Greece’s course towards economic growth and restoration of debt sustainability, while preventing the fueling of the vicious cycle of austerity and recession, and allowing for the reinforcement of the social safety net. To this end, the 2015 National Reform Program discloses in-debt information of the envisaged structural reforms in key priority areas.

1.2 GDP developments

According to the first estimation of the annual national account data (Hellenic Statistical Authority) for 2014, real GDP increased by 0.8% compared to a contraction of 4 percent in 2013, 6.6 percent in 2012 and 8.9 percent in 2011. Further deflationary pressures were

exerted on the Greek economy during 2014. The GDP deflator amounted to -2.6 percent, which is compatible with the respective State Budget estimation of -2.5 percent. Following a decrease of 6.1 percent in 2013 and 6.5 percent in 2012, nominal GDP declined by 1.8 percent in 2014, which is slightly less a decrease compared to the State Budget estimation of a contraction by 1.9 pp. This shows a gradual smoothing of the nominal GDP decline, which started in 2009, peaked in 2011 and has been on a slowing trend since.

According to the State Budget for 2015, real GDP growth is estimated at 2.9 percent in 2015, followed by a further acceleration of output growth over the medium term. However, the conjuncture of economic uncertainty during the first months of 2015 is likely to put an adverse effect on the growth pattern for the 1st semester of the current year, thereby limiting the annual real growth rate at levels even below 1.5 percent, and slowing the pace in the sustainable growth path of succeeding years.

Private consumption rebounded in 2014 with an increase rate of 1.3 percent, shifting from a contraction by 2.0 percent in 2013, as falling prices supported disposable income and unemployment rate fell by 1 pp, at 24.6%. Government consumption continued to decline in 2014 by 0.9 percent (y-o-y), following a decline by 6.5 percent in 2013. On the other hand, gross fixed capital formation has increased in 2014 at a rate of 2.7 percent (y-o-y), reaching a reversal point after six years of recurring contraction (by 9.5 pp in 2013). This is attributed to an increase in gross fixed capital formation in equipment (28.3 percent) and in constructions other than housing (6.6 percent).

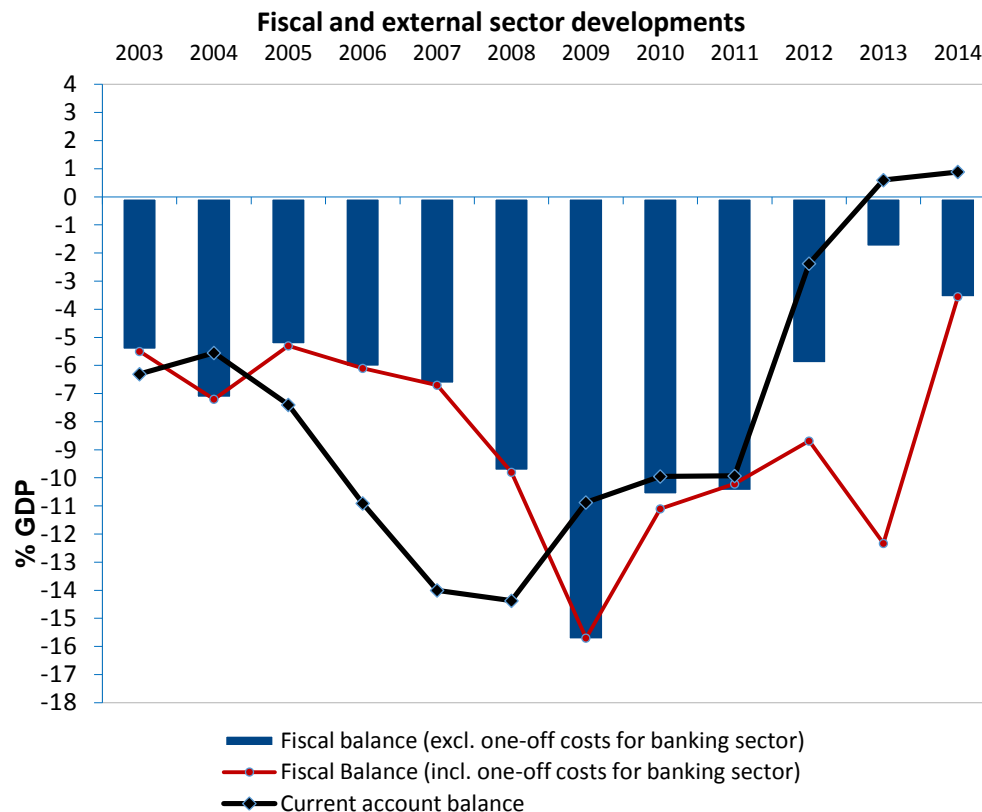
Driven by positive developments in the main components of GDP, domestic demand in 2014 increased on a yearly basis (0.5 percent) for the first time since 2008. On the production side, gross value added increased by 0.5 percent in 2014 compared to a 3.7 percent decline in 2013, when decreasing GVA was aligned with a contraction of domestic demand (by 4.8 percent).

Signs of a more favorable economic outlook have ameliorated business expectations within 2014, as depicted in the business expectations indexes for both industry and constructions. The Economic Sentiment Indicator (ESI) has increased by 8.7 points in 2014 compared to 2013, reaching levels slightly below the 100-point long-term average.

1.3 External sector developments

Since 2010, the Greek economy has been on a correction path not only concerning the General Government deficit, but also in terms of external sector imbalances. As depicted in the diagram below, the current account deficit has been significantly ameliorated since 2011, while in 2013 the current account has reached a turning point towards positive balances. This development reflects gains in cost competitiveness, a contraction in domestic demand and an upward trend in exports during the economic adjustment

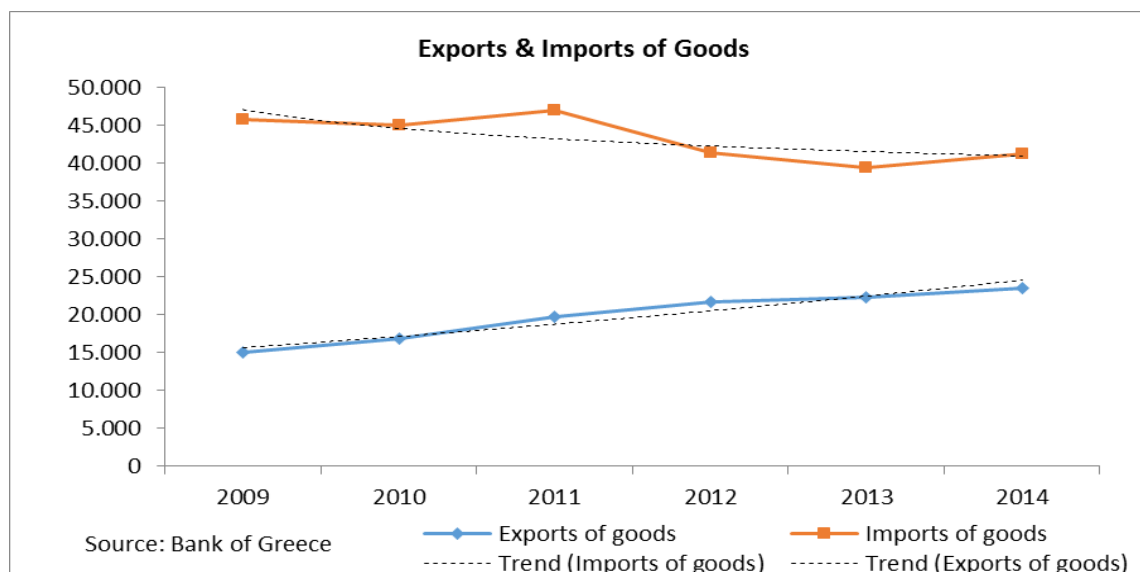
period, which, coupled with fiscal consolidation, have been the channel for radically addressing the twin deficit problem of the Greek economy.



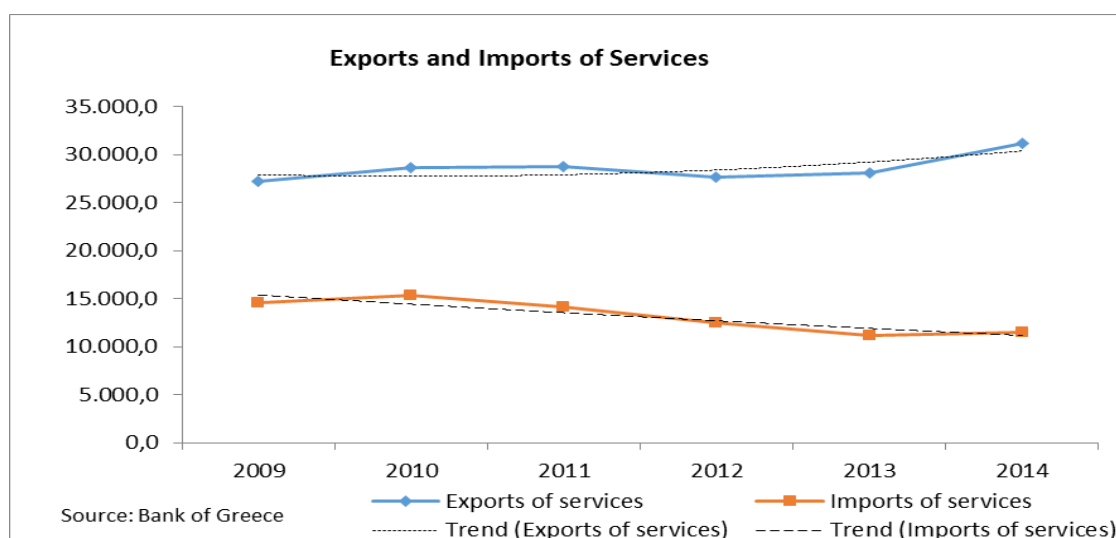
Source: Hellenic Statistical Authority, Bank of Greece

In 2014, the external balance of goods and services contributed positively, though to a lesser degree than in 2013, to the real GDP growth on national accounts basis. Exports of goods and services increased by 9.0 percent in 2014 (more than €4.6bn in absolute numbers), which exhibits signs of export growth dynamics. Imports also rose markedly (7.4 percent) compared to a 1.6 percent decline in 2013, due to the significant augmentation of services imports by 21.8 percent on a yearly basis, or €3.18bn in absolute amount. At current prices and on national accounts basis, the trade balance showed a deficit of 11.7 percent of GDP, while the services balance showed a surplus of 9.3 percent of GDP. The overall nominal increase of exports from the beginning of the crisis back in 2009 has been enlarged during 2014 by the significant amount of €3.8bn, reaching in total €13.8bn.

The Current Account surplus settled at approximately €1.7bn (0.9 percent of GDP), which is considerably higher than the respective surplus of €1.1bn in 2013. The trade deficit amounted to approximately €18bn and has slightly widened by 0.7 billion y-o-y (from €17.2bn in 2013) mostly reflecting the significant increase of ships imports and the overall increase in import expenditure. More specifically, imports of goods increased by 4.7 percent in 2014 compared to a 4.5 percent decrease in 2013. Exports of goods increased by approximately 4.9 percent in 2014 compared to an increase of 2.3 percent in 2013.



What is more, the services balance recorded a significant increase of surplus, by €2.8bn (an impressive 16.6 percent) as compared to 2013, almost reaching the absolute amount of €20bn. This was mostly due to the increase in net income from travel, transport and other services, with non-residents' travel spending in Greece rising by 10.6% compared to the travel receipts of 2013, thereby reflecting the increased number of tourist arrivals by 23 percent y-o-y in 2014. This overall significant improvement in the services balance underpins the emergence of surplus in the current external balance of goods and services in 2014 (€1.8bn) as opposed to the respective deficit (€0.25bn) in 2013.



With regard to developments in the financial account, in 2013 there was a net inflow of direct investment in Greece of €2.1 billion compared to 1.3 billion in 2012, while in 2014 the net inflow of direct investment amounted to €1.64 billion, down by 485 million compared to 2013.

1.4 Public Finance developments

In 2013, the one-off costs of bank recapitalization, which amounted to 10.5 percent of GDP, largely contributed to the widening of the ESA headline General Government deficit to 12.3 percent of GDP from 8.7% of GDP in 2012 (namely by-3.6 percentage points y-o-y). However, the General Government deficit as defined by the Economic Adjustment Program, which inter alia excludes such one-off costs, amounted to 0.6% of GDP for 2013 and to 3.8% of GDP in 2014, whereas the primary surplus amounted to 3.4% of GDP in 2013 and to 0.1% of GDP in 2014.

On grounds of an overall positive fiscal outlook, and in lack of any such one-off costs within 2014, the ESA headline General Government deficit for 2014 was initially estimated at 1.3 percent of GDP (data based on excessive deficit procedure), and the Economic Adjustment Program's primary surplus target of 1.5 percent of GDP was expected to be surpassed, reaching 1.8% of GDP based on State Budget 2015 estimations. However, a range of adverse economic factors across the economy, such as the serious incremental pressure on already shrunked disposable income, has caused a significant impact on fiscal results, leading to an ESA General Government deficit of 3.5% of GDP. More specifically, the underperformance of tax revenues by €5.1bn towards the end of 2014, along with the rising uncertainty regarding future economic policies, has limited the Economic Adjustment Program's primary surplus at 0.4 percent of GDP, which is well below the previous estimation of 1.8 percent. Nevertheless, based on accrual data for the General Government Budget results, in 2014 the primary balance registered a surplus of €2.2bn (1.2 percent of GDP) versus a deficit of €0.88bn (0.5 percent of GDP) in 2013.

Regarding the Central Government Budget execution for 2014, the headline deficit fell to 2 percent of GDP from 3 percent in 2013. The State Budget balance for 2014 recorded a deficit of €3.7bn (2.0 percent of GDP) against the yearly target for deficit of €0.8bn or 0.4 percent of GDP. The State Budget primary balance amounted to a surplus of €1.9bn against the target of €4.9bn. The underperformance is mostly due to lower revenue receipts towards the end of the year.

1.5 Prices, Unemployment

The deceleration of economic activity in Greece during the adjustment period has been translated into falling prices during 2013 and 2014, at rates of -0.9 percent and -1.3% respectively based on CPI. During these years, the inflation rate (HICP) in Greece has turned negative, ranging at levels that are significant lower than the annual average in the Euro Area (-1.4 percent compared to 0.3 percent respectively in 2014). What's more, core inflation continued to fall during 2014, at an annual rate of -0.7 percent, although at a less steep trend than that of -1.7 percent in 2013.

In early 2015, prices in Greece continue their declining course, reaching a year-on-year average of -2.4 percent for the period from January to March. In the same period, the Euro Area inflation rate has an average of -0.3 percent, reflecting downward pressure for

the fourth consequent month, although at a milder slope than respective pressure in Greece.

In both cases of Greece and the EU, downward trends in prices can be largely attributed to the international fall in oil prices; however, in the case of Greece there are several other economic parameters that also put a deflationary effect, such as recurring losses in domestic demand since 2008, or in the wage rate since 2010.

Overall, the recession in the Greek economy has weighed heavily on the labor market. Unemployment rate has had its peak in 2013, raging at 27.5 percent or 1.33 million persons based on LFS data, while in 2014 it presented frail signs of decline by one percentage point on a year-on-year basis. Nevertheless, unemployment remains at particularly high levels, whereas its structure and the raging rates of youth and long-term unemployment accentuate the high toll of economic adjustment in terms of social cost.

During 2014, young ages from 15 to 24 years old suffered from unemployment at a rate of 52.4 percent, while monthly data from the Greek Manpower Employment Organization (OAED) indicate that the number of long-term unemployed rose incrementally by 78.000 persons within the same year, amounting to 443.700 persons in total. Lastly, a shocking insight on the impact of labor market developments on social cohesion is that 3 out of 4 unemployed individuals have been unemployed for one year or more. This qualitative evidence brings forth the need for addressing the humanitarian crisis that the adjustment process has evoked, by means of strengthening the social safety net and generating new sustainable job positions.

1.6 2015 Projections

The fiscal adjustment effort undertaken since 2010 has been accompanied by a series of measures aiming at the restructuring of the Greek economy in terms of cost competitiveness, financial stability, and a more extroversion-oriented economic environment. These reforms have managed to successfully address the twin deficits of the economy in the short-run; nonetheless, they have also put the economy's performance under a shock, which can be measured either in terms of GDP losses or in terms of "social depression".

The reach of a turning point towards growth, which was realized in 2014, has built on scattered indications, as of 2013, in favor of a positive economic outlook in Greece. The main contributions in this direction stemmed from export growth dynamics and from the acceleration of private consumption and investment within 2014. In this context, the basic macroeconomic scenario lying under the State Budget of 2015 projected significantly higher output gains for the year 2015, with real GDP growth at 2.9% on a year-on-year basis and a respective increase in fixed capital formation, private consumption, and domestic demand, which would be further amplified over the medium term.

