



**Hellenic Republic
Ministry of Finance**

Hellenic National Reform Programme 2012-2015

Report on the progress towards ‘Europe 2020’ and the
implementation of the Euro plus Pact commitments¹.

Athens, April 2012

¹ In accordance with the guidance provided by the Commission on the European Semester’s reporting

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1. Introduction

Greece is stepping up its adjustment effort to restore competitiveness in the economy and consolidate fiscal accounts. Since 2010, a number of significant reforms have taken place spanning from labour market institutions to business environment and are expected to bear fruits soon since the benefits of structural reforms need time to release their full potential. Greece is committed to continue implementing the reforms which are necessary to remove existing rigidities in the economy and promote a sustainable recovery in conjunction with a recovery at a global level. In this respect, the structural part of the *new adjustment programme for Greece* is a major stepping stone with a view to make the economy significantly more capable to adjust to economic conditions and provide a flexible environment for investments. It has to be mentioned that Greece scored the best performance among OECD members for the overall responsiveness to Going for Growth recommendations².

The successful completion of the private sector involvement (PSI+) has also provided a positive dynamic in the economy since a high debt burden was eliminated from the Greek books giving the opportunity to allocate resources, *inter alia*, to growth enhancing activities. It has been estimated that under this scheme, approximately €107 billion will be written off and debt levels will be brought down to the sustainable level of 116.5% of GDP by 2020³. Additionally, the gradually increasing levels of EU funds absorption and the launch of mega-projects such as the “Helios” plan will all be expected to have a very positive effect to the recovery efforts and help reversing the negative growth trends.

The 2011 National Reform Programme was of particular importance since apart from being an integral part of the European Semester, marked the Greek commitments towards the Europe 2020 targets for a smart, sustainable and inclusive growth. The Greek response to the headline targets was based on a comprehensive assessment of the overall economic and social *status quo* as well as on the expected impact that the recently adopted reforms would have. However, the deeper than projected recession of the Greek economy as well as the slow recovery at the European and world level pose risks in relation to the achievement of the headline targets and may call for revisions of the ‘*Europe 2020*’ nationally set thresholds. Additionally, the fiscal consolidation priority which has been given to the economic adjustment programme for Greece apart from having eminent growth suppression results, has inevitably affected the measures described in the 2011 NRP’s thematic coordination. For instance, the facilitation of Active Labour Market Policy becomes more difficult to implement since the financial recourses that are required in order to be effective in a qualitative manner are directly related to the unemployment rate. Given that the unemployment rate in Greece is on an upward path (and particularly for the youngsters, see annex II) a delicate balance needs to be maintained between

² OECD (2012), *Economic Policy Reforms 2012: Going for Growth*, OECD Publishing

³ Debt Sustainability Analysis, European Commission, March 2012

fiscal restraint and social protection as well as jobs promoting policies. Indicatively, social spending in Greece increased by €746 million between 2010 and 2011 with a large portion of this increase (approx. 35%) going to unemployment benefits⁴. In any case, the spirit under which the commitments were undertaken by Greece was compatible with the sense of efficiency and most of the measures presented were fiscal neutral and financed through an allocation of resources.

The European Commission expressed its intentions to exclude Greece (and other programme countries) from the requirement to submit a fully fledged NRP – SGP as well the Excessive Imbalances Procedure (EIP). In the case of the former, Greece is legally committed to take concrete steps in order to restore fiscal soundness and to promote sustainable and not consumption led recovery. Therefore, any new National Reform Programme would be limited between the borders defined by the adjustment programme so duplication to a large extent would be unavoidable. It was for this reason last year that the Commission issued the only recommendation to Greece with relation to its NRP, to accurately follow the economic adjustment programme. Regarding the EIP, Greece had, according to 2010 data, undeniable strong competitiveness weaknesses which have been highlighted by the Commission's alert mechanism report. We expect that the swift implementation of the planned structural reforms and the transformation of the economy into an exports oriented one will alleviate much of the competitiveness gap with a profound positive impact on the labour market and the fiscal accounts.

In what follows we provide a detailed description of the progress that the Country has made towards the Euro Plus Pact commitments as well as the *Europe 2020* headline targets. We would like to emphasize that for Greece the *Europe 2020* strategy is an important effort that puts an emphasis on the need for a new growth path that can lead to a smart, sustainable and inclusive economy, a path that can overcome the structural weaknesses in Europe's economy, improve competitiveness and productivity and underpin a sustainable social market economy.

This report has been prepared by the Council of Economic Advisors, Ministry of Finance with the collaboration of the Ministry of Education, Ministry of Development and Competitiveness, Ministry of Labour, Ministry of Administrative Reform and the Ministry of Environment. The Hellenic Republic's Assets Development Fund has also contributed.

⁴ According to preliminary budget execution data from the General Accounting Office

2. Progress towards Euro Plus Pact commitments

On June 2011, Greece welcomed the European efforts to strengthen economic governance with the objective to improve competitiveness through the adoption of Euro Plus Pact. Greece is committed to pursue the necessary reforms in order to remove rigidities from the economy and promote a growth friendly environment. In this respect, a broad range of structural reforms have been initiated with an additional number already in the pipeline. Annex I presents the progress achieved so far in a wide range of structural measures. Particular emphasis is given to the restructuring of the labour institutions, the overhaul of the health system the efforts to improve business environment, the restructuring of the public administration and the ambitious privatization programme. All these areas of intervention are key elements in the Euro Plus Pact and coincide to a large extent with the economic adjustment programme for Greece.

a. Labour Market

In **October 2011** significant measures were adopted (law 4024/2011) towards a more flexible labour market environment with due emphasis placed on the **suspension of the automatic extension of collective agreements, the suspension of the favourability clause and the facilitation of collective agreements at the firm level**. These reforms complemented a series of previously adopted institutional interventions including:

- The introduction of sub-minimum wages for the young employees
- The increase in the probation period
- The facilitation of part time and rotation work
- The reduction in the severance payments
- The increase in the threshold for collective dismissals.
- The reduction in the overtime cost.

In addition to all those, recent reforms (**February 2012**) aimed at closing the relative ULC gap over the next three years, while protecting employment. In particular:

- **Adjustment of wage floor.** To bring it more in line with competitors and encourage formal employment, Greece legislated a realignment of the minimum wage level by 22 percent at all levels and a further 10 percent decline for youth.
- **Freezing ‘mature coefficients’.** The freeze will help to limit wage growth given the economic conditions, until unemployment falls below 10 percent.
- **Limiting the length and “after effects” of collective contracts.** After 6 months of the expiration of collective agreements, all terms of the agreement are transferred into private contracts (if no new agreement is concluded), providing no incentive to negotiate during difficult times. To address these issues, the new changes specify a maximum duration of three years for all

collective contracts, a grace period of three months after an agreement expires and the cessation of all allowances after the grace period except for seniority, child, education and unhealthy conditions.