However, three major economic developments in early 2015 signal that the magnitude of economic growth will utterly be of a slower pace:

- The fall in the annual rate of BRENT oil prices towards the end of the year became only steeper in the two three months of 2015, reaching an average of 39.2 percent, while the nominal effective exchange rate has turned negative during the same period. While enhancing cost competitiveness and external balance potential, these events are likely to result to a deflator significantly lower than the -0.2 percent of the State Budget's projection. Thereby, a deceleration effect on the rate of economic growth is likely to take place, not to mention a negative impact on private debt and public deficit.
- Secondly, the tax revenue shortfall towards the end of 2014 and the postponement of the ANFAs and SMPs profits' transfer from 2014 to 2015, has led to a drop in the General Government primary surplus. Hence, in order to sustain a favorable fiscal outlook, a need for the intensification of efforts towards robust fiscal results may emerge within 2015, subject to the reassessment of the feasible level of primary surplus in line with overall economic developments.
- Thirdly, the economic uncertainty due to the Greek Economy financing problems is likely to adversely affect private investment and consumer expectations resulting to a lower than expected growth rate in the 1st semester of the current year.

However, it is still estimated that the overall favorable course of the economy will be maintained. Indicatively, in 2015 GDP growth is expected to stand at a higher rate than the 0.8 percent rate of 2014; exports and imports of goods and services are estimated as further increasing, possibly inducing a larger contribution to GDP growth on a year-on-year basis than the one of 2014. This is the case for the investment component as well, while the domestic demand is projected to keep its favorable course.

With regard to maintaining the largest possible part of growth dynamics over the medium term and against the recent adverse economic developments, the National Reforms Program will enhance disposable income, and catch up on tax revenues through incentive-oriented installment schemes.

A fundamental function of the Ministry of Economy, Infrastructure, Maritime Affairs and Tourism is to enhance competitiveness and to create a healthy entrepreneurial environment based on social and environmental criteria. In this context, a series of reforms and interventions are promoted as listed below:

1. Development Law

The recently elected Greek Government is pledged to drive the country out of this economic slump. As a result of this commitment, the Ministry is planning to introduce a new Development Law which focuses on small and medium size enterprises, productive companies and the creation of new jobs, especially in regional Greece. The forthcoming Law is designed in order to support the new development model of the country which must not be based any more in internal devaluation and deregulation of market and labor relations. The emphasis would be given on the combination of investments with job creation and minimization of environmental impact. For the proper implementation of the new law the authorities and civil services which are responsible for private investments will be restructured and upgraded.

2. Social Economy

The Ministry in cooperation with other Ministries and public services and social organizations is preparing a legal framework for the functioning of social economy. During the last years and partly as a result of the economic crisis, there has been a significant growth in the field of social economy businesses and cooperatives especially in the sectors of agriculture and nutrition. Our goal is to support and enhance such initiatives in order to make social economy a considerable part of the GDP.

3. Programming Period 2007-2013 & 2014-2020

The proper management of European Structural and Investment Funds is basic for the substantial change of the economic climate of Greece. There are two pivotal points for using these funds. Firstly, focus on small and medium size infrastructures in relation with local communities, job creation, social coherence, environmental issues and cultural promotion. Secondly, expand the productive activities/subjects through the enhancement of cooperative and social entrepreneurship and the promotion of economies of scale.

The first step is to complete the consolidation process of the Programming Period 2007-2013 in order to minimize the excessive commitment of funds of the previous Government and to continue the implementation of the programs.

At the same time, the design and the implementation of the Programming Period 2014-2020 is taking place in order to achieve implementation close to 100% for the fourth quarter of 2014. Moreover, the Ministry is examining certain changes in managing, monitoring and evaluating the implementation of the programs according to the EU

framework. In addition, the Ministry promotes the simplification of the managing processes and the support to those implementing the programs. This should be done through the enhancement and upgrading of the pertinent ministry's departments and not through private consultant companies. The objective is not only to achieve high absorption of funds but to create tangible economic results.

4. Simplification of procedures

The Ministry's objective is to create a simple and transparent framework for the transaction between the state and the enterprises. In this context, the Ministry will establish one-stop services for companies and entrepreneurs so as to minimize the administrative costs and the bureaucratic burden for the formation of companies.

5. Modification of the legal framework for “red loans”

The Ministry is planning to implement aspects of the present legal framework and also to introduce new arrangements in order to tackle the serious problem of companies unable to service their debt towards the banks or/and the state. The objective is to create a mutually beneficial framework through motives provided to companies, for servicing their debt in a way that would not threaten their viability.

6. Competitiveness Committee

The Ministry is determined to tackle market distortions such as bid-rigging or cartel pricing. This objective should be realized in cooperation with European and international organizations such as EC and OECD. In this context, the Competitiveness Committee is being reformed and strengthened so as to become more productive and efficient in facing market distortions.

7. Market interventions

The Ministry is preparing to introduce certain arrangements for the functioning of open markets, outdoor commerce etc. in order to lift a series of barriers and distortions that have been traced in these fields.

Furthermore, various interventions are going to be implemented on branches of the market, aiming to improve functionality, to promote competitiveness and to protect consumers. Examples of such interventions are: the regulation of e-commerce, arrangements against distortions at wholesale trade and the proper determination of “tourist areas”.

8. Public Procurements

The system of public procurement in Greece suffered from a chronic problem of transparency and efficiency regarding the allocation of resources from the public budget,

as well as from the public investment program, including European funds. The complexity of the legal and institutional framework and the overlapping authorities have created confusion and have discouraged economic agents from participating in the procedures of assigning tasks.

The Ministry postponed the implementation of the law 4281/2014 for public procurement in order to upgrade it, to accelerate the procedures of secondary legislative work and to incorporate the latest EU directives (23, 24 an 25/2014). In addition, the Ministry is upgrading the educational procedures for public servants across the public sector in order to become more efficient in managing the procurements system.

3. STRUCTURAL AND COHESION FUNDS

The implementation of the operational programmes is directly affected by the economic developments and the conditionality stemming from the economic adjustment programme. In this respect, a series of initiatives have been undertaken in order to facilitate the financing of the real economy and the smooth flow of liquidity, by also ensuring that quantitative and qualitative management of the funds is improved. All necessary steps are taken to speed up implementation by streamlining the administration and institutional framework of the co-financed projects.

3.1 Programming period 2007-2013

The NSRF absorption of funds in terms of co-financed public expenditure from 18% at the end of 2010, reached 31.5% in 2011, 45.77% in 2012, 66.5% in 2013 and 80.2% in 2014 with legal obligations amounting to 124.2%. Moreover, the coverage of the target arising from the obligations of the Memorandum for 2014 stood at 90.68%. Highest performances, relative to the financial progress, record among the 13 sectoral and regional Operational Programs (OPs) in the NSRF, the O.P. Public Administration Reform, the O.P. Competitiveness and Entrepreneurship and the Thessaly – Continental Greece - Epirus ROP.

NSRF Absorption rates

Fund	2010	2011	2012	2013	2014
ERDF	21.7%	36.2%	50.0%	69.7%	81.0%
ESF	11.1%	22.6%	37.9%	57.4%	77.5%
CF	12.4%	28.3%	42.8%	66.8%	80.6%
Total	18%	31.5%	45.77%	66.5%	80.2%

Aiming at a smooth closure by the end of 2015 of all OPs at Priority Axis level, an “screening exercise/ rationalisation” of the Operational Programmes 2007-2013 is carried out, in close cooperation with the Managing Authorities, in order to reduce overbooking and complete the final modification of the OPs.

3.2 Programming period 2014-2020

The Greek Partnership Agreement (PA) 2014-2020 was one of the first ones to be approved by the European Commission services in May 2014 as well as the 18 Operational Programmes (5 sectoral and 13 regional) in December 2014. The Rural Development Programme and the Fisheries and Mare Operational Programme are under consultation with the European Commission with a view to be adopted the soonest possible.

By the end of the first semester 2015, the Monitoring Committees will have taken place and the issuance of the Joint Ministerial Decisions, necessary for the Management and Control System, will be completed.

The use of the European Structural and Investment Funds (ESIF) in the period 2014-2020 aims to contribute, particularly in the context of the programmes specialisation to be held in the near future and of course to the relative extent, to the institutional and organisational changes so much needed by the country and to the competitiveness of enterprises with further upgrading and creation of new competitive advantages, at both national and regional level. The objective is to ensure the requirements for a development model based on the competitiveness, the innovation and the extroversion of Greek enterprises in order to create jobs.

Interventions of the PA 2014-2020 should –and are- be considered additional to the overall interventions aimed at increasing the level of annual investment within the next ten years.

Particular attention will be paid to the timing of the priorities and the earliest possible start of its operations/ projects in order to stimulate economic activity. Addressing the acute problem of unemployment and mitigating the intense negative impact of the crisis on society and the economy becomes a strategic choice of high priority.

The developmental plan for Greece 2020 seeks to attain “the regeneration of the Greek economy with restoration and upgrading of productive and social fabric of the country and the creation and maintenance of sustainable jobs, having as a leading edge the outward-looking, innovative and competitive entrepreneurship and guiding principles social cohesion and sustainable development.”

To achieve this vision the following five funding priorities are selected and introduced to the Partnership Agreement 2014-2020:

1) Enhancing competitiveness and internationalisation of enterprises (particularly SMEs), transition to quality entrepreneurship with innovation and higher domestic added value at the leading edge

The content and the integrated approach of this priority mark the shift to a new development model. Productive and competitive sectors with an outward-looking potential, such as tourism and culture, ICT, energy, health and medicines, agriculture, manufacturing and services to business, are given a central role and a significant share of the allocation of resources and investment, in the framework of the smart specialisation strategy. Smart specialization is a place-based approach that takes into account the

specificities of each geographic region in terms of its characteristics, its potential and the path to be followed towards economic development.

The objective of the priority is to increase the scale/size of production units, to introduce innovations and new products/services that can put to use the particular characteristics of the country and its regions and strengthen or create new competitive advantages and integrate knowledge, by producing products and services of higher added value and competitive in the global economy.

2) Capacity building and development of human resources — active social inclusion

A well-designed policy framework for labour market that takes into account the structural nature of unemployment and combines active and labour market policies with a view to increasing the efficiency of job matching, the speed at which the manpower adapts to the changing needs of the labour market and ultimately to establishing an adequate social safety net by targeting the welfare programs to those who need them the most.

3) Environmental protection — transition to an environment-friendly economy

To upgrade the quality of life with respect to Environment, effective waste management is sought as well as promotion of recycling, integrated urban development, improvement of atmosphere quality and noise reduction together with the promotion of sustainable mobility, through the development of environmentally friendly transport systems (suburban, subway, trams).

4) Development — Modernisation — Completion of infrastructures for economic and social development

The main objective is to complete the development of the National Transport System and the promotion of Combined Transport. Immediate priorities also include supporting the development of sustainable and ecological urban transport.

Regarding energy, the modernization and expansion of the transmission and distribution networks of electricity and natural gas including strengthening the security of gas supply and the development of intelligent systems in the energy distribution in order to enhance competition in the market are key priorities in the sector.

5) Enhancing institutional capacity and the efficiency of public administration and local self-government

Emphasis is laid on strengthening the organisational, institutional and operational capacity of central government and regional/local authorities as well as on developing the human resources in the public sector.

The reform of public administration, local and regional elected authorities and overall the country's system of governance, is a prerequisite and a key factor for the sustainable development and the effective and efficient implementation of the PA 2014-2020.

4. PUBLIC ADMINISTRATION

The Ministry of Interior and Administrative Reconstruction is implementing an ambitious programme for the restructuring of the public sector with a view to changing the culture of the public administration, making it more effective and efficient and to providing high quality services to citizens and businesses. On this basis, the main reform initiatives and actions which fall under the competence of the Ministry of Interior and Administrative Reconstruction are presented.

4.1 Public Sector structures

- **Reorganisation of the Ministries**

With a view to further rationalising the structure of the Ministries, improving quality of services, reducing budgetary cost of public agencies, eliminating overlapping competences and vacant working positions and reduce positions of responsibility, restructuring in the public sector has been stipulated with the laws 4024/2011 (GOG 226/A') and 4178/2013 (GOG 174/A').

The process involved the following successive steps. Firstly, public entities were evaluated by ad hoc teams. The outcome of the evaluation was a report with proposed scenarios which was then submitted to the Government Council of Reform (GCR) for the final approval. Finally, the new organigrams were drafted according to the GCR decision with the legal form of Presidential Decrees.

The first phase of the restructuring was completed in November, 2014 with the implementation of the new organigrams of 16 out of 19 Ministries. The Ministry of Foreign Affairs, the Ministry of Defense and the Ministry of Citizen Protection were excluded from the first phase of restructuring due to their specificities.

- **Upcoming steps at the restructuring of the public sector**

Future actions stem from the need to further deepen the restructuring of the public sector. Specifically:

The emphasis is, also, laid on the reorganization of the Legal Entities of Public Law and the Legal Entities of Private Law. Concerning the Legal Entities of Public Law, for those who constitute subordinate agencies of the Ministries, the venture is undertaken by the Ministry of the Interior and Administrative Restructuring jointly with the competent Ministry with the process described (evaluation of ad hoc teams, submission of the report to the GRC, drafting of the new organigrams based on the decision of the GRC). Within this framework, the drafting of the organigrams of the National School of Public Health,

the Social Security Funds, the Hellenic Organisation of Tourism, the Manpower Employment Organisation and the Independent Authorities as well as the adjustment of the organigrams of the Health Regions constitute priorities of the second phase of the reorganization of public sector.

Legal Entities of Private Law will also be evaluated and restructured following a different procedure.

The completion of the new organigrams of the three Ministries that were opted out at the first phase of restructuring will further take place by the end of 2015.

- **Regarding the abolishment of legal entities of public law and public services:**

The Law 4250/2014 (GoG 74/A') and the circular on «Abolishment, Merger of Legal Entities of Public Law and Public Services of the law 4250/2014» stipulate the abolishment of legal entities of public law and public services that fulfill the following preconditions:

- a. their mission and purpose can be serviced more effectively by an existing structure and
- b. they have not taken any action to fulfill their mission and role since their establishment.

The abolishment of structures aims at streamlining both the use of resources and structural organization of public agents.

Within this framework, eleven (11) public entities and four (4) legal entities of public law were abolished since the enactment of the law.

- **Regarding the merger of legal entities of public law and public services:**

The Law 4250/2014 (GoG 74/A') and the circular on «Abolishment, Merger of Legal Entities of Public Law and Public Services of the law 4250/2014» stipulate the merger of legal entities of public law and public services in order to reduce operational cost and to improve delivery of services to the citizens and the other public agents.

Within this framework, three (3) sectoral research centres were merged to one (1), two (2) legal entities of public law and one (1) self-contained public service were merged to one (1) entity and one (1) legal entity was merged from another legal entity.

4.2 Management by Objectives and Common Assessment Framework (CAF)

According to Regulation (EU) 1303/2013 of the European Parliament (L 347/320/20-12-2013), the member states which submit a Partnership Agreement within the context of the ESFR, have to fulfill a certain amount of ex post conditionalities. Concerning the OP

“Public Sector Reform”, drafting a strategic policy framework on the enhancement of the administrative effectiveness of member states is required.

A Research/Action Plan about the implementation of Management by Objectives and Common Assessment Framework on public agencies will be drafted to fulfill conditionality requirements. The Research/Action Plan should have been completed by May 2015 and the measures have to be implemented by December 2015.

4.3 Reforms on open government, transparency and accountability and e-government

With a view to further enhancing transparency, open government and innovation, the following actions are characterized by a forward-looking orientation and significantly contribute to the overarching strategy of the Ministry. Specifically:

- **Regarding open government:**

Open government still remains a priority of the Ministry, a priority also confirmed by the fact that l. 4305/2014 was recently voted and put in force. Through this law, national policy is aligned with the respective open data policy at European level, as the adaptation of national legislation to the provisions of the 2013/37/EU Directive on the re-use of public sector information takes place. For public sector information, the “**open by default**” principle is established. In this way, public sector data are available for further use, with prejudice to issues related to the protection of personal data, confidentiality, national security and other related topics. In the framework of the first implementation of the provisions, the adoption of all necessary tools has already been planned. As a result of this implementation, areas of further improvement will emerge.

To successfully implement a detailed designed policy on open government 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, which is in progress, in close cooperation with various entities of the Greek public administration. The fulfilment of commitments is set as a priority.