- **Eliminating unilateral recourse to arbitration.** The changes allow requests for arbitration only if both parties consent, while clarifying that arbitrators may only rule on the basic wage after considering economic and financial circumstances. The scope of this reform is to encourage collective bargaining and to align the national institution with the best practices in the EU which allow for a mutual voluntary recourse to arbitration rather than a unilateral and hence compulsory one.
- **Reduction of non-wage labour costs.** Greece will soon legislate the reduction of social security contributions rates for employers by 5 percentage points and will implement measures to ensure that this is budget neutral, including closing small earmarked funds engaged in non priority social expenditures, adjusting pensions and broadening the tax base.
- **Adjustment of the legacy contracts in the ex state owned enterprises (SOEs).** For many SOEs employees it was common to enjoy special labour privileges (automatic pay rises, overtime payments, extended fixed term contracts, bonuses e.t.c.) stemming from collective agreements negotiated before the privatization of those enterprises. However, the terms of these contracts remained valid even after the privatization, putting in danger the viability of those firms as they would be exposed in a high competitive environment with little margin for cost adjustments. Consequently, these legacy contracts will be revised with a view to promote new agreements between firms and employees that take into account the overall economic situation and the competitiveness of the firm.

b. Business Environment

Creating a modern, flexible and competitive business environment is essential for growth stimulation and jobs creation. Greece is promoting an ambitious program with a view to reform the institutional aspects of the business environment, attract foreign investors and promote entrepreneurship. The reduction of the administrative burdens which pose additional obstacles to private enterprises is also essential.

The reform strategy targets specific areas of the business life cycle, where a relative underperformance has been spotted, such as starting up a business, trade across borders, access to credit etc. Greece's efforts to improve the business environment are closely tied to an overall national strategy of rebalancing growth for the business sector, which in turn aims to stimulate an investment and export led economic revival.

An Action Plan for reducing administrative burden faced by the business sector is being implemented targeting specific areas of the business life cycle, where

special challenges have been traced and room for improvement has been spotted, such as starting up a business, trading across borders, providing access to credit etc. Government initiatives to improve the business environment are closely tied to an overall national strategy of rebalancing growth for the business sector, which in turn aims to stimulate an investment and export led economic revival.

In parallel and complementarily to the Action Plan, special actions aiming at providing liquidity to the Greek business as well as actions for improving their day-to-day operation are undertaken. Most of these actions have been incorporated in an umbrella Law, the Business Friendly Greece draft law, which is expected to be voted by the Greek Parliament by early April 2012. The main pillars of the aforementioned reforms are mentioned below.

1. Removing Barriers

Business Friendly Greece Action Plan

The Ministry of Development, Competitiveness and Shipping coordinates the preparation and implementation of a Business Friendly Greece Action Plan, aimed at identifying barriers to entrepreneurship and taking action for their removal. The Action Plan is the result of a joined effort by several ministries to identify remaining major obstacles to entrepreneurship and structural competitiveness, and put forward concerted actions for their removal and thus contribute to creating conditions for a more business friendly Greece. This Action Plan complements structural reform measures already undertaken in the context of the MoU for the improvement of business environment (simplification of licensing, creation of one-stop-shops etc).

In establishing the Action plan, the basic idea was to cover the whole spectrum of activities (circle of business life) from the set up of a business to its winding up /liquidation and trying to identify obstacles confronted at different stages in an integrated approach. Much effort was devoted to include obstacles and actions not included in the MoU so far. Most obstacles identified can be confronted and removed with short term actions, therefore commitments are frontloaded.

2. Starting a Business

Starting a business in one Day – GEMI and one Stop Shops

The procedures for establishing a business were simplified by Law 3853/2010, where the 15 steps and 35 days required to start a business of any legal form, are reduced to 1 and 1 respectively.

As of April 4, 2011 starting a business in Greece is even simpler due to the introduction of a one-stop shop service aimed at slashing red-tape. Through a wide network of contact points, including 59 chambers of commerce and 3,200 notary

offices, a new firm can be established in a "single procedure that lasts about one hour".

The start-up process through One Stop Shops has also been linked to a compulsory registration of all firms with the General Commercial Registry (GEMI). GEMI will constitute the single point of reference for all Greek business activities, providing a unique serial number identifying every single business.

New flexible form of company

The Business Friendly Greece law provides for the establishment of a new flexible form of company. This new entity will combine minimal capital requirements with flexible forms of corporate governance and reduced bureaucratic requirements.

3. Getting access to Credit

ETEAN

The Hellenic Entrepreneurship and Investment Fund (ETEAN) was established in 2011, with a starting capital of €1.7 billion aiming at providing guarantees and new financial products (especially cheap loans) to individuals as well as to SMEs. ETEAN has incorporated the standing state guarantee fund (TEMPE) and it additionally operates as "a fund of funds" that provides revolving funds through the banking system for specific development purposes.

Entrepreneurship Fund

The Entrepreneurship Fund, (a new program for SMEs), within the newly established Hellenic Entrepreneurship and Investment Fund (ETEAN) will provide low rate credit for investment projects through the banking sector, utilizing a budget of €1.2 billion.

4. Cross- border Trade

Removing Barriers

Road Haulage is fully liberalized (law 3887/2010 and subsequent adjustments) by abolishing several restrictions and numerous clauses, permitting full admission to the profession on the basis of participation in a limited liability or a S.A. Company. These companies are required by law to fulfil certain operational, economic and environmental criteria, which guarantee their operational efficiency and viability, in accordance also with EU requirements. All new licenses will be issued without any quantitative restrictions but only on the basis of fulfilling certain administrative criteria. **As a recent development, law 4038/2012 terminated on the 1st of January the 3 years transition period for the reduction in costs for issuing new road transport operator licences.**

Simplifying and modernizing the Foreign Trade Legislation

A draft law has been prepared (and is incorporated in the Business Friendly Greece Law) regarding the amendment of the legislative framework for Exports (Law 936/79), providing the following:

- i. Modernization of the requirements for the external trade;
- ii. Codification of all existing legislation on exports;
- iii. Elimination of bureaucratic burden and speeding up procedures.

5. Investment Incentives

Fast Track law

The so called "fast track" procedure has been put in place, aiming to accelerate the approval and implementation of large investments of strategic importance for the country. The **Business Friendly Greece Law** further widens the scope of *fast track* in order to increase the number of eligible potential investors.

New Investment Law

The purpose of this law is to promote growth by introducing investment aid schemes. These schemes will help to improve technological development, regional cohesion, entrepreneurship and the competitiveness of enterprises. Additionally, to promote the green economy, efficient use of existing infrastructures and the deployment of human resources in Greece. As of 2011, €4.2 billion (€3.2 billion in tax relief and €1.2 billion in grants) have been budgeted.

Reform of the Competition Authority

Law 3959/2011 modifies the existing institutional framework of the Hellenic Competition Commission (HCC) has been heavily modified to ensure the authority's independence, effectiveness and accountability. Continuity in the operation of the HCC board is also ensured. The new law abolished the notification system for all agreements falling within the scope of Article 1 of Law 703/1977, grants the HCC the power to reject complaints and to prioritize cases effectively and establishes reasonable deadlines for the investigation and issuance of decisions.

6. Licensing

Licensing law on manufacturing activities and technical professions

The new law on the simplification of licensing processes for business parks, manufacturing units and technical professions improves the current way of licensing by introducing the principle of 'licensing first' and 'checking standards afterwards' into Greek law. This provision aims to facilitate the licensing procedure by making it significantly faster than it is today. This is expected to have an impact on lower nuisance enterprises that account for approximately 80% of all manufacturing firms. The new law decentralizes the licensing process by designating local Chambers of

Commerce and Regional Reception Centres as reception points for receiving and processing applications, significantly decreasing existing timeframes.

7. Public Procurement

Single Public Procurement Authority (SPPA)

The SPPA bill was adopted by parliament in 2011. The SPPA has a mandate, objectives, jurisdiction, power and time to come into force in accordance with the Action Plan agreed with the Commission in November 2010. In due time it will assume responsibility for all public procurement in accordance with the provisions of the law.

E-procurement

The E-procurement project involves the development of an IT platform and the adoption of interim milestones under the Action Plan. This includes: monitoring the pilot operation, availability of all functions for all contracts and the gradual implementation of compulsory use of e-procurement system for supplies, services and works.

c. Health sector reforms

Greece continues to implement the comprehensive reform of the health care system started in 2010 with the objective of keeping public health expenditure at or below 6 percent of GDP, while maintaining universal access and improving the quality of care delivery. Policy measures include the integration of primary healthcare, strengthening central procurement and e-health capacity. More specifically:

- Procurement for pharmaceuticals will henceforth be planned at a regional level via the development of Regional Programs for Goods and Services. These Programs have to be adopted by the Co-ordination Committee for Procurement (CCP), which is responsible to assign a contracting authority and the tender mechanism for each type of procurement. A significant novelty is the possibility of CCP to select as contracting authority a company or a private agency, achieving economies of scale and overall efficiency.
- A new system for the management and pricing of pharmaceuticals has been established. This system favours higher use of generic medicines and includes an integrated system of electronic monitoring of doctors' prescriptions (e-prescription).
- A negative list of drugs has already been publicized while the positive list of drugs is already finalized by the National Drug Organization (EOF) and it is already in operational mode.

- The single fund for the provision of social insurance and healthcare (EOPYY) has been established and is currently under operation. It will act as a unique buyer of medicines and health care services for all those insured, thus acquiring higher bargaining power against suppliers and hence achieving significant savings. The new fund will lead to a substantial reduction of administrative staff of at least 50 percent and of contracted doctors of at least 25 percent as compared to the four originating funds combined. The aim is to achieve a ratio of patients per doctor in line with the European average.
- The pricing of medicines and all aspects of drug policy have been transferred to the Ministry of Health and to EOF. Moreover, the profit margin of pharmacies on retail prices and that of wholesale companies distributing pharmaceuticals are expected to drop sharply. The complete price list for the medicines in the market is published using a new pricing mechanism based on the three EU countries with the lowest prices. The list will be updated on a quarterly basis.
- The program of hospital computerization is progressing and hospitals are upgrading their budgeting systems with the introduction of the double-entry accrual accounting. The country's largest hospitals and most of the medium-sized ones are already fully computerized with integrated ERP, LIS and RIS system. Concerning audited accounts, it is worth noting that 100 out of 130 hospitals already publish audited accounts, while internal controllers will have been assigned to all major hospitals.
- Specific actions related to the rationalization of wages and human resource management in the health care sector have been pursued along the way, following a first draft report presenting the structure (age, specialty, grade, regional distribution), levels of remuneration (including fees provisions to consultants and doctors) and the volume and dynamics of employment in hospitals, health centres, and health funds.
- Finally, the independent Task Force by leading healthcare experts that was formed under the auspices of the Minister of Health, has produced a detailed blueprint report on the medium-term prospects and challenges of the Greek healthcare sector.

d. Reform of the Public Administration

The overhaul of the public administration continues on the basis of the results of the first phase of the independent functional review of central administration. A relevant roadmap was commenced in the beginning of the 2012 with the cooperation of the Task Force and the valuable help of the French Government. The German Government is assisting in the restructuring of the local administration. To this end, a draft law was submitted in the parliament which provides for the reduction of the

public sector units by 30%. In addition, the assessment of the public sector staff has started with the evaluation of the Ministry of Administrative Reform and the Ministry of Environment. The assessment is based on objective criteria, both at the aggregate and the individual level, and will be later linked to the compensation of the employee in order to provide continuous motivation and reduce shirking.

The Ministry is also planning the introduction of a single human resource management system which will significantly upgrade the capacity of the current system. This system will be common for all ministries in order to facilitate its inter-governmental functionality and eliminate compatibility issues.

In terms of e-governance, the National Portal of Public Administration “Hermes” is fully functional providing information to the citizens as well as the ability to perform certain administrative tasks online.

Finally, data on the stock as well as the dynamics of public sector employment are published on the web on a monthly basis while Hay Group delivered its assessment on the evolution of public sector employment according to which 150.000 employees are expected to have left public sector between 2011 and 2015.

e. Privatization Programme

Despite the negative economic sentiment and the low foreign appetite for Greek assets, the proceedings from privatizations are expected to rise given the agreement on the second adjustment programme which is expected to calm the markets and bring the necessary economic stability for foreign investments. The target of collecting €50 billion in privatization receipts remains viable, although over a much longer horizon than envisaged initially.

The Hellenic Republic Asset Development Fund (HRADF) has already completed a number of important projects with a total yield of €1.8 billion in accruals. These projects include:

- the extension of the gaming license to OPAP (The State gaming company);
- the award of a new VLT license to OPAP;
- the extension of mobile telephony licenses.

Two additional projects are in progress and are expected to be completed soon:

- the sale of the State Lotteries license, where there have been 3 international interests and the HARDF is proceeding with the invitation bid;
- the redevelopment of the Hellinikon Airport site.

A series of privatizations are currently being prepared covering:

- Energy: sale of DEPA/DESFA (Gas transporter/distributor) where the State will retain 34% of DESFA and subsequent sale of 35% of Hellenic Petroleum, the largest oil refining and marketing company in SE Europe (launching date February 29, 2012)

- Real Estate: sale of a number of state buildings and 4 other prime sites such as Golden Hall (Shopping Mall), Kassiopi in Corfu, Afantou in Rhodes (all launched in March 2012) and Astir (Luxurious Hotel in the Seaside Vouliagmeni Area of Athens).
- Mining: sales of nickel mining company LARCO.
- Defence: sale of munition and light weapons company Hellenic Defence Systems (EAS).
- Gaming: sale of 29% of OPAP, one of the largest gaming companies in the world, sale of ODIE the horse raising /betting company and sale of 49% of the Casino at Athens.
- Transport: concession of the 650 Km Egnatia motorway which links Turkey to the port of Egoumenitsa in western Greece and through that to Italy.

In the second quarter of 2012 the HARDF plans to launch a number of major infrastructure concessions in groups or individually:

- 34 regional airports, including the Thessaloniki International Airport
- 12 ports, including Piraeus and Thessaloniki ports
- The Athens and Thessaloniki water supply companies.

Finally, after the recapitalization and the restructuring of the banking sector, the Hellenic Republic's holdings in the Agricultural Bank and the Postal Bank will be sold. Additionally, smaller companies will be eventually put on the market, such as the Hellenic Defence Systems, truck assembler ELVO and train operator TRAINOSE.

The Fund will also put out for development and/or long leases around 70,000 plots of land. Real estate will be grouped in lots; the first lot is expected to be ready for the market in the first half of 2012.

3. Progress towards Europe 2020 Targets

a. R&D earlier – set target: 2% of the GDP for R&D.

In order to achieve this target, gross domestic expenditure on R&D will have to increase from €1.3 billion in 2007 to €4.9 billion (current prices) by 2020. Due to the adverse economic environment and the larger than expected recession, R&D effort is unavoidably affected. Investments in R&D from the private sector tend to decrease while the reduced public expenditure will have an impact on the capacity of the public administration to support R&D financing. Consequently, the aim to invest 2% of GDP in R&D by 2020 seems too ambitious at the moment and is likely to need revision in order to be more consistent with the current trends and the economic outlook. However, a turn towards an output based R&D performance and a more efficient use of the existing resources is feasible and can act in a pro-cyclical manner in order to maintain the technological background of Greece and boost the growth prospects of the country. In the current juncture, the EU structural funds can be a significant source of funding in order to allow the continuation of private sector investment and the active participation of the research centres and universities. In this respect, the General Secretariat for Research and Technology (GSRT) is coordinating the allocation of the available EU resources through the Operational Programmes of “Competitiveness and Entrepreneurship”, “Education and Life Long Learning”, “Human Resources Development”, “Digital Convergence” and the Regional Operational Programmes of Attiki, Makedonia-Thraki, Ditiki Ellada-Pelloponisos - Ionia Nisia, and Thessalia –Sterea Ellada. The overall budget for R&D actions activated up to now amounts to €737 million and the budget for approved projects amounts to €413 million, with a remarkable increase in the implementation rate during last year. In the following years absorption rates are expected to increase due to the fact that most Actions have reached their “maturity” phase.