- **Regarding transparency and accountability:**

In the light of the fundamental principle referring to the need for transparent action of public administration, the further enhancement of transparency and accountability is pursued, through enlarging the scope of DIAVGEIA. For the first time, articles 15 and 16 of l. 4305/2014 introduce the obligation to (a) publish data concerning expenses of those non-profit entities receiving funding by General Government Entities amounting at 3.000 euros and above per year (not publishing those data results in excluding those entities from receiving further funding or granting of any type) and (b) publish data on the execution of budgets of public entities, by describing in detail both revenues and expenses. In the framework of the first implementation of the provisions, the adoption of

all necessary tools has already been planned. As a result of this implementation, areas of further improvement will emerge.

- **Regarding eGovernment:**

Establishing and implementing a coherent and structured E-Gov Strategy still remains a major priority, aiming at improving the services provided to citizens and business.

In April 2014, those targets were integrated in e-Government Strategy 2014-2020. According to this strategy, in the next seven years, Greece aims to build a more efficient, transparent and accountable administration, through the use of ICT and the support of the necessary governance and monitoring mechanisms, while maximizing constituent satisfaction, increasing participation and recovering confidence by offering constantly enhanced electronic services and promoting a new digital culture. Following national, European and international standards, this strategy will serve as the basis of all eGov actions.

The respective eGov actions are described and further elaborated within the eGovernment Action Plan 2014-2020, which was adopted in January, 2015. As an initial two-year action plan, it constitutes a rolling programme, falling under evaluation and revision, on a yearly basis the latest, or whenever necessary. Each two-year plan will include actions estimated to be completed within this period, as well as actions to plan projects of the next period. It refers to actions covering 2014-2020, starting at January 2014.

- **Citizens' Service Centers (KEP) and online provision of services**

Under the framework of the overall designing aiming at further improving services provided to the citizens and business, a series of 10 services provided by KEP are available online, including:

- Family status certificate
- Birth Certificate
- Citizenship Certificate
- Insurance Clearance Certificate
- Pension earning certificate
- NAT e-Services
- DEDDHE - Social residential invoice
- Account programs of Αγροτικής Εστίας
- OAAE e-Services
- ELGA e-Services
- Issuance of electronic fee

Expanding the scope of services provided online, aiming at further reducing bureaucracy remains a significant priority.

4.4 Reforms on Human Resources Management

1. **System for the selection of heads**: the competent service of the Ministry is in the process of studying a revision of the current institutional framework for the selection of heads, in view of achieving an objective and impartial head selection procedure that is going to be both applicable and adequate and at the same time shall allow the people who are more able to assume responsibility posts in the public sector.
2. **Assessment of civil servants**: the competent service of the Ministry, is currently studying the establishment of an objective and impartial system for the assessment of the performance of civil servants, so that it may serve as a substantial tool for the management of human resources of the public administration.
3. **Promotion system – advancement in rank or pay of civil servants**: Given that the provisions of law 4046/2012 have suspended the promotions provided for under law 4024/2011, the competent service of the Ministry, in cooperation with the co-competent services of the Ministry of Finance, is studying the revision of the current relevant institutional framework, in order to lift distortions created because of the suspension mentioned above, as well as to provide civil servants with possibilities of advancement both in rank and in pay.
4. **Control of the authenticity of supporting documents**: In order to respect the principle of legality of administrative action, a clear institutional framework based on which the prior authenticity control of supporting documents is a necessary prerequisite regarding the appointment / hiring or any service status change of civil servants.
5. **Mobility of civil servants**: the competent service of the Ministry, is currently studying the design of a new institutional framework regarding the mobility of civil servants mainly via reassignments of personnel, in order to face the existing accumulation of multiple laws, while at the same time ensuring both a more effective coverage of service needs and a better utilisation of the personnel of the public administration.
According to the provisions of the new draft law, following a restricted mobility scheme (first phase), the Ministry of Interior will collect the needs of personnel from other services and then will announce the posts that will be fulfilled with employees included to the scope of the law. Applications of candidates will be examined from boards, special for this purpose and according to the results, the employees will be appointed to their new posts. This process of rehiring will implement as a pilot some key elements of the future system of mobility scheme of civil servants.
6. **Hiring Plans**: taking into consideration the legislative measures implemented on hiring restrictions in the Public Sector, in combination with the increased level of pension exits and in order for the Public Sector personnel to be rationally allocated and for the Public Administration to be more flexible and effective, the following

measures have been drafted, especially after the restructuring of Public Sector Services.

- **2015 Hiring Plans**

In order for the Services and Public Entities' real needs to be satisfactorily covered so that Public Administration's goals can be achieved and implemented in terms of performance and efficiency under the present financial circumstances, giving particular emphasis to the sectors of Health, Education and Controlling Authorities, the 2015 hiring plans of regular staff have been developed.

- **Completing hiring procedures of appointees through ASEP hiring processes**

Furthermore, our Ministry's goal is to complete hiring procedures of appointees as Public Sector's regular staff, through ASEP hiring processes who are included in final appointees' tables published after January 1st, 2009. More specifically, appointees will have the possibility to be appointed in Services or Public Entities other than the ones initially selected, thus evaluating the arising needs in all Public Administration's Services and Entities.

The afore mentioned procedure will provide for the satisfaction of pending functional needs of the entities as far as regular staff is concerned, without initiating time-consuming hiring procedures with further financial burdens. The so called action will gradually be concluded by December 31st, 2016, attaining thus the efficient allocation of all appointees in core Services, listed in final tables published by ASEP. As far as 2015 new hirings, the rule already implemented 1 hiring to 5 exits will be thoroughly observed.

7. **Census**

As far as Census is concerned, the Ministry of Interior and Administrative Reconstruction has 2 key objectives for 2015. Firstly, to complete the registry of the staff of state legal entities of private law who haven't yet been registered. Secondly, to put into operation in May a new application, which will allow connecting every new permanent or temporary employee to the allocation decision than has been given according to the annual staffing plan. This way we will achieve the integrated control of the implementation progress of the staffing plans for the year 2015.

4.5 Reforms on simplification of procedures, One Stop Shops and Citizens Service Centres (CSC-KEP)

- **Abolishment of the requirement to submit original or certified copies**

By article 1 (2b) of Law 4250/2014 (G.G. 74/A'/26.03.2014) it is stipulated that citizens and business have no longer the obligation to submit original copies or certified copies of the documents issued by all the services, entities and bodies of the public and the wider public sector in all their transactions with the Government and henceforward simple,

legible photocopies shall be submitted and are accepted by the abovementioned services and bodies.

- **Abolishment of the licensing system for a number of business activities and replacement with the Notification System**

By virtue of three Common Ministerial Acts published in the National Gazette in December 2013¹ and one in January 2105² the licensing system in 25 activities was abolished and replaced with an innovating Notification System.

According to the aforementioned Notification System, natural or legal persons starting up a business submit a solemn declaration statement together with a compliance document to the competent public authority, taking full responsibility for abiding by the rules that are set by the existing legal framework and concern their business' operation. Ex ante inspections are thus replaced with ex post inspections, so that the businesses' lawful operation is better guaranteed on a continuous basis. Starting up a business becomes the entrepreneur's responsibility while the protection of public interest remains under state control. Once the administration is notified of a business' start up, the business can operate straight away.

In summary, the main characteristics of the Notification System are the following:

- no submission of required documents by the businessman (except for the written statement and the compliance document),
- no ex ante inspection by state authorities,
- no processing of documents by the public service,
- no issuance of any kind of license, and
- immediate business operation.

The licensing procedures that were abolished at the "pilot" stage of the Notification system regarded low risk activities. "Low risk" refers to small number of customers/visitors and an absence of risk factors such as food preparing or other hazardous equipment (ovens etc.), gas or fire for cooking etc.

The activities that can commence by the signing of a simple notification paper are by now the following:

- a) Health regulated establishments selling packaged food and beverage (without sitting customers/ without equipment for baking and preparing food), such as: fruit and vegetables, poultry and poultry products, eggs, fish (fishmonger's), milk and dairy products, frozen products, coffee (as well as preparing coffee for passing by customers), oils and fats, groceries, baked bread (without a bakery within the shop), cooked meals (without equipment for preparing and baking food within the shop), confectionary and pastry products, nuts and dried fruit, bottled and canned

¹ DIADP/F.A.2.1/34824/27-12-2013 (FEK 3402 B), DIADP/F.A.2.1/34825/27-12-2013 (FEK 3403 B), DIADP/F.A.2.1/33565/9-12-2013 (FEK 3169 B)

² 323/4883/16-1-2015 (FEK 163 B)

drinks (wine shop/liquor store), cheese and deli meat (cold cuts), meat and meat products (butchery) as well as selling ice-cream, soft drinks, chocolates, biscuits etc. in other commercial stores (i.e. in a toy shop)

- b) Establishments providing health regulated services, such as: Hair salons, nail shops, tattoo studios
- c) Gyms and sports schools
- d) Pest and rodent control in houses

It should be stressed that an important feature of the Notification System is the “standardization of processes”. The term standardization refers to: a) the collection of each procedure’s prerequisites on a unique paper and b) the designing of a homogeneous form with a common layout for all notification processes.

All the prerequisites of each procedure deriving from the relevant legal and regulatory framework are presented in a simple, plain language so that they become easily accessible and understood by all potential entrepreneurs. Furthermore, the very same list of prerequisites (clearly included in the notification standardised form) is obligatorily used by inspection authorities, so that transparency is safeguarded. No civil servant is anymore allowed to interpret the legal and regulatory framework in his own way. Thus, imposing fines and penalties is instead based on solid and transparent data known, equally and clearly, to every interested party.

- **Extension of the ex officio search of all supporting documents - On line issuance of certificates**

By the new provision of law that is now being elaborated, the ex officio internal search is now extended to all the certificates which are issued by public services, local authorities and public law bodies/entities and are required by the competent authority as supporting documents for the issuance of an administrative act. The new provision will apply both to citizens and business. Furthermore it is stipulated that supporting documents that can be issued through central IT Systems can be requested online from Citizens’ Service Centers (KEII) and competent authorities after interoperability is established with the IT Systems mentioned above.

- **Citizens Service Centers (KEPs)**

Online connection of KEP with public sector databases results in dramatic reduction of bureaucracy, repeated visits and service time. Citizens and businesses can now receive some of the most essential public sector services with just one visit.

Available today:

- Inclusion in reduced rate electricity invoice
- Issue of e-voucher for Government services (e.g. passport issue)

- Issue of documents from the National Citizen's Registry (birth, marriage certificates etc)

The purpose of the planned Reform proposals is to meet the realities of the current economic and social situation of the country and will also contribute to the necessary amendments and improvements of the education and training systems.

During the six-year period 2009-2015, the reduction of the funding of educational structures and activities has amounted to 36%. This had destructive short-term and long-term impact on both the quality of infrastructure and educational functions, primary and supportive ones. As regards the quality of infrastructure, there were no possibilities of maintenance and modernisation. A prominent example is the creation of 25,000 vacancies of teachers for the operation of schools in primary and secondary education. Similar problems characterize the structure and operation of tertiary education.

5.1 Main pillars of educational policy

Within the framework of the National Reforms Programme for 2015 and in order to correspond to the constantly changing needs of the educational system, the basic axes of government policy are as follows:

- a. better use and rational allocation of resources
- b. optimal use and further development of human resources
- c. improvement of efficiency and simplification of managerial procedures.

More specifically, particular attention will be given to :

- The functional unification and organisational restructuring of the Directorates and Units of the former Ministries of Culture, Education, Religious Affairs and Lifelong Learning and the General Secretariat for Research and Technology into one single operational structure.
- The organizational and functional restructuring of regional services and supervised organizations with the aim to optimize the use of human resources and reallocate resources to improve efficiency.
- The evaluation of policy measures of the National Reforms Programme (NRP) of past years.

5.2 Coherent policies to achieve the “Europe 2020” educational targets

5.2.1. Early School Leaving (ESL)

- Adoption of a national strategic policy framework for ESL that:
 - is based on scientific data;

- covers the relevant education sectors;
 - focuses especially on socially vulnerable groups (EKO);
 - encompasses measures of prevention, intervention and compensation;
 - includes all policy areas;
 - encourages participation of all relevant bodies that are involved in addressing ESL.
- Establishment of a system to collect and analyze information on ESL which provides sufficient database to develop targeted policies and monitoring developments. The DIOFANTOS CTI has not yet completed the design and implementation of the application as well as the data collection process according to the recommendations of the Institute of Educational Policy (IEP). In IEP, an ESL Observatory has been established, through which the data and indicators on early school leaving will be analysed. 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 foresees development and implementation of measures to combat early school leaving and reduce ESL rate.

5.2.2. Improving the quality and effectiveness of school education

The political intervention focuses on the human resources of education and training and in particular on their development of skills, the introduction of innovations, the consolidation of modern pedagogical approaches and the use of “digital technologies” 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.).

➤ Technical Vocational Education (TEE) – Apprenticeship Programmes

Indicatively, the following activities are underway:

- Apprenticeship Programme of Technical Education Graduates for attainment of work experience
- Apprenticeship Programme of Public Vocational Schools Graduates (EPAL and EPAS) of the Ministry of Education for Attainment of work experience
- Apprenticeship Programme for Technical Education Graduates
- Design, implementation of web platform and accompanying language technology tools to support teaching Modern Greek in T.E.E.
- The pupils of Vocational Schools – EPAL and EPAS moving closer to the labour market: Entrepreneurship Competition.

More specifically, the objective of the “Apprenticeship Programme of Technical Education Graduates for Work Experience” is essentially the provision of scholarships to Technical Education Graduates for experience through apprenticeship of a few months (from 2 to 6 months) in the production sector and especially in companies that are relevant to the graduates’ studies. In this way, the graduate can enhance his/her knowledge and skills and, therefore, enter the job market much easier.

➤ **Teacher Continuing Professional Development (CPD)**

a. In-school CPD

There are seminars planned which entail the following thematic cycles:

- Contemporary Theories of Learning and their application in the Education practice
- School and Crisis Management
- Innovation Management in the Educational Community
- Social Inequalities and the Role of School
- Organisation and Management of Educational Units
- School, Career Guidance and Employment
- School, Racism, Xenophobia and Democratic Responsibility
- School Violence and Juvenile Delinquency
- Vocational Education/Training and the Apprenticeship Method
- Implementation Methodology and Quality Assurance

b. Teacher CPD to harnessing ICT in education

The programme aims at training 27,500 teachers of primary and secondary schools in the use of Information Technologies and Communications (ICT) in the teaching practice. There have already been five periods of Training on Second Level, based on the traditional model of training and a period under the mixed model of learning (blended learning). A total of 21,285 teachers have been successfully trained. In addition, 60,000 teachers in primary and secondary education, regardless of subject specialization, are expected to attend induction training on ICT. In this way, they will become proficient in harnessing digital infrastructure that will be available to schools in the near future and

particularly the interactive whiteboards, educational platforms, repositories' collections and provision of digital material.

5.2.3. Promoting equal access to school education

The aim is to increase participation in pre-primary, primary and secondary education with targeted actions and in favour of children with disabilities, as well as children who come from families with low income or/ and EKO. In this direction, various measures for the eradication of discrimination are adopted, such as positive discrimination measures and interventions in the overall school operation by extending the operation of all-day schools. In addition, 'second chance' education is provided for the completion of the 9-year compulsory education, which is based on the principles of adult education.

➤ Upgrading and increasing participation in early childhood 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

There are plans to design and develop accessible educational and teaching aids for students with disabilities. Special Education School Units will be restructured and converted into Support Centres. Networks will be established as well as Committees for diagnostic purposes.

Finally, a programme of measures of individual support to disabled pupils will be introduced through the use of New Technologies and existing educational materials in digital form, so that education can meet the needs of all students.

➤ 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.

5.2.4 Rationalizing and modernizing higher education

A new map in Higher Education and Research will be designed according to academic and spatial-planning criteria interrelated to the national development plan. On this basis, the operational of needs as well as the personnel's needs of each Higher Institution will be identified on the basis of the number of students and the academic importance of each scientific and technical relevance to the development plan of the country.

➤ IMPROVING THE QUALITY AND EFFECTIVENESS OF HIGHER EDUCATION

It is planned to review the actions of Universities and TEI of the country to upgrade and rationalize higher education according to academic, scientific, social and developmental criteria in the direction of regional decentralisation and maintenance of the institutions' academic character. This process will take place with the participation of the academic community and consultation with stakeholders and local communities and requires sufficient time to be fully implemented. This will involve the progressive implementation of the assessment and the provision of transitional stages.

➤ PROMOTING EQUAL ACCESS TO HIGHER EDUCATION

Policies are adopted 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.