Greece is placing due emphasis to the improvement of the institutional environment as well as to the promotion of concrete measures in order to strengthen the R&D framework by providing incentives for innovation. A Framework Law for the support of Research, Technological Development which will substitute the existing legal framework is currently under preparation. The main pillars of the law consist of:

- The improvement of the investment climate for R&D
- The strengthening of the linkages between research and innovation, coordination between the relevant actors and SMEs support
- The Strengthening of the Greek research system and human capital and its potential for supporting the economic development of the country
- The Improvement of the effectiveness of public financing for R&D

More specifically:

1. Improving the investment climate for R&D

Fiscal incentives are an important mechanism for stimulating R&D activity in the private sector. In addition to the standard tax credits for R&D investment, and the measures included in the recent “investment law”, an expansion of the use of fiscal incentives to support spin-offs, spin-outs, and science and technology parks is under consideration.

The modernization of the *National Patent System* is also under consideration in order to improve the protection of the rights of inventors and to better support the exploitation of research results by Greek enterprises, universities and research centres. The new law for the higher education provides for establishing Patent Offices within Higher Education Institutions.

An equally important reform in this area is the preparation and implementation of a Business Friendly Action Plan, aimed at identifying barriers to entrepreneurship and taking action for their removal. The Action Plan is the result of a joint effort by several ministries to identify remaining major obstacles to entrepreneurship and structural competitiveness, and put forward concrete actions for their removal. In this framework, the Greek government is considering a series of policies to support the involvement of the business sector in R&D. A shift from direct funding of business R&D to tax relief in R&D is now being considered. To accomplish this there is a need to:

- Improve the design and evaluation of tax incentives
- Enhance good administration of tax incentives
- Introduce tighter control of tax expenditures

2. Strengthening the linkages between research and innovation, coordination and SMEs support.

A large fraction of R&D financing is allocated to programmes aiming to support research in new high technology SMEs, spin-offs and spin-outs, and collaborative research projects between firms, and between firms and research organizations of the public sector (universities and research centres). The ‘Clusters’ projects are also heading towards this direction. These programmes are implemented through competitive calls for proposals, which are expected to absorb over € 200 million in the period 2011 and 2015 (of the €570 million which are allocated for the Research and Technology sector of the Greek NSRF for the period 2007-2013). More analytically:

a) Innovation Vouchers for SMEs

The scheme aims to support (a) SMEs in buying innovative consulting services and know-how from innovation agents; and (b) the public laboratories of universities, technological colleges, research centres and institutes and "sectoral" companies as suppliers of services of high added value and knowledge intensity.

The applicant SMEs have to identify a problem that requires know how or expertise supplied by the innovation agent. The vouchers, of individual value of €7,000, will be given to applicant companies and exchanged for expertise and consultant services from the "innovation agents" (universities etc). Any excess value of these services as well as the corresponding VAT shall be financed by the applicants. No more than one voucher can be allocated by applicant company. The applications are selected upon their priority date of registration and availability of funds in the relevant operational programme (six operational programmes are involved). In two months time from the selection date the beneficiary has to register also his contract with the innovation agent by the managing unit of the scheme, otherwise he misses the priority date. Two SMEs may combine their vouchers for consultancies valued above €7,000. The duration of each project is limited to four months. At the end, the beneficiary company transfers the voucher to the innovation agent, who can exchange it for cash from the funding authorities.

b) COOPERATION 2011 – Partnerships of Production and Research Institutions in Focused Research and Technology Sectors

The Action supports the collaboration between Greek enterprises and research organizations through the joint implementation of research and technology projects that promote the “green” growth, competitiveness and extroversion of Greek enterprises and improve the quality of life of Greek citizens. More specifically, the Action will provide funding for the implementation of Research Technology and Development projects in specific sectors and activities which: (a) Are of interest to Greece’s production sector and will contribute –directly or indirectly– to the development of new or improved products and services and to the penetration in new markets. (b) Meet the needs of society and of various area-specific policies, such as energy policy and environmental policy. (c) Produce new knowledge that can be further utilized.

The present Call for Proposals refers to highly specific R&D sectors, selected on the basis of the demand by the Greek production sector for exploitable research and technological results, and covers all of Greece.

c) *Creation of Innovation Clusters "A GREEK PRODUCT, A SINGLE MARKET: THE PLANET"*

An invitation for expression of interest was launched in late 2011 inviting already existing networks of business enterprises, academic research organizations, technological organizations etc., under the coordination of one organization acting as a facilitator, to submit proposals which will demonstrate the possibility of developing innovation clusters in thematic areas where Greece has a comparative advantage. The Invitation was open for all sectors. The proposals should provide a record of the scientific and business activity in the specific thematic area, confirming the existence of innovative activity, as well as the potential for implementation of innovative actions. They should also demonstrate on whether an efficient mass consisting of enterprises and academic organizations exist, in order to create a cluster and provide a Preliminary Business Plan of the proposed Innovative Cluster.

d) *European R&D Cooperation schemes – JTIs (Joint Technology Initiatives)*

Supporting the participation of Greek organizations to the 1st, 2nd and 3rd European Call of the JU ENIAC (European Nanoelectronics Initiative Advisory Council) and JU ARTEMIS (Advanced Research and Technology for Embedded Intelligence and Systems)

This group of Actions aims at facilitating the coordination of the national R&D policy with R&D policies in other member states and the EU. JTIs are legal entities which are proposed as a new way of realising public-private partnerships in a relevant industrial research and development field at European level.

The specific Actions provide support to the participation of Greek organizations to respectively the 1st, 2nd and 3rd European Calls for proposals of the JU ENIAC (European Nanoelectronics Initiative Advisory Council) and JU ARTEMIS (Advanced Research and Technology for Embedded Intelligence and Systems). The aim is to enhance Greek participation, especially of the most dynamic SMEs, having technological know-how, in projects of trans-national cooperation in key areas where research and technological development can contribute to Greek competitiveness and quality of life. The beneficiaries of the Actions are enterprises, universities, technological institutes, research and technological organizations and which participated successfully to the respective European Calls for proposals of the two Joint Undertakings.

3. The Strengthening of the Greek research system and human capital and its potential for supporting the economic development of the country

A precondition for strengthening the demand for research in the Greek economy and society is the improvement of the quality of the Greek research system (human capital and infrastructure) itself. To this effect, a key category of competitive calls are focused on that. Ongoing and future programmes target the development of human capital for research in a knowledge economy (including support to excellent researchers, support to mobility of researchers towards enterprises and support to training for innovation activities). These programmes are expected to exceed € 150 million in the period 2011-2013.

In addition, an important set of projects are related to the upgrading of the Greek research infrastructures, taking advantage of developments at the European level through the roadmap of ESFRI (European Strategy Forum for Research Infrastructures).

The support of bilateral and international collaborative efforts is also expected to significantly contribute to the strengthening of the Greek research system. Finally, a third set of activities is connected with the development of a culture of outward orientation in the Greek scientific and technological community through outreach and education efforts. Some key programmes are:

a) ARISTEIA (Excellence) 2011

This Action supports the financing of research projects carried out by research teams under the supervision of a main Researcher in a Host Organization (university, technological institute, research organization etc). The research team consists of researchers belonging to the Host Organization, post doc researchers, PhD and postgraduate students. The eligible projects should not interfere with the economic activities of the host organization.

b) Supporting post doctoral research. (POSTDOCs)

This Action aims at supporting about 200 postdoc researchers (Greeks or non nationals), in order to carry out a research project of duration between 24 and 36 months. Researchers having obtained a Phd from a Greek university are given priority in case they have chosen to undertake the 2/3 of their research in a foreign research organization and only the 1/3 in Greece. The research projects should belong to one of the five broad thematic areas covering most of the scientific fields and will be implemented at Universities, Technological Institutes and public research organizations in Greece or abroad (Host organizations).

c) Heraclitus II

This Action aims at the development of high quality human capital for research and innovation through PhD studies, training of researchers, attracting of

high quality researchers from abroad and development of research networks between Universities, Technological Educational Institutions and Public Research Centres. The objective of the programme is to support the increase of human capital through doctorate scholarships in universities.

d) Archimedes III

The basic goal of Archimedes is to support research teams in Greek Technological Educational Institutes (TEI) and enhance their research capabilities by funding interdisciplinary and inter-institutional research projects. The programme aims also at attracting talented researchers in TEI and developing high quality research personnel. The programme supports research projects in all research fields. However, particular emphasis is given to the fields of engineering and ICT where the main strengths of Greek Technological Educational Institutes are concentrated.

e) Thales

The basic goal of this programme is to support the research teams in Greek universities through the funding of interdisciplinary and inter-institutional research projects, so that they can become competitive in sectors of strategic importance. The programme aims also at the development of economies of scale in research, strengthening of the co-operation and networking between research teams, within the university or among universities, and the development of high quality of research personnel and the attraction in universities of the most talented national or non-national researchers.

4. The Improvement of the effectiveness of public financing for R&D

The measures described above under the key thematic pillars require continuous and uninterrupted funding. Given that financing primarily provided through the EU structural funds, it is important that this funding induces sustainable behavioural change in the actors of the Greek system. For this reason, a better system of evaluation and assessment activities will be pursued based on recommendations of the National Council of Research and Technology. The objective is to ensure that the programmes are achieving the desired effects (increased effectiveness and efficiency) and to allow for adaptations and improvements. These will build on the insights provided by a more general evaluation of research and technology policy in Greece which is planned now in order to improve the efficiency and the effectiveness of the R&D system in Greece. The restructuring of the research institutes will greatly help towards this direction. Additionally, an electronic platform has been developed aiming at a user-friendly submission of the proposals as well as their independent, objective and high quality evaluation, motivating foreign and domestic experts. This platform has already been used successfully in several calls for proposals with a view to be in the following years the exclusive evaluation tool of the GSRT.

b. Educational Target: the share of early school leavers should be under 10% and at least 32% of the younger generation should have a tertiary degree.

As pointed out in the last year's reforms programme, both targets are considered attainable and should be met by 2020. The dropout rate is expected to become 9.7% while the share of population having obtained tertiary education can be 32%. The achievements of those targets are conditioned upon the implementation of the reform agenda with a view to lift persistent inequalities to the access to education and enhance the qualitative results of the educational system. The key elements with regard to the achievement of the headline targets are presented below:

1. The share of early school leavers should be under 10%

Significant measures were promoted during the school year 2011-2012 as envisaged by the planning of the Ministry of Education, including the development of the all-day schools of primary education, the renewal of the school textbooks, the training of the educational staff, the setting-up of Educational Priority Zones- EPZ (76 school units of primary education and 27 sections of secondary education) and the integration of students originating from disadvantaged social classes within the educational system. More specifically:

- The Institute of Educational Policy (IEP), a Private Legal Entity supervised by the Minister of Education Lifelong Learning and Religious Affairs, was established. IEP operates for the benefit of public interest as an executive scientific body which supports the Ministry of Education, Lifelong Learning and Religious Affairs, focusing on scientific research and the study of the issues related to primary and secondary education, as well as the transition from secondary to tertiary education and the on-going scientific and technical support for the design and implementation of educational policy issues.
- In order to prevent early school leaving, attempts have been made to act proactively through improved curricula, the renewal of school textbooks, short-term analytical programs, the introduction of innovative actions such as the flexible zone, and the appropriate teacher in-serving training.
- 961 all-day schools under the new curriculum were put into operation, promoting a diverse and intercultural learning, on a pilot phase during the school year 2011-2012. A variety of optional courses were offered (Sports, Acting, English, Music, Second Foreign Language, Arts etc.) as well as the Study and Preparation class as an integrated subject.
- Teachers' in service training is running on the new technologies and the new curricula.
- Within the New School Policy, supplementary measures were adopted aiming at tackling the issue of early school leaving such as: provision of teaching to

children with special needs as part of the obligatory and free State education. Also, home schooling is envisaged, where appropriate, for the children who suffer from serious long-term health problems and cannot attend school.

- A large scale plan of merging and unification of school units in the early primary and secondary education was implemented during 2011. This programme is also applied to neighbouring school units with exceptionally low student population. As a result, double shifts in schools were abolished, and teaching conditions were improved since bigger school units are better and more efficient equipped while offering extended syllabus options such as informatics, foreign languages etc.
- The Ministry of Education Lifelong Learning and Religious Affairs, in cooperation with the General Secretary of Life Long Learning has organized the educational plan “Odyssey” which aims at providing to non natives education on Greek Language, History and Greek civilization. “Odyssey” is addressed to EU and third countries citizens who are older than 16 years and reside permanently in the country.
- School units of primary and secondary education that are part of the EPZ operate in regions with low total educational attendance, high percentage of early school leaving and low percentage of access to higher education as well as low socio-economical conditions. The aim of the EPZ is an inclusive education system through the use of support actions, such as the operation of reception classes, the supporting teaching classes, the summer classes and classes where the native language of the foreign students is taught.
- A mid-term strategy has been developed for the Roma students with projects aiming to include Roma children into the educational system. This process is performed under the coordination, guidance and supervision of the Ministry of Education and is integrated within the Operational Program “Education and Lifelong Learning”, co-funded by the NSRF (National Strategic Reference Framework).
- Two new laws about the "New Technological High School" and the "New Lyceum (General Secondary School)" are under discussion.
- Furthermore, a National Program of Lifelong Learning has been developed within the National Development Program which includes programmes for the education of adults, vocational training and the social inclusion of migrants and the less-favoured social groups.

2. 40% of the young people age 30-34 should have attained a degree of higher Education

A milestone towards the achievement of this headline target was the adoption in 2011 of the law 4009/2011 concerning the “Structure, operation, quality assurance of studies and internationalization of higher education institutions” The key points of the law are:

- The establishment of the "Council of the Institution" in which external experts participate as well.
- The introduction of the mandatory enrolment of students in each semester.
- The introduction of a time limit in the duration of the study period, as well as the introduction of part-time studies for working students, in order to help them complete their studies.
- The introduction of a national 'Erasmus' with student exchange programmes among Greek higher education institutions which will promote the cooperation between higher education institutions, aiming to provide modern, cross-curricular and high-standard study programmes.
- The introduction of the Student Ombudsman, who will act as a mediator between the students and the academic staff or the administrative services of the institution.
- The provision of student loans, with the guarantee of the Greek government
- The Introduction of compensatory scholarships.
- The obligatory implementation of European Credit Transfer and Accumulation System (ECTS)
- The obligatory validation of the curricula by an Independent Authority.
- The mandatory publication of the teaching material (e.g. lecture notes) on the Internet, offering substantial support to students who miss lectures.
- Assessment and accountability at all levels.