5.2.5. Rationalising 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.

ENHANCING SKILLS AND COMPETENCES OF ADULT POPULATION

The enhancement of knowledge, skills and competences of Human Capital is characterized as necessary and can be achieved through the development of new skills programmes – with emphasis on horizontal skills – through a system of incentives for the promotion of adult participation in lifelong learning programmes and through the implementation of a national system that will provide qualifications certification and certification of non-typical education and informal learning.

- **National strategic policy framework for Lifelong Learning 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 in September 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.

5.2.6. Improving the correlation between education-training and the labour market.

The reform of programmes of initial vocational learning IVET is pursued so as to adapt to the needs of the labour market, especially in sectors and actions that are decisive for future development. Moreover, another goal is the enhancement of the relevance between educational and training systems, the labour market and companies, as well as the improvement of lifelong counseling and guidance in all education and training levels.

- **Implementation of national strategic policy framework to improve the quality and effectiveness of vocational education and training (VET), which include measures:**
 - to improve the relevance of VET systems with the labour market 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**
 - to redesign the Apprenticeship Programmes for 150 specializations/professions
 - to improve the curricula, enhance the syllabus and elaborate the textbooks of all specializations
 - to provide practical training in Maritime Academies
 - to develop and implement the apprenticeship programmes for IEK graduates.

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

The goal to increase the employment rate in the working group of 20-64 to 70% cannot be realized without restarting the economy within the framework of a strategic restructuring. Moreover, the decline in economic activity due to the austerity policies have negatively impacted the employment rates and the labour market in general which is evident from the high unemployment rates, especially among youth, and from the trapping of large number of workers in businesses that pay wages after long delays. The said businesses either manage to survive in a situation of reduced activity, or benefit from the general weakening of the workers' position in order to achieve a short term higher profit.

The precarious situation of a large number of workers and unemployed, the successive amendments of the labour law towards the individualization and decentralization of labour relations, and the uncertainty that characterized so far the business perspectives, have favored the development of part-time or temporary forms of employment in combination with variations of informal or undeclared work, mainly against youth. These conditions, as regards the working world, are factors hindering the enhancement of productivity and competitiveness of businesses, but also their responsiveness to the needs of restructuring through investments, their efficient organization and their ability to adopt new technologies and innovation.

Despite signs of stabilization in 2014, the labour market situation in Greece still remains worrying. According to Labour Force Survey (LSF) data provided by the Hellenic Statistical Authority (EL.STAT.), employment (for the age group above 15) in 2014 recorded a slightly positive growth, following significant declines in the previous years. Moreover, the total number of unemployed (ages 15+) decreased in 2014 and the unemployment rate registered a marginal decline.

In particular, the average number of employed (aged above 15) increased by 0.7% in 2014 vs. 2013 [or by 23 thousand people to a total of 3,536 thousand people in 2014], following a 4.9% decline in 2013 vs. 2012 and a 8.9% drop in 2012 vs. 2011. Moreover, the average number of unemployed (aged >15) decreased 4.2% y-o-y in 2014 [or by 56 thousand people to a total of 1,274 thousand people in 2014], following a y-o-y increase of 11.3% in 2013 vs. 2012 and a y-o-y increase of 35.5% in 2012 vs. 2011. As a result, the total unemployment rate declined to 26.5% in 2014 from 27.5% in 2013 – according to EL.STAT. LFS data.

However, it should be noted that:

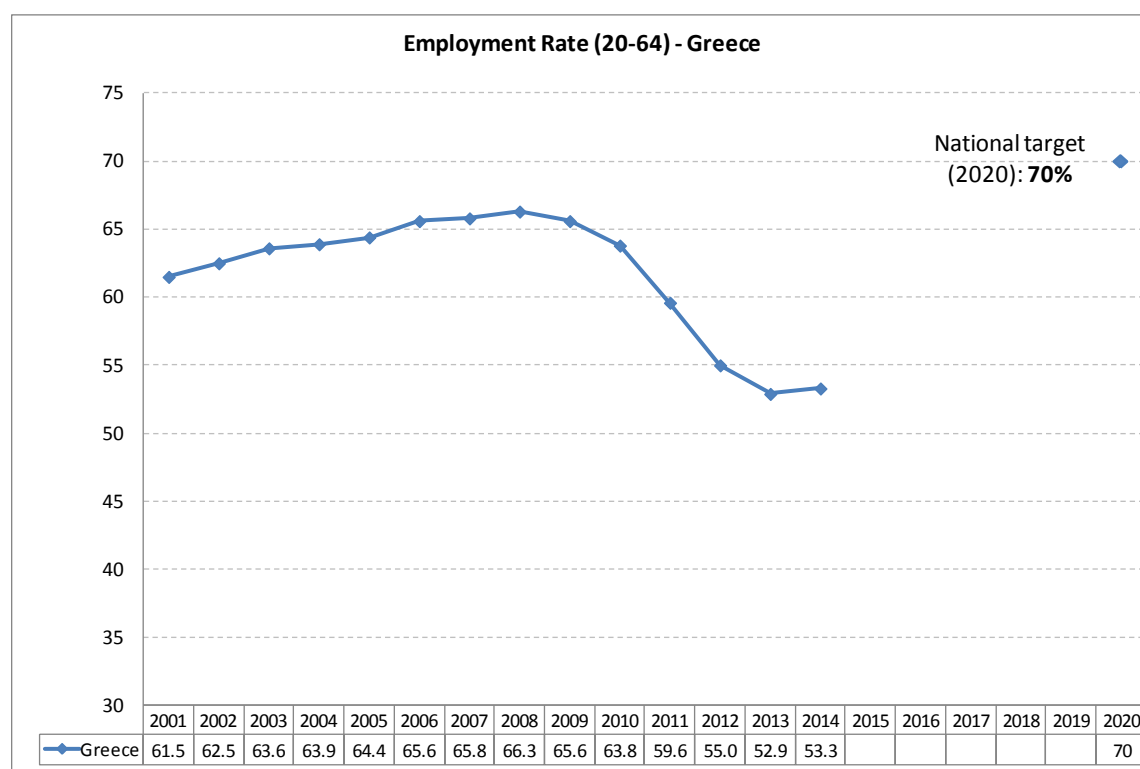
- The recession has taken a heavy toll on employment as between 2008 and 2014, 1,074 thousand jobs were lost [implying a 23.3% drop in employment (ages 15+) in the respective period] – according to EL.STAT. data.

It is worth to mention the thousands of trapped workers, who were working in enterprises which have ceased operating, have not paid the salaries of workers for a period several times from 12-24 months and these workers as they have no termination of employment contracts are not entitled to receive unemployment benefit. Taking measures for these "workers" is particularly difficult because the funding of relevant actions, for example by the European Globalisation Adjustment Fund, requires the prior termination of employment contracts.

- The total unemployment rate (15+), which rose from 7.8% in 2008 to 27.5% in 2013 or 26.5% in 2014, still remains at very high levels, well exceeding the EU-28 average, while the number of long term unemployed has risen to alarming levels.
- The significant drop in employment in the 2008-2014 period was not accompanied by a respective decrease in the labour force (active persons). The labour force (ages 15+) declined by 3.8% in the 2008-2014 period. In particular, labour force registered a 0.7% decline in 2014 compared to 2013, following a 1% drop in 2013 vs. 2012
- The employment rate (for the 20-64 age group), although it marginally improved to 53.3% in 2014 from 52.9% in 2013³, it still remains at low levels. The 2014 employment rate figure of 53.3% (for the 20-64 age group) implies a 16.7 pps distance from the 2020 national employment rate target of 70%.

³ The employment rate for women (20-64) increased to 44.3% in 2014 from 43.3% in 2013, while the employment rate for men posted a marginal decline to 62.6% in 2014 from 62.7% a year ago.

Graph: Employment rate (20-64 age group) evolution in Greece, 2001-2014 period, and the 2020 national employment rate target (%)



Source: Hellenic Statistical Authority – LFS data elaboration

Employment characteristics

The 0.7% y-o-y increase⁴ in total employment (ages 15+) in 2014 (driven by an increase of female employment⁵) is mainly attributable to the rise in the number of employees. Indeed, the number of employees, for the first time since 2008, recorded a positive growth of 2.3% in 2014, following a total decline of 26.1% in the 2008-2013 period.

Salaried employees account for 64% of all employed people in 2014 [2,264.4 thousand persons on average] – a share that is well below the European average. Moreover, self-employed without personnel correspond to 24.9% to total employed in 2014 (the number of own account workers recorded a 1.3% decline in 2014 on an annual basis), self-employed with personnel account for 6.3% of total employed (the number of employers fell by 4.3% in 2014), while assistants in family enterprises correspond to 4.7% to total employed [the number of assistants in family enterprises fell by 3.3% in 2014, or by 39% in the 2008-2014 period due to the closing of small, family businesses].

As regards employment developments by sector of economic activity, the accommodation & food service activities sector (8.4% of total employment in 2014) posted a 14.6% y-o-y

⁴ Female employment corresponds to 41.9% of total employment (15+) in 2014.

⁵ 2.2% y-o-y increase in women employment against a 0.4% decline in male employment (15+) in 2014

increase in 2014, in terms of employment, based on EL.STAT. data (following a decline of 4.7% in 2013), a development which is associated with the favourable performance of the tourism industry in the respective period. It is worth mentioning that 24% of young people aged 15-24 are employed in this sector. Education, administrative and support service activities, entertainment and recreation, and mining & quarrying also exhibited positive growth rates in 2014. On the other hand, negative growth rates are found among the following branches of economic activity: manufacturing (-2.5% y-o-y, 8.9% of total employment), construction (-6.6%, 4.3% of total employment), agriculture (-0.2%, 13.6% of total employment) and wholesale and retail trade (-0.8%, 17.7% of total employment), among others. In other words, negative growth rates were recorded in sectors that could have had a predominant role in the *country's productive reconstruction*.

As a result, the number of employed working in the primary sector posted a marginal decline of 0.2% in 2014 (13.6% of total employment), the number of employed in the secondary sector registered a 3.1% decline (15% of total employment), while the tertiary sector exhibited a 1.7% increase (71.5% of total employment).

The share of **part time employment** (ages 15+) increased in 2014, accounting for 9.5% of total employment, up from 8.5% in 2013 and 5.7% in 2008. 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, exceeding 66% in 2014. Part time employment is widespread among young people aged 15-24 (21.9% in 2014 from 21.1% in 2013) and specifically among young women aged 15-24 (26.2% in 2014). The share of **temporary employees** as percentage of the total number of employees also increased in 2014 (including for the youth). Moreover, according to data (private-sector dependent employment flows) provided by the Labour Ministry's IT System 'ERGANI', 50.46% of new recruitments in 2014 concerned part time or job rotation contracts (46.14% in the 1/3/2013-31/12/2013 period).

Unemployment characteristics

Total unemployment rate declined by 1pps in 2014, however, the rise of long term unemployment to unprecedented high levels is challenging; an issue of major concern. Specifically, the share of "long term" unemployed (that is people who have been looking for a job for more than one year) to total unemployed people increased to 73.5% in 2014 from 67.1% in 2013 [ages above 15], according to EL.STAT. data. This percentage (73.5%) is the highest in EU-28, while the longer the unemployment, the more difficult it gets to find a job (risk of skills deterioration / obsolescence). Long term unemployment (% of total unemployment) is 60.1% among young people (15-24) vs. 52% in 2013.

Moreover, the unemployment rate is higher among persons with lower educational attainment level while, in the 2008-2014 period, the impact of the crisis and the recession has been particularly significant for people with lower educational attainment levels.

By observing the unemployment rate for different age groups, we notice that the highest unemployment rate is recorded among young people aged between 15 and 24 years. Since the beginning of 2013, we observe a declining trend in the youth unemployment rate. Youth unemployment rate (15-24) reached 52.4% in 2014⁶, lower than a year ago (58.3%). The number of unemployed (15-24) declined 12.7% in 2014, the number of employed increased by 10.8% and the labour force dropped by 2.9% in 2014. Young unemployed amounted to 160.4 thousand people in 2014 (vs. 183.6 thousand in 2013), accounting for 12.6% of total unemployed (vs. 13.8% in 2013). Greek young people in the 15-24 age group exhibit lower activity rates than older people (28% in 2014 as compared to 41.7% in EU-28), which is partly attributed to the fact that young people in Greece do not combine studies with work. The activity rate of young people (15-24) has dropped 2.1 pps in the 2008-2014 period.

Unemployed people aged 25-29 accounted for 17.5% of total unemployed in 2014 (vs. 18.5% in 2013), while unemployed in the 30-44 age group 42.4% (vs. 42% in 2013).

Unemployment rate by sex, age, LTU in Greece (%)

Unemployment Rate	2014 Q1	2014 Q2	2014 Q3	2014 Q4
15-24 age group, Total	56.7	52.0	49.5	51.5
15-24 Men	52.6	47.1	43.3	46.6
15-24 Women	61.5	57.5	56.6	56.9
Unemployment Rate	2014 Q1	2014 Q2	2014 Q3	2014 Q4
15-74 Total	27.9	26.6	25.6	26.1
15-74 Men	25.0	23.6	22.7	23.3
15-74 Women	31.5	30.4	29.2	29.6
Long term unemployment	2014 Q1	2014 Q2	2014 Q3	2014 Q4
15-24 Total	59.5	59.9	61.9	59.3
15-74 Total	71.4	74.4	75.4	73.0

Source: Eurostat

⁶ Unemployment rate for men (15-24) decreased to 47.4% in 2014 vs. 53.8% in 2013, while unemployment rate for women (15-24) declined to 58.1% vs. 63.8% in 2013.

Employment situation, 15-29 age group, 4th quarter 2014/ EL. STAT.

	age		
	15-19	20-24	25-29
employed	16.275	130.669	316.348
Unemployed but participating in education	2.930	14.485	15.071
Non active but participating in education	414.138	229.587	39.871
NEET, unemployed	15.509	123.067	205.864
NEET, non active	84.351	54.043	53.247

6.2 Labour market reforms

The implementation of policies aiming at the reconstruction of production and the increase of employment require interventions which will upgrade the workers negotiating ability and the level of minimum wages. Within this framework, a more efficient operation of OAED, the better utilization of ERGANI system, as well as an agreement between the social partners in the fight against undeclared work, will be sought.

6.2.1 Reforms in collective bargaining legislation

The Ministry of Labour is working to reshape the framework for collective bargaining, in consultation with the social partners, towards the strengthening of the institution and the enhancing the mechanisms of mediation and arbitration. The legislative initiative of the Government aspires to lift the previous restrictive legislative interventions, that violate the International Convention No. 98 and a series of other fundamental conventions ratified by Greece (ILC 87, 154, 81, 95, 100, 111, 122, 138, 150 156, 102), deconstruct labour relations and the social aquis, affecting the labour rights and the income of workers.

6.2.2. Determination of the minimum wage

Re-determination of the minimum wage in the private sector is promoted, following a dialogue with the social partners. The national general collective labour agreement will be the instrument for setting the minimum wage at national level. The said agreement will have for all its terms universal application. The gradual reintroduction of the legal framework concerning collective bargaining will favour the increase of the minimum wage at the same time preventing and absorbing shocks to the labour market.

6.2.3. Creation of a permanent mechanism for the diagnosis of the labour market needs

The Ministry of Labour is promoting the development of an integrated, sustainable and efficient system, as a permanent mechanism, which would enable the diagnosis/prognosis of skills and professions requested by the labour market, in order to achieve better labour

demand targeting and effectiveness of employment and vocational education/training policies.

To design and implement the diagnosis of the labour market needs system, an Action Plan -in cooperation with the social partners- has been developed, submitted to the European Commission and is currently being redesigned in order to be improved. The first output of the mechanism will be available in June 2015 in interface with the information system of the Ministry of Labour "ERGANI".

6.2.4. Information system "ERGANI"

The IS "ERGANI" records digitally paid employment flows in the private sector of the economy, reflecting, in real time and in every region of the country, critical elements of the labour market. It is a valuable statistical data collection tool, and also a mechanism improving the design and the effectiveness of employment and social protection policies as well as the control of undeclared work.

In a continuing effort to make best use and further develop the IS ERGANI, the Ministry of Labour is implementing adjustments of the IS towards:

- Further simplification of procedures under the competence of the Labour Inspectorate.
- Monitor and control of the implementation of programmes co-financed by the ESF (apprenticeship, training and public works scheme).
- Completion of the interoperability between all ISs of the Ministry of Labour and the IS of the General Secretariat of Informative Systems of the Ministry of Finance.

6.2.5. Simplification of procedures and reduction of the administrative burden on enterprises

The following have been adopted towards the modernization of the functioning of the Ministry of Labour and a more qualitative provision of administrative services to employees and employers:

- Mandatory electronic submission of labour reporting requirements by employers to the Greek Manpower Employment Organization (OAED) and the Labour Inspectorate (SEPE) through the IS "ERGANI", as from 01.03.2013.
- Abolition of the "special registration book of newly recruited staff" for businesses, since the information contained therein is included in reporting, filled in electronically by employers in the IS ERGANI.
- Further adjustments in functions of the IS ERGANI: FormE3: Single Declaration Recruitment Form/ batch mode data entry, etc.

-Simplification of the content of workers leaves' book kept by employers and obligation of the employers to report annually electronically aggregate data for the granting of leaves to their employees in the IS ERGANI.

-Abolition of the "Special working schedule modification and overtime Book" and replacement of it with the "overtime Special Book" and electronic recording of hours or modification of the organization of working time in the IS ERGANI.

-Introduction of electronic procedures in the Public Employment Service (e.g. granting special password at the issuing of unemployment card and electronic renewal of unemployment card).

-the "Digital one-stop shop" project of the Ministry of Labour, which has been contracted and is now at the implementation phase, will enable several on line transactions between citizens and the Ministry of Labour.

6.2.6. Combating undeclared work

An organized, continuous and systematic effort to tackle undeclared and uninsured work is in progress, which includes:

-Design and implementation of an integrated operational action framework

-Intensification of controls especially in sectors and activities of high delinquency, including targeted, administrative controls, utilizing new, modern information infrastructures of the Ministry of Labour (especially the IS ERGANI)

-Inspections conducted by joint teams consisting of the Labour Inspectorate, the Special Insurance Inspection Body (IKA-EYIIEA) and the Financial Police Inspectors

-Enhancement of Control mechanisms of the Ministry of Labour: Expanding the competence of the Special Insurance Inspection Body to examine not only incidents of uninsured labour, but also undeclared work.

Among the government's priorities is to combat delinquency in the labour market and particularly undeclared and uninsured work. To this end, the following are promoted:

-Negotiation with the relevant trade unions and employers' organizations and local authorities.

-Set of incentives, disincentives and institutional interventions, based on effective European good practices

-Upgrading and staffing of competent control mechanisms of the Labour Inspectorate and the Social Security Organization as well as modernization and further exploitation of technological means to combat the phenomenon.

According to the results of targeted inspections for undeclared work carried out by joint teams of the Labour Inspectorate and the Special Insurance Inspection Body in the period from 1 January 2014 to 31 December 2014, under the operational plan "ARTEMIS", audits have been conducted in 27.635 enterprises. Among these firms, 3.827 (percentage 13.85%) were found to employ undeclared workers. Specifically, at a total of 135.566 employees, in the companies where audits were conducted, 6.177 were undeclared workers (percentage 4.56%).

6.2.7. Redefining the business model of OAED (Public Employment Services)

The plan to redefine the operational OAED model is expected to contribute to:

- the increase of the efficiency and effectiveness of the Public Employment Service
- improving openness and service provided by the Agency
- strengthening of mechanisms and tools to support and facilitate access of job seekers to the labour market
- the better targeting of efforts and programmes of the Organization in order to maximize their effectiveness depending on the actual needs and labour market conditions
- sustainable and sustained labour market integration of young people, both through apprenticeship programmes and through enhanced support to youth entrepreneurship
- enhance resilience and mobility of job seekers so they can respond to changes in the working environment
- developing collaborations and partnerships between the Employment Agency and private sector stakeholders, employers, social partners and other stakeholders in the fight against unemployment and
- the upgrading of design and evaluation processes of Active labour market Programmes, with measurable targets for improving efficiency and effectiveness.

The program is structured in the following type of actions: (a) Redesign Process, Roles and responsibilities of the Agency, (b) upgrading of services and policies, develop tools and partnerships procedures, (c) upgrading information systems and applications, (d) apprenticeship's actions implementation support and (e) employee and Employment Agency executives training schemes

6.2.8. Support to the long-term unemployed

In order to strengthen the grid protecting the most vulnerable social groups and to achieve greater dispersion of the social benefits, the age range of beneficiaries of the special

benefit for long term unemployed was expanded as from 01-01-2014 -in addition to the unemployment benefit already received. The long-term unemployed allowance is now paid to all age categories of the unemployed (beneficiaries aged 20-66 years instead of 45-65 years previously provided for).

It is noted that the long-term unemployed (i.e. those seeking employment for 12 months or more), make up 73.5% of all the unemployed in 2014. In particular, the number of long-term unemployed in the fourth quarter of 2014 amounted to 909.4 thousands of whom 383,400 belong to the age group 30-44 years (180 700 men and 202 700 women), who despite the fact that they have already working experience and skills, remain outside the labour market. Considering the afore-mentioned data and as regards the design of the new employment programmes, the total unemployment duration, the variations by age group and the income distribution will be taken into consideration in the awarding of points to the applicants.

6.2.9 Upgrading the institution of Apprenticeship

The new institutional framework aims to strengthen the linking of vocational education and training with the labour market and the economy. The Ministry of Labour is in close cooperation with the Ministry of Education and OAED (Public Employment Service) in order to complete the reform of vocational education, training and apprenticeship.

6.3 Employment policies

As mentioned above, the impact of the last 6 years of economic recession has been significant, causing dramatic social changes and deterioration of social structure in Greece (unemployment rate at 26,5%, youth unemployment 52,4%, child poverty 28,8%). 73% of unemployed persons are long-term unemployed, whereas there are 350.000 households without an employee. According to recent research, the poverty rate among employed persons reached 16,5% while the poverty rate among unemployed reached 46,5%. It is worth noting that there are areas which suffer from unemployment rates that far exceed the national average. To tackle poverty we must effectively tackle unemployment.

Greece fully utilizes the resources of the Structural Funds, through the Partnership Agreement (PA), which however are not sufficient to address the real needs. Moreover, the resources left until the end of the programming period for the implementation of actions result in a drastic reduction of the intervention capacity to combat unemployment. Specifically, funds for subsequent years shall be reduced by 80% per year compared to 2015 resources.

The employment programmes should be adapted to the needs revealed by the design of the reconstruction of the production, to labour relations and to the sustainability of the pension system. This means that the programmes that undermine respect for labour and

social security rights of workers are modified and the business subsidy programmes include a condition to respect these rights.

When designing employment programmes, there are two challenges that we face. The first is to improve the effectiveness of employment and training programmes. Especially, workplace training programmes should be aligned with labour market needs and in achieving this goal the mechanism of diagnosing labour market needs will be decisive.

The second challenge is linked to the strengthening of labor demand. Given the recessionary economic situation, it is difficult for the private sector to have the ability and create sufficient number of jobs for the huge number of unemployed. While active labour market policies improve the skills of the workforce, the problem of unemployment in Greece is mainly found in the lack of labour demand. There is an effort to address this problem through the implementation of public works scheme.

The programmes already implemented are targeted to the age group, educational level and needs of the unemployed. They are designed to maintain jobs, achieve integration and reintegration of the unemployed into the labour market, promote entrepreneurship and enhance employment and entrepreneurship of vulnerable social groups. The tackling of youth unemployment occupies a notable place among the policies designed by the Ministry of Labour being the biggest challenge both at national and European level together with the tackling of women unemployment.

Programmes for the acquisition of Work Experience

In order to enhance skills and work experience acquiring in private sector businesses, two programmes of early intervention and activation are implemented under the OP "Human Resources Development, Education and Lifelong Learning 2014-2020" for young unemployed, aged from 18 to 29 years, new entrants to the labor market(subsidies programmes through voucher):

- 12.000 beneficiaries from 18 to 24 years and
- 30.000 beneficiaries from 25 to 29 years.

By the end of 2014 the theoretical training of 6.711 (18-24) people and 18.943 people (25-29) had begun. A special Voucher in tourism industry is expected to be implemented for 8.000 people aged from 18 to 29 years.

In this context, priority is given to theoretical training and on the job training in real working environment, which potentially lead to placing the beneficiaries in jobs in the private sector in all sectors of the economy.

Aiming at strengthening beneficiaries through combined theoretical training courses, internships and mentoring, the action named "Subsidy program through voucher for the

linkage to the labor market of unemployed graduates of university and technological Higher Education Institutes" under EP "Education and Lifelong Learning 2007-2013" is implemented through OAED. More specifically, the action entails vocational training services to 13.000 unemployed graduates of university and technological Higher Education Institutes up to 29 years. Emphasis is placed on the development of horizontal skills and labour market issues through a comprehensive package of interventions, which will include both theoretical and on the job training in the private sector enterprises.

Subsidy programmes to enterprises

Alongside, subsidy programmes to create full-time jobs by providing incentives to employers are being implemented. The amount of subsidy covers part of wage and non-wage costs. In particular, the following programmes are implemented to recruit:

-7.200 unemployed graduates of university and technological Higher Education Institutes, aged up to 35 years.

-4.000 unemployed young people who were included in the "Voucher for entry into the labour market for unemployed young people up to 29 years" or in the "Voucher for the entry into the labour market for unemployed young people aged up to 29 years, in the tourism sector"

-5.000 unemployed persons aged from 25 to 66 years

-10. 000 unemployed persons aged from 30 to 66 years.

The following are also implemented:

- Program "Voucher for the reintegration into the labour market", by converting unemployment benefit in financial support for the work and training of 10.000 subsidized unemployed.

-Special two-year subsidy programme equaling the social insurance contributions' amount, aiming at recruiting 25.000 unemployed people

- Subsidy Program for seasonal hotel businesses to preserve jobs during the winter period 2014-2015.

-Program "Youth Entrepreneurship with emphasis on innovation" to promote employment by supporting entrepreneurial initiatives of 2.000 unemployed young people, aged up to 35 years.

Youth Guarantee

In the end of 2013, the Ministry of Labour, as the competent public authority drew up and submitted the National Youth Guarantee Implementation Plan (YGIP) to the European Commission, pursuant to the relevant Council Recommendation. The National Youth Guarantee Implementation Plan has been updated in May 2014.

The Youth Guarantee, funded by the Youth Employment Initiative (YEI), with a budget for Greece amounting to 171 mil. Euro (and equivalent amount from the European Social Fund) is mainly focused on supporting young people of our country, who are neither in employment, nor education or training (NEETs).

The actions of the National Youth Guarantee Implementation Plan are divided into two basic categories, Early intervention and activation actions (information campaigns, awareness raise activities) and labour market integration actions which focus on measures who facilitate entry into the labour market (training, job subsidies, support to entrepreneurial initiatives).

The Plan also includes a series of institutional interventions, which will have a positive effect on youth employment and are:

- a) development of a permanent mechanism to diagnose labour market needs,
- b) implementation of the reform in vocational training and the introduction of "Apprenticeship Class", as 4th, optional year into the secondary level education professional schools (EPAL),
- c) development of a National Qualifications Framework and skills certification system through National Organisation for the Certification of Qualifications and Vocational Guidance (EOPPEP),
- d) adoption of a new regulatory framework for mutual obligations of unemployed and public employment services.

In 2014 began to be implemented as a front-loaded action for the Programming Period 2014-2020 the aforementioned work experience program through voucher, aiming at private sector businesses to hire young people aged from 18 to 24 years. The program with a budget of 43,2 mil.€ and 12.000 beneficiaries aims at achieving a structured course of entry of unemployed youth in the labour market, which potentially leads, through theoretical training and on the job training, in jobs in the private sector.

Under the Youth Guarantee Implementation Plan, a number of sectoral actions has been drawn up and will immediately be implemented to provide unemployed youth from 18 to 24 years advisory services, vocational guidance, continuing vocational training and certification, as well as on the job training in private sector enterprises in the following areas affecting the dynamics of development: supply chain (logistics), retail trade, openness and international trade, information and communication technologies.

Also, the Ministry of Labour in cooperation with the Greek Manpower Organisation is planning actions, which mainly include:

- Adoption of a regulatory framework for mutual obligations of unemployed – employment services
- Youth-awareness and knowledge of new NEETs activities
- Visibility, awareness raising, information and publicity actions
- Focus and Intensification of the Personalised Approach process
- Apprenticeship Programme
- Experimental (Pilot) vocational training schools (PSEK)
- Internships lasting up to 6 months
- Interview Abroad (labour mobility program)
- Integrated Intervention actions: for a)training or b)employment (through creation of new jobs) or c) self-employment

Measures targeted to vulnerable population groups

Within the field of active labour market policies, special attention has been given to socially vulnerable groups for which specific measures have been designed.

A special three-year program, subsidizing insurance contributions to aid employers, is in progress, for recruiting 2,300 unemployed Persons with Disabilities (PWD), released from addictive substances, ex-prisoners, young offenders or young people at social risk, as well as the granting programme for 800 New Self-Employed, unemployed persons with disabilities (PWD), released from addictive substances, ex-prisoners. These programmes provide the opportunity for granting posts of ergonomic arrangement of the workplace accommodations for people with disabilities (PWD).

The Ministry of Labour shall ensure that the proportion of people with disabilities in employment programmes will be increased for the forthcoming time.

OAED has also created and implemented a programme subsidizing businesses to recruit young people, disadvantaged and severely disadvantaged (special categories of unemployed). The program is up to 12 or from 12 to 24 months in the case of recruitment of an employee at a severe disadvantage.

Measures for older people

Policies for supporting employment of older employed are implemented, either addressed to older people as part of the general population, either exclusively to these specific individuals.

Specifically, a program subsidizing part of the wage cost that appeals to companies of private sector for employing unemployed being close to retirement and have not fulfilled the conditions for retirement from primary insurance carrier is now in force.

Older unemployed also have the opportunity to join the program that subsidizes companies of first and second local degree (Municipalities and Regions) for employing 5,000 unemployed people aged 55-64 years. The duration of the subsidy is 24 months, and after this OTA businesses have been committed to maintaining staff for three months even without subsidy.

Promotion of employment at local level

In regions particularly affected by the economic crisis, the Local Plans for Employment (TopSA) and Local Actions Integration for Vulnerable Social Groups are implemented, which focus on job creation through the activation and mobilization of local actors across the country. OAED has been implementing a programme subsidizing businesses to recruit 10.000 beneficiaries of actions "Local employment plans, tailored to the needs of local labour markets - TopSA" and "Local actions for social inclusion for vulnerable groups - TopEKO". The purpose of the programme is subsidizing businesses to recruit 10.000 beneficiaries who have full time participated in ToPSA and Topeka programmes. The total duration of the program is set at four (4) months.

Measures with wider range of targeting.

Given the prolonged recession of the Greek economy, which has negatively affected the size of employment and unemployment, employment programmes were drawn up and implemented for broader population groups outside the labour market.

The programmes aim to improve the economic situation of the unemployed, the effective support of vulnerable social groups, to meet social needs and enhance the services provided to citizens. The beneficiaries are employed full-time for a period of five (5) months in Municipalities, Regions and other public services pursuant to Law 4152/2013.

Actions concerning the first two rounds of the programme have already been implemented (first cycle through NGOs and second Cycle through Municipalities). 90.100 beneficiaries participated in these programmes.

During 2015 the new frontloaded cycle of community service, that will benefit a total of 52.000 persons, will be implemented. Currently the first Public Invitation was published concerning the creation of 32.433 full-time jobs for a period of five (5) months in municipalities of the country. A second Public Invitation will follow concerning 20.385 positions in public sector entities. The total budget of the program will amount to 200 mil. Euro.

In designing the new cycle of public works scheme programme the conclusions of the evaluation study concerning the two previous cycles of the program were taken into account and the necessary adjustments were made, regarding the following:

- The improvement of the minimum remuneration

- Updating the proper allocation of the requested posts per municipality
- The need for further job description and of the obligations of the beneficiary
- Better information to the beneficiaries in terms of rights and obligations
- Improvement of project monitoring and control visits

b. As part of the implementation of the frontloaded actions for the new OP "Human Resources Development, Education and Lifelong Learning 2014-2020", the action training voucher for unemployed in economic sectors with mandatory guaranteed employment” is to be implemented. The objective of the action is to provide to 16.620 unemployed aged 29-64 years, mostly with low skills qualifications, continued training services in sectors that are development priorities of the Greek economy, in line with the approved new Partnership Agreement (PA 2014-2020. The total budget of the action will amount to 112 mil. Euro.

c. For the new programming period 2014-2020, the also frontloaded program “Reconciling work and family life 2014 to 2015” is implemented. In the current year cycle 2014-2015, 74.900 children have been placed in care facilities and a total of 62.200 people have benefited. The action aims to increase employment and equal participation of beneficiaries in work, by providing care and accommodation places for children, in order to achieve substantial facilitation for parents - especially women who are disproportionately affected by unemployment – and to reconcile the demanding roles of family and working life.