The above mentioned measures are expected to resolve the main problem of the Greek Universities, which is the large number of non active students (enrolled students who have actually interrupted their studies but have not been struck off the university registry) and the low percentage of higher education graduates.

Complementary to the above measures under the two thematic targets, the following actions are in progress according to the ministry's planning:

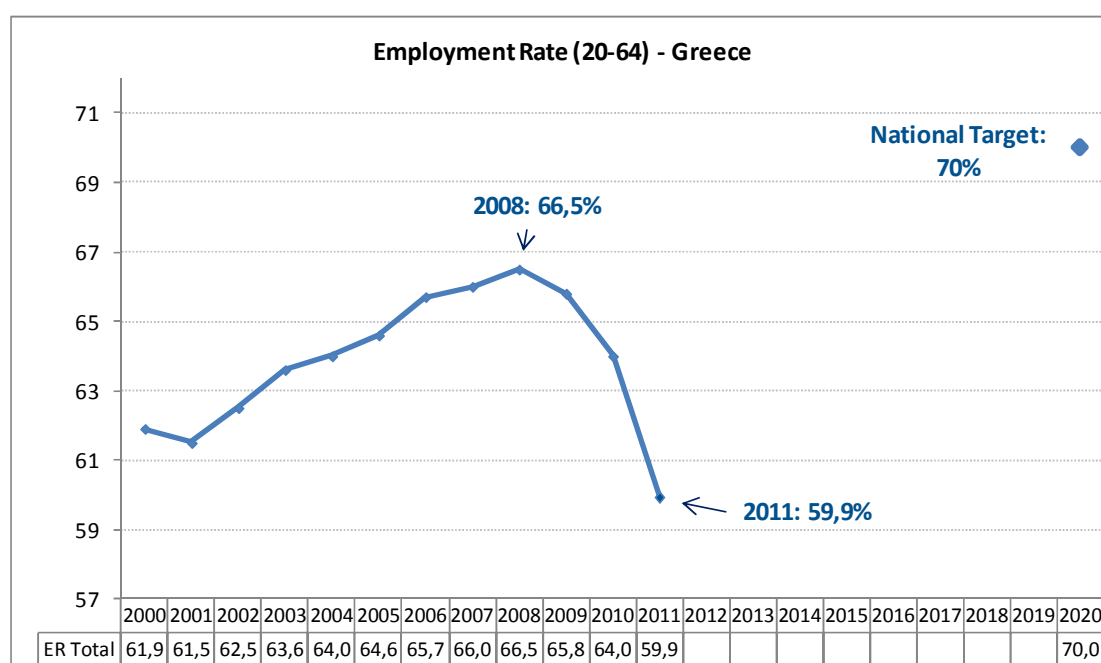
- The reform of initial secondary vocational training
- The development of the New Lyceum
- The increase of the school units which will be incorporated in the EPZ
- The planning of a new system of access to higher education
- The facilitation of part-time university studies which is expected to significantly increase the number of graduates
- The wider administrative reform of the educational system.

c. Employment rate target: 70% of people aged 20-64 should be employed by 2020

1. Progress and labour market condition

The situation in the Greek labour market further deteriorated in the course of 2011 as evidenced by the Labour Force Survey data of the Hellenic Statistical Authority (EL.STAT.). The deeper-than-anticipated recession in the Greek economy negatively affected employment in 2011 and led to higher unemployment rates across all age groups. Employment declined in almost all economic sectors, however recession particularly affected cyclical sectors, such as construction, manufacturing and trade. Construction and manufacturing are mainly men-dominated sectors, thus explaining why crisis is hitting adult men much harder than women.

Graph: Employment rate (ages 20-64) in the 2000-2011 period and national employment rate target for 2020



Source: Hellenic Statistical Authority (EL.STAT.), Eurostat

The average number of employed people (ages 15+) declined by 6.8% in 2011 year-on-year, following a decline of 2.7% in 2010⁵. Moreover, the number of economically inactive people (4.37 million, 2011 average) exceeded the number of employed people (4.09 million, 2011 average), due to, *inter alia*, a higher number of pensioners in 2011 and the increase in the number of unemployed people who are discouraged to search for a new job. Furthermore, the activity rate (ages 15-64) in 2011 settled at 67.7%, lower than the 2010 rate (68.2%), reversing a previous upward trend in the 2001-2010 period.

⁵ The total number of employed people (ages 15+) in the 4th quarter of 2011 declined below the 4 million people level, to 3.93 million people, for the first time since the 2nd quarter of 1998.

As a result of the above developments, the **employment rate for the 20-64 age group** declined by 4.1 percentage points (pps) in **2011** to **59.9%** from 64% in 2010. The employment rate drop was bigger among men (5.1 pps decline in the 2010-2011 period) than among women (3.1 pps) for this age group. More precisely, the employment rate for men aged 20-64 eased to 71.1% in 2011 from 76.2% in 2010, while the employment rate for women in the same age group settled at 48.6% in 2011 from 51.7% in 2010. **The 2011 employment rate figure of 59.9% (20-64 age group) points to a 10.1 pps distance from the 2020 national target of 70%. We recall that the employment rate (ages 20-64) had recorded a 4.6 pps improvement in the 2000-2008 period or a 2.1 pps improvement in the 2000-2010 period.**

The decline in the number of employed led to a rise in the average number of unemployed people in 2011 by 39.5% year-on-year (to 876.9 thousands, 2011 average), following a 33.5% increase in 2010 year-on-year. The number of unemployed people exceeded the 1million level in the 4th quarter of 2011 (1.03million) for the first time since EL.STAT Labour Force Survey data were made available on a quarterly basis (1998).

As a result, total **unemployment rate** (ages 15+) followed a rising trend in the course of 2011, surpassing the 20% level in the 4th quarter of 2011 (20.7%), to average at **17.7% in 2011** from 12.5% in 2010. We should mention however, that the implementation of a series of targeted active labour market policies by OAED has prevented unemployment from rising further (i.e. by 4%-5%). An additional point of concern is that the Long-term unemployment rate [long-term unemployed population (12months or more) as a proportion of total active population] exhibited an upward trend last year reaching 9.1% in 2011 from 5.9% in 2010.

Young people have been affected significantly by the decline in economic activity. Young people, who have little or no experience and are often employed under fixed term contracts, are more vulnerable than other age groups in times of economic crisis. The unemployment rate of people aged 15-24 surged to 44.4% in 2011 from 32.9% in 2010 (an 11.5pps increase in one year), with young women experiencing higher unemployment rates (51.5% in 2011 from 40.6% in 2010) than men (38.5% in 2011 from 26.7% in 2010). Since the beginning of the crisis (3rd quarter of 2008), youth unemployment rate (ages 15-24) has registered a 29pps increase (as compared to Q42011). Unemployment rate is also high in the 20-29 age group, (33.7% in 2011: 29.4% for men, 38.8% for women).

As regards the educational attainment level, the unemployment rate is higher among people who haven't attended school (28.5% in 2011 from 20% in 2010) and for those who haven't finished primary school (24.1% in 2011 from 12.6% in 2010). On the other hand, the lowest unemployment rates are observed among people holding a master's degree or Phd (10.2% in 2011 from 7.7% in 2010).