Main challenges in the design of new programmes

In conclusion, the aim when designing new programmes is to improve their effectiveness so that the planned interventions meet the local needs, are linked to the needs of the productive fabric and the labour market, and are targeted to the target groups’ particular needs, so that after the completion of training and employment programmes the establishment of sustainable and guaranteed jobs in the private sector and in the social economy is ensured.

Social Economy

About four 4 years ago the Ministry of Labour issuing Law no. 4019/2011 took the initiative to define the area of Social Economy, to give legal status to social entrepreneurship initiatives and to include Social Economy and Entrepreneurship activities in the scope of active employment and social inclusion policies.

That strategic choice for enhancing and strengthening the social economy sector, was made especially because in recent years Social Economy is said to have undoubtedly contributed to job creation in many EU countries. On top of all, these jobs have proven so far to be far more resilient during the on going economic crisis than conventional enterprises. It is for this precise reason, that particular emphasis is given to enabling “eco-

systems” for social economy by the European Commission in the framework of the new programming period (2014-2020), through the measures envisaged by the Social Business Initiative and through the recommended measures to boost employment to the different Member States.

The Issuing of Law 4019/2011 on "Social Economy and Social Entrepreneurship" has allowed the recognition of the Social Cooperative Enterprise (Koin.S.Ep.), as a new legal entity and has resulted in the creation of the ‘Special Service for Social Inclusion and Social Economy’ (EY KEKO). EY KEKO is commissioned with the coordination of policies and the implementation of activities with a view to enabling the Greek Social Economy “eco-system”.

The same law established the ‘Registry Department of Social Economy’ within the Ministry of Labour Social Protection Directorate. Furthermore, EY KEKO elaborated the content of the Ministerial Decision 2.2250 / no. 4.105 (Official Gazette 221/2012) regarding the operation of the Registry of Social Economy. More than 700 social enterprises have so far been enrolled in the Social Economy Registry. To sum up, one could argue that the minimum required institutional framework has been in place so far enabling the creation of the first bulk of Social Cooperative Enterprises in Greece.

In addition, following Law 4019 the General Secretariat for Community Resources and Other Funds and EY KEKO, in cooperation with the European Commission and the contribution of Greek and international experts have altogether drafted the Strategic Plan for the development of Social Entrepreneurship with a view to enabling a favorable environment for the development of Koin.S.Ep.

The so called Strategic Plan has three complementary axes of action, the very first of which is about supporting the social economy sector, through:

- the creation of the Central and Regional Support Structures for Social Enterprises tailored-made to local needs
- the promotion of institutional interventions, such as making the best of the public procurement processes, the promotion of inter-ministerial and strategic partnerships with Social Enterprises, stakeholders, the EU, etc.
- the creation of a National Observatory on the Social Economy
- widespreading the idea and prospects of Social Economy.

In the aforementioned context, Capacity Building Seminars have already been carried out in Athens, Thessaloniki, Ioannina and Heraklion, an artistic contest to select the Social Economy logo has been successfully held, an International Conference on Social Entrepreneurship took place in Heraklion, Crete, in the framework of the 2013 Greek Presidency.

The operational activities of the Strategic Plan have already resulted in the delivery of specific results, such as the workings of the Central Support Mechanism. In 2014 EY KEKO announced a Call for Proposals regarding the creation of 13 regional Support Structures all over Greece.

The above call has a total budget of 19.466 million euros.

Within the strategic vision of the newly-formed government, Social and Solidarity Economy (henceforth SSE) has a central role not only as a strategy against unemployment and social exclusion, but as an horizontal priority for the transformation of economy towards meeting social needs and for the promotion of cooperative democratic productive enterprises. In this framework, the newly formed strategy envisages:

- The formulation of concrete proposals for an improved function of the Ministry of Labour with regard to the promotion of SSE (design, monitoring and evaluation of policies and programmes, coordination and organization of involved agencies).
- Inter-ministerial coordination for the promotion of SSE (delegation of contact persons per ministry in order to facilitate intergovernmental coordination).
- The promotion of necessary legal and institutional reforms (modification of presidential decree for the operation of the Social Economy Registry, modification of Law 4019/2011 towards the regulation of employment relations, strengthening the democratic operation of social cooperative enterprises, provision for the transfer of bankrupt enterprises to cooperatives of former employees given the fulfillment of certain criteria, unification of cooperative legislation in Greece, resolution of compatibility problems between employment and social protection of vulnerable social groups in cooperative enterprises).
- Creation of a favorable financing system for cooperative enterprises making use of available and new funding tools (grants, loans from the cooperative banking sector, other funding instruments, creation of a Social Economy Fund according to Law 4019/2011).
- The simplification and unification of tax policy concerning SSE entities.
- The design and supervision of a unified database for all SSE entities (improvement and enlargement of the scope of the Social Economy Registry).
- The formulation of a cooperation framework between the wider public sector and SSE entities (public procurement with social clauses, granting of space and equipment, programmatic agreements).
- The gradual development of a Social Economy Institute with the mandate to support policy design and implementation monitoring.
- The provision of specialized advisory services for the design, monitoring and evaluation of existing programmes in the field.
- The provision of specialized advisory services for the design, monitoring and evaluation of new programmes during the new programming period (2014-2020).

6.4 Poverty targets

The Greek Ministry of Labor, Social Security and Welfare has set up three national targets in October 2010⁷:

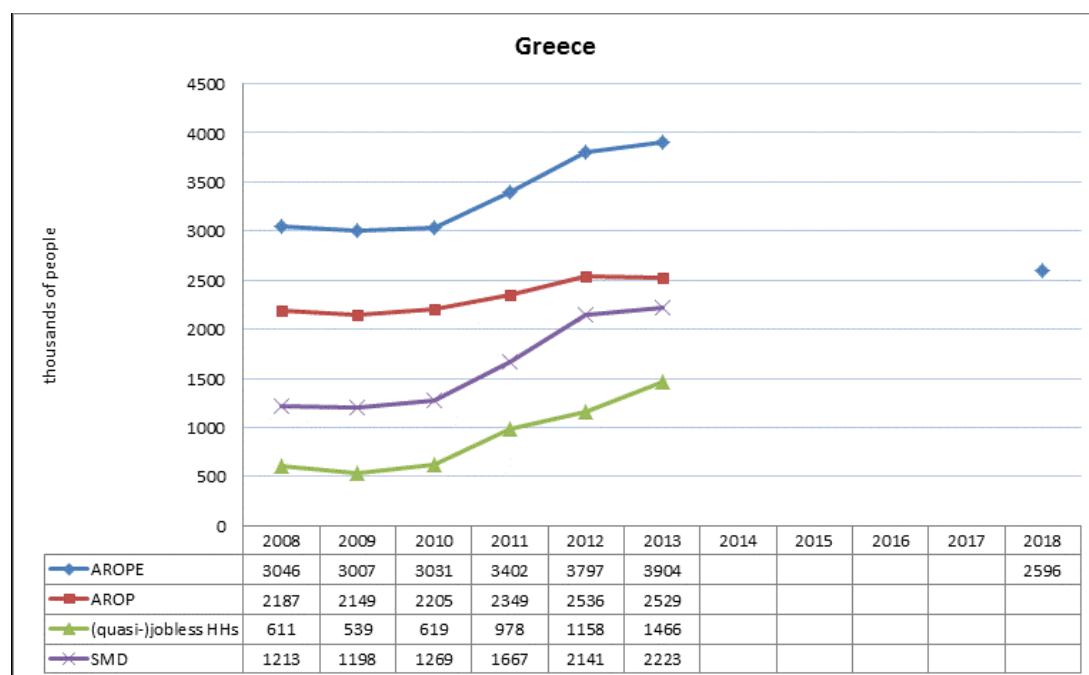
- 1) Reduction in the number of people at risk of poverty and/or social exclusion⁸ by 450.000 by 2020 which means a reduction of the at-risk of poverty and/or exclusion rate from 28% in 2008 to 24% in 2020⁹.
- 2) Reduction in the number of children (0-17 years) at-risk-of poverty by 100.000 until 2020, which is translated into a reduction of 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.

⁷ NRP, November 2010. The targets remained the same in NRPs 2011, 2012, 2013 and 2014

⁸ 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).

⁹ The reference year is the previous calendar year from the one in which the survey was conducted.

The trend of Greek national targets



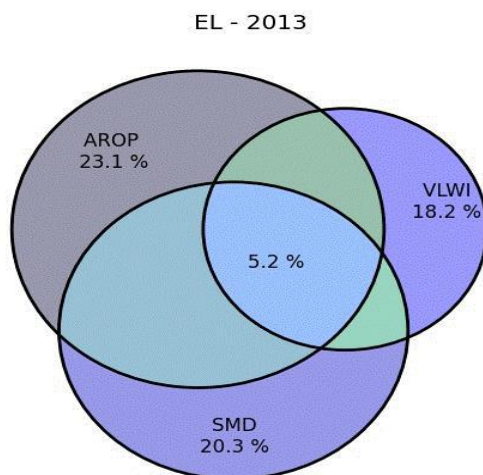
Source : Eurostat, SPC Annual Report 2014

Table 1

		Greece					EU 28	
		2009	2010	2011	2012	2013	2012	2013
AROE	% of total pln	27,6	27,7	31	34,6	35,7	24,8	24,5
	1000 persons	3.007	3.031	3.403	3.795	3.903	124.060	122.897
AROP only	% of total pln	19,7	20,1	21,4	23,1	23,1	16,9	16,7
	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	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	9,9	9,6
	1000 persons	1.198	1.269	1.667	2.141	2.223	49.673	48.245

Source: Eurostat, SPC Annual Report 2014

Composition of the population At Risk of Poverty or Social Exclusion (2013)



Source: Eurostat, SPC Annual Report 2014

Poverty threshold and relevant indicators

According to the Greek Statistical Authority (ELSTAT), the most recent available statistical data from EU-SILC 2013 (Reference year¹⁰ 2012) are the following:

Poverty Threshold

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

¹⁰ The reference year is the previous calendar year from the one in which the survey was conducted

Table 2: Population at risk-of-poverty or social exclusion

Year	Number of people	% of total population
2008		28.1%
2012	3.795.100	34,6 %
2013	3.903.800	35,7 %

Source: ELSTAT, Press Release 13.10.2014: Statistics on Income and Living Conditions, 2013

Table 3: Population at risk-of-poverty

Year	Number of households	Number of people	% of total population
2008	-	-	20%
2012	914.873	2.535.700	23,1 %
2013	892.763	2.529.005	23,1 %

Source: ELSTAT, Press Release 13.10.2014: Statistics on Income and Living Conditions, 2013

Table 4: 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 %

Source: ELSTAT, Press Release 13.10.2014: Statistics on Income and Living Conditions, 2013

Table 5: At risk-of-poverty rate after social transfers by age groups and gender: 2013

Age groups	Total	Male	Female
Total	23,1%	22,4%	23,8%
0-17	28,8%		
18-64	24,1 %	23,4%	24,8 %
65+	15,1%	13,7%	16,2%

Source: ELSTAT, Press Release 13.10.2014: Statistics on Income and Living Conditions, 2013

Table 6: Relative median at-risk-of-poverty gap by age groups and gender: 2013

Age groups	Total	Male	Female
Total	32.1%	32.9%	32.6%
0-17	39.0%		
18-64	33.6%	33,6%	33.4%
65+	13.7%	13,9%	13.7%

Source: ELSTAT, Press Release 13.10.2014: Statistics on Income and Living Conditions, 2013

Conclusion:

In this respect, there is no progress regarding the national poverty and social exclusion targets set in 2010. It is evident that the tendency is to diverge rather than to converge to the targets, as well as that the social situation has worsened dramatically in Greece. Efforts should be made to reverse this situation, along with a likely revision of the targets in 2015 in order to become more realistic. In any case an adjustment of the rates is needed.

More important findings

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

Males in unemployment:	50.7%
Single parent households with dependent children:	37.2%
Inactive population – Other:	30.3%
Children aged 0 – 17 years:	28.8%
Households with one adult aged 65 years and over:	24.4%
Single female households:	22.9%

- The risk of poverty rate is higher for females than for males. Moreover, the risk of poverty rate for the single female households is higher than the corresponding rate for the single male ones.
- The risk of poverty rate for single-parent households with at least one dependent child is 37.2% of the households belonging in this specific category, while the corresponding indicator for households with two adults with one dependent child is 20.2%

- The risk of poverty for children aged 0 – 17 years old (child poverty) is 5.7 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 rose by 9.4 percentage points between 2008 and 2013, with most of this change (5 pp) recorded between 2011 and 2012 and also with a significant increase between 2012 and 2013.

Table 7: At -risk -of-poverty or social exclusion rate (0-17)¹¹

	2008	2011	2012	2013
0-17	28.7%	30.4%	35.4%	38.1%

Source: Hellenic Statistical Authority

- The percentage of people under 17 years old facing severe material deprivation over doubled between 2008 and 2013, that is from 10.4% in 2008, it rose up to 23.3% in 2013 (20.9 in 2012).
- The situation is similar for young people that live in households with very low work intensity:

Table 8: Children living in households with very low work intensity

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

Source: Hellenic Statistical Authority

- The risk of poverty for people aged 65+ recorded in 2013 a decrease of 2.1 percentage points, in comparison with the year 2012. This decrease is attributed to the decrease of the poverty threshold by 12% (compared to 2012), which was not accompanied by a corresponding decrease of pensions.
- The difference between the risk of poverty for people aged 65+ and the risk of poverty for children aged 0 – 17 years, shows a “shift” of poverty from the elderly to children.

¹¹ Hellenic Statistical Authority, Statistics on Income and Living Conditions, Press Releases: March 2007, March 2010, February 2012, November 2013, October 2014.

- The risk of poverty rate before all social transfers (not including social benefits¹² and pensions in the total disposable household income) is 53.4%, while it drops to 28% after pensions (but not other social transfers) are included. (The total population at risk of poverty after social transfers is 23.1%).
- Therefore pensions cause the risk of poverty rate to decrease by 25.4 %, the social benefits or allowances cause the risk of poverty rate to decrease by 4.9 % and the total of social transfers causes the risk of poverty rate to decrease by 30.3 %.
- Employed people face a lower risk of poverty than unemployed and economically inactive ones (pensioners, persons carrying out domestic tasks etc). The risk of poverty rate for employed persons amounts to 13.1%, while it is 30.2% for economically inactive persons and 46.5% for unemployed persons. Unemployed men face a higher risk (50.7%) than unemployed women (41.1%).
- Full-time employees face a lower risk (10.7%) than those who work part-time (27.0%).
- The risk of poverty for the unemployed has increased sharply: from 38.1% in 2009 to 44% in 2011 and 46.5% in 2013.
- With respect to the risk of poverty for people living in households with very low work intensity the rates have increased dramatically: from 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.
- 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 2012¹³, with more than half of them recorded within the period 2011-2012. During the last 4 years (2010-2013) the increase in severe material deprivation is greater at ages 0-64 than those aged over 65. Specifically, in 2013 20.3% of the total population faces financial burden with an enforced lack of at least 4 out of potentially 9 material deprivation items, while this percentage was 19.5% in 2012, 15.2% in 2011, 11.6% in 2010 and 11.2% in 2008.

¹² Social benefits include social assistance (the allowance of social solidarity for pensioners – EKAS, a lump sum payment to poor households in mountainous and disadvantaged 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

¹³ Hellenic NSR 2014.

- 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. For instance: 79.1% of the poor population and 39.1% of the non-poor population report difficulties in facing unexpected financial expenses of approximately 550 euros. Inability to keep their home adequately warm is reported by 24.3% of the non-poor population, while the corresponding percentage of the poor population is estimated at 48.6% and the percentage of the total population is 29.4%.¹⁴

Other elements of context

It would be useful to interpret these trends in the context of the overall economic and social environment of the country. The major economic crisis in Greece after six years of recession has affected the social situation and living conditions dramatically.

- Greece is among the highest ranking EU countries in terms income inequality. In 2013 the income quintile share ratio (S80/S20) was 6.6 for Greece, meaning that the wealthiest 20% of the population holds a 6.6 times higher income share than the poorest 20%, against 5.1% for the EU-28 as a whole. At the same time the Gini coefficient for Greece was 34.4% for 2013 (34.3% in 2012).

Table 9. Greece, S80/S20 (2008 - 2013)

2008	2009	2010	2011	2012	2013
5,9	5,8	5,6	6	6,6	6,6

Source: Hellenic Statistical Authority, Press Release 13.10.2014 and 09.12.2013

According to a OECD research¹⁵, income inequalities are cushioned in Greece by the strength of the family institution.

Looking at the above mentioned figures and data, makes it quite clear that children are hit hard by poverty and social exclusion in Greece and their situation becomes even harder if they live in households with very low work intensity, or in single parent families: In 2013

¹⁴ Hellenic Statistical Authority, Living Conditions Indicators, Press Release 13.10.2014.

¹⁵ December 2014

the at risk of poverty rate was 37.2% for a single parent family, that is 14.1% higher than while the respective rate for the general population (23.1%).

The interpretation of the poverty indices shall be made only having in mind that not only the threshold (based on the median income) has decreased, but so has the standard of living of the total population. This would explain for example the fact that although the situation of the 65+ group may have worsened the relative deterioration is lower compared to other age groups (AROP for 65+: 17.2 in 2012 - 15.1 in 2013) .

6.4.1 Main challenges

The main challenge is to improve the effectiveness of the social protection system. This involves in particular dealing with structural deficiencies such as: (a)the lack of central planning, of coordination and of interconnection of interventions, (b)the fragmentation of bodies involved in the designation and the implementation of social policies, with overlaps and unclear division of responsibilities and (c) the limited decentralization of policies that would actively involve the local authorities.

The restoration of social cohesion and social justice, by addressing the humanitarian crisis in the short term, as well as by introducing properly designed reforms and by the adoption and implementation of the National Strategy for Social Inclusion in the long term, consists also a major policy priority.

Within this framework, the creation of a permanent safety net for everyone living in the country, which is directly connected to the third of the national targets, is of utmost importance.

6.4.2 National policies to achieve the targets

a. General framework: the National Strategy for Social Inclusion (ESKE)

The framework for the National Strategy for Social Inclusion (ESKE) was submitted by the Ministry of Labour, Social Security and Social Welfare to the European Commission in December 2014 and it was accepted by them. The ESKE Framework aims at developing integrated policies to prevent and combat poverty and social exclusion, as well as the introduction of new social intervention programs, maximizing the exploitation of the national and European resources.

At this stage, the Regional Strategies for Social Inclusion (PESKE) are being elaborated by the Regional authorities. The adoption of the PESKE constitutes both commitment and condition for actions financed by the European Social Fund (ESF) under the thematic

objective 9 "Promoting social inclusion and combating poverty and discrimination" to be triggered, in view of the programming period 2014-2020.

b. Fighting the social consequences of the crisis

1. The Law for the Humanitarian Crisis

The very recent Law 4320/2015, which was followed by the Joint Ministerial Decision 494/2015, includes immediate measures to alleviate the humanitarian crisis" and aims at tackling material and food deprivation of the people and families living at extreme poverty, with focus on children (under 17 years old). It is worth mentioning that the law was unanimously voted by the Greek Parliament.

According to the first 3 articles of the law:

- **Reconnecting electricity** (Article 1): Reconnection of electrical power supply disconnected due to personal debt for households living without electricity and free electricity supply up to 300 Kwh per month per household, for an estimate of 150.000.000 households, until the end of 2015.
- **Rent subsidy** (Article 2): For up to 30.000 households living at extreme poverty and do not own a house/flat, for 9 months in 2015 and maybe in 2016
- **Food subsidy** (Article 3): The subsidy (€100 per month per family for up to an estimated 153.000 families) will be provided to beneficiaries through a pre-paid card which will contain barcodes restricted to food items, for 9 months.

The submission of applications started at 20/4/2015 until 20/5/2015. Provisions will be until the end of 2015, with a possible exception of rent subsidies which might run during 2016, as mentioned above.

2. The pilot program "Guaranteed Social Income"

The "Guaranteed Social Income" program which is the pilot program for the Guaranteed Minimum Income Scheme (GMI),, is being implemented in 13 municipalities since November 2014 and is addressed to individuals and families living in extreme poverty. The program provides 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. It is run parallelly to other policies against poverty and social exclusion. The applications' period ended on 15.03.2015. (Joint Ministerial Decision 39892/ΓΔ1.2/07-11-2014).

The immediate (current and future) priority, is to activate the 3rd pillar of the Program, regarding the promotion to employment for those who are able to work. Within this framework, the possibility of synergies with the public work is under consideration.

The pilot program will be evaluated regarding its social and economic impact on the population, the implementation procedures, the operational capacity of municipalities and other services involved, the functionality of the information systems and in general the effectiveness of the institution. The evaluation will be realized as planned by the end of 2015.

Regarding the national implementation of the GMI, decisions about the national rollout and redesign of the program will be taken according to the results of the above mentioned evaluation.

3. The “Housing – Reintegration” Program

The program is being implemented and it will last until 30.09.2016, based on Law 4254/14 aiming to the housing and reintegration of the unemployed. The actions implemented under the program are: 1. Counseling 2. Housing and basic needs Plan 3. Reintegration into the labour market 4. Follow up – Support.

4. Fund for European Aid to the Most Deprived (TEBA/FEAD).

The 223/2014 EU Regulation establishes a new instrument for the 2014-2020 programming period, that will complement the existing ones and especially the European Social Fund, facing the worst forms of poverty, starvation, homelessness and material deprivation of children, while supporting any existing measures combating poverty.

Greece had the operational program (OP I) for the FEAD approved in the second half of December 2014 and it is being implemented by the Ministry of Labour, Social Security and Welfare. The provisions included are: 1. Provision of material assistance: food, cleaning products, clothing, school Supplies and 2. Accompanying Measures: Urgent actions (eg advice on family financial management, balanced diet, social integration of children etc.) and socialization services for family members.

For the activation of the program, a call for Social Collaborative Schemes (with the participation of all agencies dealing with poverty and vulnerable groups with the prefectural

and local authorities as leaders) at prefectural level was published and ended on February 28th.

5. Re-introduction of the thirteenth pension for low-income pensioners

A thirteenth pension will be awarded to low-income pensioners (with monthly pensions below a threshold to be agreed) in December 2015.

c. Reorganisation of the social policy system

1. The National Strategy for Social Inclusion (ESKE)

As mentioned above, the ESKE which will be completed by the end of June 2015, is expected to deal with the lack of coordination, the fragmentation and the management problems that cause low efficiency and low effectiveness and potentially corruption both in the public and in the private sector.

2. The mechanism for the effective monitoring and implementation of the social inclusion and social protection policies

In the above mentioned ESKE the mechanism for the effective monitoring and implementation of the social inclusion and social protection policies is also described and will be completed in 2015 (according to the respective timetable). This is also an important step, since capacity building in the field of social situation constitutes another challenge for the Greek administration system. The relevant Ministry services are currently working on that.

3. Pensions

Regarding the pensions, the aim is to gradually restore the public and universal character of social security, according to the pace of the economic recovery, by removing or modifying provisions, while fully respecting the established pension rights. The faster awarding of pensions consists an important measure regarding the effort to alleviate the humanitarian crisis. To ensure the sustainability of the system, the social insurance revenue is being

enhanced by the implementation of a national reconstruction plan, as well as by combating social contribution evasion. At the same time the strengthening of public financing of social security with additional public resources that do not burden taxpayers, is provided.

7. RESEARCH AND DEVELOPEMENT

7.1 R&D target : 1,21% of GDP

The survey for the recording of the data concerning Research & Development for the reference year 2013 was concluded recently. According to the data, the increase in the Gross domestic Expenditure for Research and technological Development (GERD) is continuing. Specifically, GERD has reached the amount of 1.465,7 M€ in 2013, increased by 74,5 M€ or 5,3% compared with 2011. At the same time, the reduction of the GDP between 2011 and 2013 was 12,2%. According to the above the indicator, Gross domestic Expenditure for Research and technological Development as a fraction of the GDP reached 0,8%. This increase was not uniform to all sectors.

More specifically:

- A slight increase of 0,6% is shown in the business expenditure for R&D (BES sector) which corresponds to 488,7 M€ in 2013, compared with 485,9 M€ in 2011.
- There is a significant increase of 23,6% of state expenditure for R&D (state sector) ,mainly due to the increased absorption of funds from the NSRF. This percentage corresponds to 410,1 M€ in 2013, compared with 485,9 M€ in 2011.
- A slight reduction of 2% is recorded in the higher education expenditure for R&D which corresponds to 548,6 M€ in 2013, compared with 559,5 M€ in 2011

Based on the above numbers as well as on other factors described below, the estimate remains that GERD will reach 1,21% 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 reasons supporting the attainment of the above mentioned target are the following:

1. The preparation of a National Strategic Plan for Research & Innovation which, using the increased national and European funds, will contribute towards overcoming the economic crisis and boosting the competitiveness of the economy. National funding will follow an incremental trajectory, starting from 50 million € in 2014 and reaching 500 million € in 2020. The total funds for the seven year period are estimated at approximately 1,6 billion € and the annual charge on the national budget will remain as low as 0,23% of GDP in 2020 and only 0,03% in 2015.
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 bln € and when coupled with the national contribution will reach 1,5 bln €, which

means an increase of 50% compared to the amount (of an order of 1 bln €) initially earmarked for R&D in the framework of the current NSRF.

3. The increased by 30% budget of the Horizon 2020 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, startups 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 0,27% in 2013.
5. The interception in the GDP shrinking, which will gradually expand in the following years starting from 2015, will create better funding conditions.
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 (Law 4310/2014) which promotes RDI activities

I. PREPARATION OF A NEW NATIONAL STRATEGIC PLAN FOR RESEARCH & INNOVATION (ESPEK) IN VIEW OF THE NEW PROGRAMMING PERIOD. FRAMEWORK IMPROVEMENTS FOR THE UTILISATION OF STRUCTURAL FUNDS

The recently adopted law (Law 4310/2014) for research and innovation foresees the preparation of the national research and innovation strategy so as to make provisions to facilitate the future implementation of the RDI strategy. Funding of ESPEK is provisioned from national as well as other European funds (Structural and Investment Funds).

It must be noted that Structural and Investment Funds are practically the sole sources of funding by which GSRT (and the Government in general) can promote R&D policies. In the new programming period 2014-2020 funding of RDI activities from national funds will be pursued. **Therefore, the rational utilization of the national as well as the ESIF funds is significant for the increase of R&D expenditure by 2020.** ESIF legislation commands (conditionality) the existence of a national smart specialization strategy, regarding thematic objective 1 (Research & Innovation), for the approval of Operational Programs for new programming period.

Specific measures:

- Acceleration of the implementation of NSRF. Improvement of the management capacity of GSRT through the simplification of the legal framework for RDI programs (ongoing)
- Securing the proposed conditionalities in the new programming period 2014-2020 concerning R&D:
 - Preparation of a national strategy on RDI on smart specialization (ongoing) as a basic pillar of the National Strategic Plan for Research & Innovation. Innovation platforms have been established for major economic sectors with the aim to identify priorities within each sector. Initial base documents have been prepared and consultations with the private sector as well as the research community and other stakeholders, like relevant Ministries have been made. GSRT cooperates also with the regional authorities in order to assist them in integrating RDI actions in their regional strategies and to promote synergies between regional and national strategies (entrepreneurial discovery process)
 - Cooperation with other ministries for the inclusion of RIS3 in the overall national strategy that will be implemented in the new programming period with ESIF funds.

- Formulation of a national strategy and roadmap on Research Infrastructures (concluded)
- Preparation of the actions to be included in the Operational Program for Competitiveness, Entrepreneurship Research and Innovation in the new programming period 2014-2020 – Inclusion of new measures with an emphasis on promoting investments on RDI from the private sector, taking into consideration the effectiveness of the applied measures so far.
- Preparation of a new administrative management system on RDI for the new programming period 2014-2020
 - Intensification of specialization process of the new programming period actions
 - Simplification of the management system, reduction of the number of the administrative units with clear allocation of jurisdictions between the units.
 - Coordination should be ensured with other Operational Programs (sectoral or regional) with RDI dimensions.
- Creation and adoption of a stable framework for measuring and evaluating research results.

II. ENHANCING THE HUMAN R&D POTENTIAL

- In the framework of the NSRF (2007-2013) the following calls for proposals are implemented: “Supporting enterprises for recruiting research personnel”, “Financing research proposals which were positively evaluated in the 5th Call of ERC Grants Schemes”, “ARISTEIA (Excellence) I”, “ARISTEIA II”, “Financing research proposals which were positively evaluated in the 4th Call of ERC Grants Schemes”, “Supporting post doctoral researchers-(POSTDOCs)”, “Supporting enterprises for recruiting high level scientific personnel”.
- Through the above Actions (e.g. Excellence II) emphasis is given to supporting new researchers being at the beginning of their research career so as to produce high quality research and gain autonomy in their work. In the long term these Actions are expected to contribute to the upgrade of the country’s research system, enhance its international competitiveness, as well as to consolidate meritocracy through periodic competitive calls and rigorous and transparent evaluation procedures.
- Excellence remains the main target as far as it concerns the human R&D capital. However, progress towards the Europe 2020 target requires measures to increase the number of researchers as well, in other words to ensure the conditions which would permit:
 - to attract new scientists to the research career
 - to attract researchers from abroad
 - to increase the number of researchers in the private sector
 - to facilitate the mobility of researchers in a unified research area
- Specific measures should be taken aiming to the replacement of researchers of PRCs and HEIs who retire utilizing funds from the ordinary state budget.

- In 2014, after the approval by the EC of the Partnership Agreement, certain measures were preannounced to support the human potential and inhibit the brain-drain symptom.

III. STRENGTHENING THE NATIONAL RESEARCH SYSTEM AND PROMOTING OPTIMAL USE OF AVAILABLE RESOURCES (it concerns policies having to do mainly with the public sector of the national research system)

- In the framework of National Strategic Reference Framework (NSRF) 2007-2013 the Action «Proposals for the Development of the Research Centers-KRHPIS» is implemented aiming to enhance the strategic research choices of public research centers supervised by the GSRT and the Greek Atomic Energy Commission, improving their basic research activities and their international competitiveness, as well as the quality of their products and the offering services, and consequently at supporting their viability.
- For the support of the participation of the Greek research community in the European ESFRI infrastructures, a relevant call has been announced and Regional funds have been utilized for the support of regional research infrastructures.
- A National Strategy and a National Roadmap for large research infrastructures, aiming at the upgrade of already existing infrastructures and the identification for the creation of new ones has been finalized. These infrastructures will support the implementation of the smart specialization strategy. Creation of synergies between research centers, universities and technological educational institutes is one of the key elements of this policy.
- Elaboration of the restructuring of the research system and creation of a flexible organization structure for research and technology organizations (a federated scheme is envisaged) that will lead to synergies and economies of scale, structural networking and increased mobility of researchers as well a better utilization of public infrastructure and resources (through a bottom up approach) .
- In the framework of the preparation of the new programming period 2014-2020, measures are examined to enhance the demand of research and innovation services by Ministries or Regional Authorities, as well as to boost the role of the research centers in the regional development.