The share of part time employment is lower in Greece as compared to the EE-27 average, however, a slight increase to 6.8% was evident in 2011 from 6.4% in 2010 and 5.6% in 2008 (EL.STAT., LFS data). *However, in Greece the percentage of part timers who choose to work part time because they cannot find a full time job (56.5% in 2011) far exceeds EE-27 average (25.5% in 2010).*

Short-term employment prospects are rather weak. However, in the medium term, we expect better labour market outcomes on the back of the recent legislative interventions and implementation of significant structural reforms, creating more favourable conditions for employment.

2. Labour market reforms (2011-2012)

During last year, a series of labour market reforms have been put into effect by means of law, aiming at increasing the competitiveness of the economy and boosting growth prospects through the acceleration of structural reforms in the labour market. More specifically:

Labour cost reduction and facilitation of access to employment

According to the provisions of Law 4046/2012 (In force from March 2010), a series of working allowances and benefits are repealed and the minimum wage level in the private sector is reduced by 22% for workers above 25 years old. In order to tackle the severe problem of youth unemployment, the minimum wage level in the age cohort up to 25 years old is reduced by 32%. Staff regulations in the private or public sector which provide for work permanence are abrogated and any kind of wage increase imposed by law, collective agreements or arbitration decisions is being frozen until unemployment falls below the threshold of 10% (currently at 20,7%, Q42011).

Flexible forms of employment

The maximum duration of successive fixed-term employment contracts is extended from two to three years and the reference period during which the renewals can take place before the contract is automatically transformed into an infinite one, is extended as well, (Law 3986/2011). Furthermore, more flexible conditions for the regulation of working time in private undertakings are put in place and agreements on working time flexibility are facilitated.

Collective bargaining is becoming more flexible.

The so called “principle of favourability” in collective bargaining is waived and firm level agreements take precedence over any other more favourable collective (sectoral or professional) agreement, as long as the firm level agreement is at least as favourable to the employee as the national collective agreement. At the same time, workers associations (at least 3/5 of the company staff) are given the right to conclude

with their employers firm level agreements, whereas the procedure to set up a union is greatly accelerated in order to facilitate the whole process. (Law 4024/2011)

Collective agreements can last for a maximum duration of three years and thereafter their terms can remain valid (after effect) only for a period up to three months (compared to six months before) and only for those terms which concern wage issues. (Law 4046/2012). Changes in the arbitration system are also introduced, as employees can resolve to it, only after common agreement with the employers and only concerning wage issues. (Law 4046/2012)

Private employment services

The legislative framework of the Private Employment Services (Private Employment Agencies (IGEE) and Temporary Employment Agencies (EPA) is revised by simplifying the necessary conditions and procedures concerning their establishment and by reducing the administrative costs. Thus private employment services which will promote employment and reduce unemployment levels are facilitated. (Law 4052/2012)

Unemployment Benefits

Stricter conditions are applied for the provision of unemployment benefits (Law 3986/2011), while their level are readjusted according to the new minimum wage levels defined by Law 4046/2012.

Undeclared work

A wide reform has been implemented aiming to upgrade the effectiveness of the Labour Inspectorate (Law 3996/2011). Employers are motivated to ask their employees to use an electronic **card**, which will record the employee's daily work timetable. The implementation of this action will begin in March 2012 and those who make use of the system and are consistent in their social security payments will benefit from a reduction in their contributions (Law 3996/2011). Furthermore, a special voucher used as a compensation for those professions where undeclared work is extensive (e.g.: domestic workers such as housecleaners, care providers for elder people etc) is already being used. Last but not least, provisions aiming to facilitate the cross-checking of data and information between the main social security scheme (IKA) and the Labour Inspectorate have been enacted (Law 3996/2011).

3. Employment Policies

Given the unfavourable labour market developments and the fiscal constraints, emphasis is given to a more efficient use of resources/ reallocation of resources, in a way to both improve labour market outcomes, and in particular youth labour market outcomes, and to enhance economic sectors with growth prospects.

The main rationale behind the currently implemented policies, mainly through the Public Employment Service (PES) is the boosting of **job creation and job**

retention mainly through the reduction of non wage cost. For this purpose the PES has launched a series of actions⁶, main axis of which is the subsidization of social security contributions. These policies facilitate both access of unemployed to the labour market and the inhibition of undeclared work. A special category of these programs is specifically targeted in the touristic sector, which has been particularly hit by the crisis.

A package of measures is intended to **facilitate access of young people and newcomers in the labour market**. These include: (a) a work experience programme (stage) in the private sector (b) a programme subsidizing enterprises for the recruitment of young graduates up to the age of 35 years, (c) counselling and career orientation services, aiming at enhancing employment prospects, (d) programmes to enhance youth entrepreneurship, and (e) vocational and educational training programmes in priority areas of economic activity (construction, tourism, new technologies, etc).

Another priority is the **conversion of passive unemployment policies into active**. In this direction, the unemployment benefit is converted into an ALMP by taking the form of a “reintegration voucher” as a subsidy to the employer who hires a registered unemployed person.

Women remain equally vulnerable and therefore priority is given to this group through the adoption of key measures aiming at boosting female employment and entrepreneurship which provide for a) subsidized programmes for enhancing female entrepreneurship b) programmes for reconciliation of family and work life.

People in the age cohort 55-64, who are in a disadvantaged position in the labour market either because they are long term unemployed or left redundant a few years before retirement are also the target group for a special program through which they can find a workplace in local administration services that are short of staff.

Furthermore, programs **aiming to create access in the labour market for vulnerable social groups** such as persons with disabilities, rehabilitees and other marginalized groups are available. These programs include subsidization of: a) social security contributions for the employers who hire them b) entrepreneurial ideas c) ergonomic arrangement of their workplaces.

Local integrated interventions are also implemented in certain areas which suffer disproportionately from the implications of the crisis. These local interventions consist of a combination of actions focused on job creation, work experience or training, depending on the local needs.

⁶ In several cases in the framework of co-financed operational programmes.

4. Evaluation - Impact of recent legislation

Recent regulations have given the labour market the necessary flexibility in order to respond to the challenges of the economic crisis. The conversion of the labour market contracts of full employment to part time employment or rotation work, has led to job retention and restraint of unemployment at the same time.

Data from the Labour Inspectorate confirm the increasing use of flexible forms of employment in the Greek labour market, since, in 2011, 58,962 full time employment contracts have been converted into part time employment or rotation work. Compared to 2010, these increases are of 73.25% concerning part time employment, of 193.06% concerning rotation work with the consent of the employee, and of 631.89% concerning rotation work unilaterally by the employer. This shift towards flexible forms of employment can also be reflected in the share of full time employment contracts in the labour market, which from 79% in 2009, fell to 66.9% in 2010 and to 58.92% in 2011. The latest available data from the Labour Inspectorate (January-February 2012) broadly confirm that the above mentioned trend still prevails.

Evaluation of ALMPs

Since 2010 more than **838,000** persons, either as employees or as self-employed or as trainees, have benefited from 52 OAED (Greek Manpower Organization) programmes for job retention, promotion of employment or training, of a total budget of €3.4 billion. It is estimated that upon completion of these programmes, beneficiaries will amount to 1,100,000 persons.

More specifically, the outcomes of these programmes include:

- Retention of **321,000** jobs, including **11,000** jobs in the tourism sector.
- **81,000** unemployed have benefited from 27 programmes for finding a job or creating small scale entrepreneurship opportunities.
- Expansion of seasonal employment in tourism by **54,000** jobs.
- Vocational training of **341,316** people, through LAEK and structural adjustment programmes.
- Initial vocational training for **14,031** young people.