IV. MOBILIZATION OF THE PRIVATE SECTOR FOR AN INCREASED PARTICIPATION IN RDI ACTIVITIES AND EXPLOITATION OF NEW KNOWLEDGE

- Improving the investment climate for R&D (ongoing). Efforts continue in the next programming period in order to improve framework conditions that will enable private investments in R&D. Specific actions taken so far:

- Simplification of procedures taking – when appropriate - additional legal or administrative measures in order to remove obstacles for research and innovation activities. The results of the study financed by the GSRT «Proposals to remove obstacles to the commercial exploitation of firm’s innovation” should be taken into consideration in drafting the new measures. In this context Law 4156/2013 supports enterprises in issuing letters of guarantee.
- A new Law on RDI was adopted in December 2014. The aim of the Law is the creation of a friendlier environment for the enhancement of RDI and the exploitation of the new knowledge. Among the provisions of the new law is the formulation of Regional Innovation Councils as well as the appointment of Chief Scientist Officers at Ministries.
- A new deputy Minister was appointed responsible for RDI matters by the Y148-β-30.3.2015 decision of the Prime Minister
- Amendment of legislation to improve the design and implementation of tax incentives, which consist an important instrument for boosting RDI activities. In this context Law 4110/2013 provides for more advanced tax incentives starting from 2014.
- Continuation and speeding up of the implementation of Actions in the framework of NSRF (2007-2013) with emphasis on the enhancement of RDI investments of the private sector (ongoing).
- Specific reference should be made to the Actions:
 - **PAVET 2013.** The Action aims to support R&D activities conducted by dynamic enterprises that will lead to added-value products and services. With a budget of 19,8 million €, the Action puts emphasis on R&D activities on specific thematic priorities that the country has a comparative advantage like, Agriculture, Food, ICT, Pharmaceuticals, Environment etc. Collaboration between enterprises and research organizations is also promoted.
 - **The gi-Cluster.** The aim of the cluster is the production of competitive products with new technologies, utilizing scientific, entrepreneurial and research talents from the areas of Gaming and Creative Content in order to enhance the country’s position in the global competitiveness ranking. The “credentials” of the cluster is more than 20 new products under development and 10 M€ investments on R&D by the 40 enterprises and 10 research and higher education institutes that participate in the cluster.
 - **The si-Cluster** is focused on Space technologies with the aim to create a dynamic and steadily growing industrial and innovative environment in this area.
 - **Supporting enterprises for recruiting high level scientific personnel** aiming at improving the access of researchers at the labour market and boosting demand for high-level skills in enterprises. The 9,5 million € budget Action covers researchers’ as well as technical personnel salaries for a maximum period of 3 years

- Preparation of new measures to be implemented in the new programming period 2014-2020 with emphasis on:
 - Stimulating R&D investments of the private sector in sectors where the country has a comparative advantage (according to national/regional Smart Specialization Strategies)
 - Creating new enterprises with a research orientation
 - Drafting new financial instruments for R&D and innovation
 - Taking measures to strengthen the links between universities/research institutions and the private sector

V. MEASURES TO SUPPORT THE GREEK RESEARCH COMMUNITY FOR AN INCREASED PARTICIPATION IN THE FRAMEWORK PROGRAMS OF EU (HORIZON 2020) AND TO PROMOTE THE INTERNATIONAL OUTREACH OF GREEK R&D ENTITIES

The networking of the Greek Research and Innovation system with other countries must be reinforced. For this reason, special emphasis is given by the Greek government in the reinforcement of the extroversion of Greek research teams through bilateral and multilateral country agreements on R&D. In this context the following Actions are being implemented, making use of the tools of the European Research Area (ERA) or reinforcing the extroversion of Greek research teams through bilateral R&D Cooperation:

- “Actions supporting Greek organizations which participated successfully to the joint Calls for proposals of the ERANETS (ERANET 4th Call)”,
- “Bilateral R&D cooperation between Greece and China(2012-2014)”,
- “Bilateral R&D cooperation between Greece and Germany”,
- “Bilateral R&D cooperation between Greece and Israel”,
- “Bilateral R&D cooperation between Greece and France II 2013”,
- “Bilateral R&D cooperation between Greece and Turkey (2013-2014)”
- “Supporting the participation of Greek organizations to the 2nd and 3rd European Call of the Joint Technology Initiatives ENIAC and ARTEMIS” and
- Actions aiming at the reinforcement of the country’s participation in the construction phase of the ESFRI (European Strategy Forum for Research Infrastructures) /2006 research infrastructures

In the new programming period special emphasis will be given on:

- The support of Greek researchers to European R&D programs (HORIZON 2020, COSME) as well as other transnational organisations (ESA,EMBO,CERN)
- Securing the national contribution (Matching Funds) aiming at the support of the Greek participation in the Framework Programs
- Further utilization of the tools of the European Research Area (ERA) for the coordination of national policies and the joint funding of R&D projects on specific sectors along with other Member States.

- Reinforcement of the country's participation in the construction phase of the ESFRI research infrastructures based on a national strategy and roadmap for infrastructures. (ongoing)
- Further support of the extroversion of Greek research groups through bilateral and multilateral agreements on R&D (ongoing). Part of the existing bilateral calls will be modified according to latest calls with wider participation and greater budget promoting synergies between PRCs/HEIs and enterprises.
- Exploit the synergies between Horizon 2020 and Structural Funds in order to further improve the successful Greek participation in Framework Programs

VI. PROMOTION OF SYSTEMATIC COOPERATION BETWEEN DIFFERENT MINISTRIES FOR A STRATEGIC APPROACH OF THE PLANNING OF RESEARCH ACTIVITIES

In the framework of the drafting of the National Strategy for Smart Specialization (RIS3), cooperation has been developed with other Ministries responsible for certain economic sectors (Tourism, Health, ICT, Environment etc) as well as with regional authorities. This cooperation will continue during the whole new programming period 2014-2020.

The specific policy will permit a better exploitation of ESIF Funds as well as the available national funds with a view to increase R&D investments as well as a better coordination of different policies having an impact on the country's RDI system.

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, the cost effective further exploitation of the RES can create new business opportunities in various sectors that could contribute to the recovery of the Greek economy.

The share of renewable energy sources (RES) in the national gross final energy consumption (GFEC) continued to increase and has reached 15% in 2013, achieving a more than 10% increase from the previous year. This translates to an achievement of more than 80% of the relevant national target according to the EU Directive 2009/28/EC¹⁶ and to a significant higher share than the one foreseen in the indicative trajectory presented at the National Renewable Energy Action Plan (NREAP)¹⁷.

	2010	2012*	2013**	2020
RES share in heating	17.2%	23.4%	26.5%	20%
RES share in electricity	12.4%	16.4%	21.2%	40%
RES share in transport	2.0%	1.0%	1.1%	10%
Overall RES share in GFEC	9.7%	13.4%	15%	20% (18%)¹

* Revised from 2014 National Reform Programme Report

** Not yet finalised

The leading sector in the RES share remained the gross consumption for heating and cooling, where already from 2012 the relevant target for 2020 has been overpassed. The achievement of this target is associated with a series of measures that have been undertaken in the energy end-use sector and especially for 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% from 2010 indicating the RES cost efficiency in relation to the alternative fuels in a period of economic recession.

¹⁶ 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.

¹⁷ 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.

As far as concerns the penetration of RES in the gross final electricity consumption, the big increase of the share in 2012 has been repeated in 2013, achieving an almost 30% relative annual increase and overpassing the 50% of the national target for 2020. This increase has to be mainly attributed to the high new installed capacity of Photovoltaic plants that at end of 2013 reached 2.58GW, making this the RES technology with the highest installed capacity in Greece.¹⁸ However, this growth was related to a rather favourable support scheme that led to an increased deficit of the RES special account and some corrective measures were taken during 2013 and 2014 in order to re-establish sustainability in the national RES support scheme. This has been mainly achieved by the adjustment of the applied feed-in tariffs (FIT) in April 2014 that have been implemented in the context of Law 4254/2014. Due to the abovementioned measures, the new PV capacity in 2014 was marginal. Especially for the PV market in Greece, the recently enacted legislation for a national net-metering scheme for self-produced electricity from photovoltaic energy is expected to establish a new market for small-medium PV installations in Greece. Specifically, under this scheme, electricity consumers have the possibility to produce their own electricity with photovoltaic systems for meeting their consumption needs, to inject any surplus electricity production into the electricity grid and to offset this surplus electricity with future electricity consumption and in this way reducing their electricity bill. According to the relevant Ministerial Decision, photovoltaic systems of up to 20 kWp (up to 10 kWp for the non-interconnected islands except Crete) or up to 50% of the agreed power consumption (100% for public-benefit organizations) with a maximum of 500 kWp (50 kWp for Crete and 20 kWp for the other non-interconnected islands) are eligible for the scheme.

The wind sector has exhibited a considerable growth during 2014 with 168MW of new installed capacity, reaching 1978MW by the end of the year. In 2014 the wind sector in Greece has succeeded in attaining the growth rates of the past after the rather small growth presented during 2012 and 2013 indicating that this sector is gaining again a momentum and that 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 2013 and 2014 was increased marginally and accounts for 220MW of small hydro plants and 47MW 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 21.2% in 2013, which is expected not to change significantly for 2014.

¹⁸ Not including large hydro plants

Technology	2010	2011	2012	2013	2014	2020¹⁹
Wind installed capacity (GW)	1.3	1.64	1.75	1.81	1.98	7.5
PV installed capacity (GW)	0.2	0.61	1.53	2.58	2.6	2.2
Total RES installed capacity (GW)	4.75	5.52	6.57	7.67	7.86**	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, provisions for 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.

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 and the new forecasts of the energy demand and of the economic development in order to establish a new roadmap for achieving the 2020 RES target.

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.

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 building sector potential for the implementation of energy saving measures is high due to 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 utilization of biofuels in order to replace conventional (fossil) fuels.

¹⁹ Figures presented at the 2010 NREAP

In the framework of the Energy Services Directive (2006/32/EE) and the Energy Efficiency Directive (2012/27/EE), the following national targets have been established:

- a) Energy savings in final energy consumption are estimated at 16.64 TWh for year 2016,
- b) The total final energy consumption is estimated to be 18.4 Mtoe for year 2020,
- b) The cumulative final energy savings for the period 2014-2020 is estimated to be 3.333 ktoe and will be achieved through the implementation of policy measures presented in the third National Energy Efficiency Action Plan (NEEAP).

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
- Promotion of incentives for 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 examine the cost-optimality of the standards and set standards for Nearly Zero Energy Buildings.

Several energy saving programs, which are co-financed by EC funds, have already been launched, aiming at the improvement of energy efficiency in residential buildings, local authorities, public buildings, schools etc. First of all, the “Energy Saving at Home program”, with a budget of almost 550 million Euros, was launched in 2011 and aims at promoting energy efficiency measures in the building envelope and in the heating and domestic hot water systems of residential buildings. Up to day, approximately 50 thousand households have been granted, leading to energy saving of 41%, as the vast majority of the installations concern old buildings.

Regarding the public sector, several calls for public buildings have been launched, with a total budget of about 500 million Euros, 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.

Greece constantly supports energy efficiency with specific policy measures. Our target has been to ensure the development of energy policies that foster growth and at the same

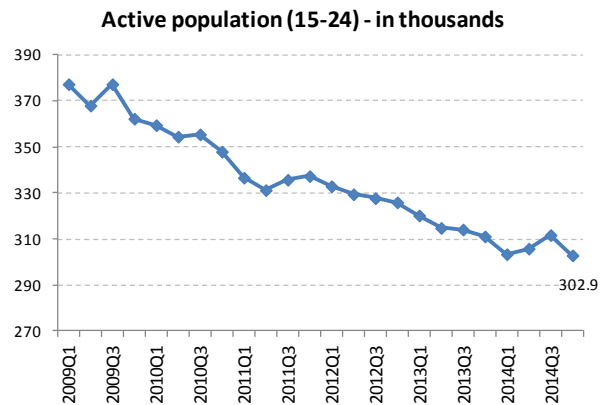
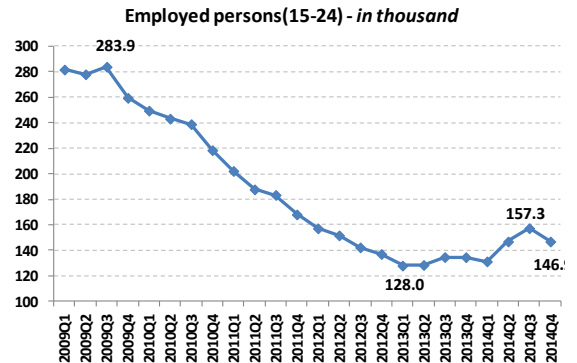
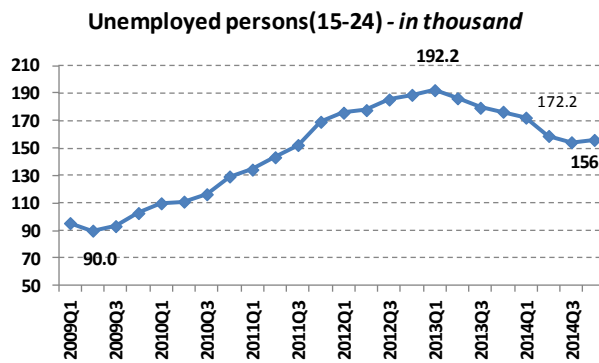
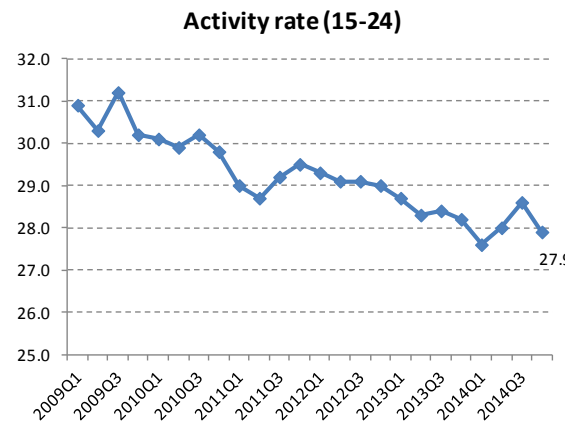
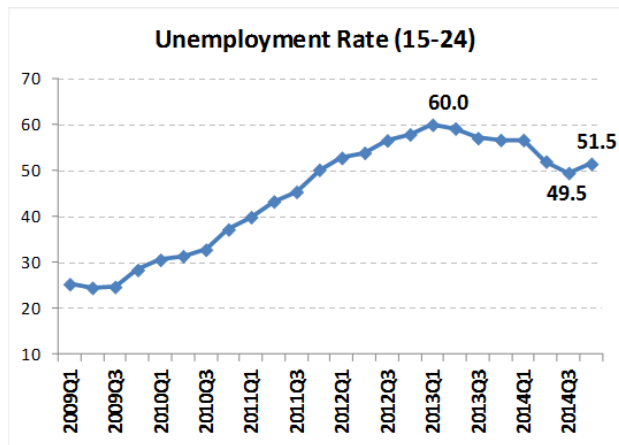
time respond, as a matter of priority, to the challenge of reducing high energy prices and costs.

Without ignoring the important achievements that have already been witnessed, there is much more that needs to be done, not only in order to reach sustainability targets, particularly for buildings and transport, but also to ensure a shift in the attitudes of businesses and the behaviour of private citizens alike. Above all, energy efficiency measures constitute the most effective policy tool for easing the energy burden of consumers struggling with high energy prices. The Government is focusing on the social dimension of energy efficiency as much as its contribution to energy prices and climate change abatement.

Energy efficiency is expected to exhibit significant improvement until 2020, which will stem from the implementation of a planned set of targeted measures mainly for the energy upgrade of buildings in the public and private sector that will be further supported through new market mechanisms and financing tools and will be combined with increased use energy from RES. The development of a smart system for the management of energy production and demand will be equally promoted to eventually 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 generation as well as energy efficiency improvement.

Energy efficiency investments are characterized by their capacity to bring direct 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 emissions, increased energy security, reduced dependence on foreign energy imports, and improvements to a country's fiscal balance.

APPENDIX I : EMPLOYMENT DATA



APPENDIX II : GERD scenario based on individual scenarios of the main funding sources

R&D expenditure by source of funding															
Year	GDP (M€)	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
2014	179,1	50	0,03	320	0,18	400	0,22	450	0,25	200	0,11	50	0,03	1420	0,79
2015	184,3	60	0,03	350	0,19	420	0,23	450	0,24	180	0,10	50	0,03	1460	0,79
2016	191,1	120	0,06	150	0,08	470	0,25	530	0,28	150	0,08	55	0,03	1420	0,74
2017	197,8	200	0,10	200	0,10	490	0,25	630	0,32	200	0,10	60	0,03	1720	0,87
2018	204,3	300	0,15	300	0,15	530	0,26	700	0,34	230	0,11	65	0,03	2060	1,01
2019	211,7	400	0,19	300	0,14	570	0,27	760	0,36	260	0,12	70	0,03	2290	1,08
2020	217,5	500	0,23	400	0,18	610	0,28	830	0,38	270	0,12	75	0,03	2610	1,20

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 2013 there was a “pure” national financing of the Public Research Centers and Higher Educational Institutions, coming from the Public Investment Budget, of 58,3 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 so as to cover this part of the National Strategic Plan for Research & Innovation which cannot be financed totally from the ESIF. However the overall amount of the “pure” national funding, as shown in the above Table, will remain rather restricted, reaching in 2020 a ceiling of 0,23% 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 2014 and 2015 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”:** Taking into account the retrospective statistical data concerning GBAORD, the following series of data comes out:

Year	Ordinary Budget m €	GDP b €	% OB/GDP
2008	660	233	0,28
2009	674	231	0,29
2010	581	222	0,26
2011	521	208	0,24
2012	515	194	0,25
2013	456	183	0,23

The basic assumption consists to a further decrease of the Ordinary Budget (as a percentage of the GDP) to 0,22% (in 2014) and then continuing with a stable trend. From 2016 a slight increase of the above percentage is expected attaining in 2020 a level 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 and 0,24% in 2013. It is estimated that after a period of stabilization between years 2014-2015, 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.

5. **Column «Abroad: FP7 and Horizon 2020”:**

On the basis of final data for reference year 2011, the inflow of funds for R&D from abroad was 205 m€ or 0,10% of the GDP. In 2013 the inflow was approximately at the same level of 204,9 M€, but because of the GDP decline the relevant percentage was 0,11%. 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 until March 2014 was 974 M€. 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 years 2014-2015 are related mainly to FP7 and then after 2016 the inflow of HORIZON 2020 funds will start, which explains the small decline.