It is estimated that these actions have contributed to a halt in the growth rate of unemployment of at least 4% - 5%.

It should also be noted that a series of changes and structural reforms have taken place, towards the **modernisation and upgrading of services provided by OAED**, including the interconnection of the information systems of OAED and IKA (The main SSF) and the increased use of internet for the completion of various procedures (submitting of applications, payments, etc.). These changes have contributed significantly to improve the services provided by the organisation towards

their beneficiaries, to reduce the need for physical presence of the citizens, as well as to enhance the operation and effectiveness of the organisation itself. The interconnection of the two information systems has led to the abolition of a series of bureaucratic procedures (submission of certificates, etc.) and the facilitation of controls and treatment of abuse through the automatic cross-checks.

d. Poverty Target

1. The trend of Greek national targets

Greece has set up three national targets:

- reducing the number of people at risk of poverty and/or social exclusion 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 2020: Following a reduction in the pre-crisis era, stagnation is evident for 2009 and 2010. (27.6% in 2009 and 27.7% in 2010)⁷.
- reducing 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: A slight decrease can be observed between 2010 and 2009 but it is based on the 2009 and 2008 income respectively.
- building a “social safety net” against social exclusion, which includes access to basic services, such as medical care, housing and education is a priority, especially during the crisis: This specific objective is not quantified, but highlights the need and willingness of the State to increase access to basic services in the framework of the third active inclusion pillar.

2. Elements of context

On the basis of available statistical data, no major changes are observed for the period 2008-2010. Nevertheless, the factors increasing poverty and social exclusion have certainly exacerbated in Greece since GDP and employment rate continue to exhibit sharp decrease. The imposition of austerity measures such as the reduction in the unemployment benefit, pension cuts, stricter rules for the provision of a low-income pensioners benefit (EKAS), wage and labour income reduction, increase in VAT on domestic fuel, increase of 4% in standard VAT and the suspension of the rent subsidy programme for low income employees are all likely to have an adverse

⁷ The indicator mentioned is based on three indicators: at-risk-of poverty rate; rate of severely materially deprived persons and rate of people living in a low work intensity household. A stagnation of the two first indicators is observed, while the third indicator has increased (1%).

impact on the poverty indexes and aggravate poverty risk among the population, even if this is not yet reflected in the existing data.

The main structural characteristics of poverty risk and social exclusion remain the same. The risk of poverty is high (compared to the EU average), severe (the poor are deeply poor) and persistent (the poor remain poor for years). As far as the child poverty is concerned, it should be added that the huge majority of the poor children live in working poor households, while at the same time the number of poor children living in jobless households is increasing.

3. Main Challenges

Designing a long-term strategy against poverty and social exclusion, developing administrative databases, monitoring and assessing the designed and implemented policies remain significant challenges for the Greek social policy.

The limited effectiveness and efficiency of social transfers other than pensions also constitutes a major issue. Nevertheless, it should be stressed that social transfers in the form of pensions for people age 65+ are more redistributive in Greece than the average of the EU-27 countries. The analysis of this observation is indicative for reforms in other policy areas.

In order to meet the key objective of increasing the social policy efficiency, efforts are concentrated on clarification of ministry responsibilities, simplification of structures and reduction of the social policy system fragmentation.

4. National policy orientation

During the last year national policy has a double orientation: to limit the social impact of the economic crisis with targeted measures in the short term and to reform the national social policy system so that it can be adequate, effective and sustainable in the long term.

Fighting the social consequences of the crisis

Greece has been facing a huge increase in unemployment rates and a significant decrease in GDP. Efforts have been made (albeit not always successful) to diminish the impact of the crisis. For instance, a solidarity contribution has been established to contribute to the financing of the increased social expenditure , including unemployment benefits, due to the rapidly increasing number of recipients.

Efforts have also been made to facilitate a smoother and more progressive distribution of the consolidation burden among the population although the regressive

nature of some of those (e.g. the increase in the VAT and the excise taxes) has inevitably an impact on poverty.

Some benefits have become means-tested (e.g. the large family benefit), some others have been reduced (e.g. family benefits for public sector employees) while for some other the prerequisites for eligibility have become stricter (e.g. the old age solidarity benefit –EKAS).

Measures to limit the social consequences of the crisis for the most vulnerable as well as to promote their social integration, include the following actions:

- Promotion of social economy with the implementation of new legislation which establishes the registry for social enterprises.
- Employment programmes for the socially vulnerable groups implemented by the Greek Manpower Organisation (OAED)
- Social work programmes
- Regional integrated programmes for the support of employment (TOPSA)
- Local actions of social inclusion for socially vulnerable groups (e.g. long term unemployed, disabled, Roma)
- Provision of integrated local support and care services for poor families with children
- Establishment of an inter-ministerial working group to address the rapidly deteriorating homelessness problem
- Medical care provision for the unemployed through prolonging the period of insurance coverage
- Ensuring the continuation of the successful programme “help at home”.

Additionally, the following measures will be implemented soon:

- Establishment of the Social Economy Fund
- Subsidy Programme for Social Enterprises
- National Network for instant social intervention for social inclusion and the support of the most vulnerable
- Targeted Training Programmes for People with disabilities and for former substance users

Reorganisation of the social policy system.

In addition to the above mentioned policies, the reorganisation of the social policy system is of the highest priority:

- A functional review of the social programmes in Greece is ongoing in collaboration with OECD. The final report will be delivered in April 2012 and will include policy recommendations on a better policy design organisation and management of existing social programmes.

- A mechanism for central coordination, designation and monitoring of social policies is about to be established under the Ministry of Labour and Social Security. As a first step towards this direction the General Secretariat of Welfare was transferred from the Ministry of Health to the Ministry of Labour.
- The administrative restructuring of ministries and public entities which is being carried out, aims at improving the effectiveness of public service, defining clear responsibilities, eliminating overlapping competences and reducing public expenditure.
- Restructuring and rationalisation of auxiliary pension Funds, through the establishment of a new single Fund.

e. Environmental Target

The advent of the 20-20-20 program of the EU, the resulting directives and especially the so-called Climate and Energy Package (CEP) in 2009 have been welcomed and quickly adopted in Greece. Thus in the last 2 years a number of laws, ministerial decrees and other legal instruments based on extensive technical work and modelling studies have specified legally binding targets that aim to increase the enhanced penetration of renewable energy sources (RES) and to improve the effectiveness of energy use in other sectors and in particular in housing and transport. The achievement of these targets will also result in reductions of emissions both of greenhouse gases (GHG) as well as of classical air pollutants such as SO_x, NO_x, O₃ and TSP.

At the same time, Greece has compiled and submitted relevant action plans in the scope of Directive 2009/28/EC (Initial National Renewable Energy Action Plan – NREAP in June 2010 and 1st Progress Report in March 2012) and of Directive 2006/32/EC (Initial National Efficiency and Energy Action Plan – NEEAP in June 2009 and 2st Report in December 2011). These action plans include targets and trajectories with milestones to achieve them which are enshrined in legislation (L3851/2010 for RES penetration and L3855/2010 for energy efficiency improvement).

Greece has also transcribed in their entirety the CEP Directives (e.g. 2009/28/EC, 2008/101/EC, 2009/29/EC and 2009/30/EC) into its legal system.

Central to Greece's effort to increase the use of RES and improve energy use, both by reducing energy consumption and by improving energy efficiency, are L3851/2010 and L3855/2010.

L3851/2010 specifies that the use of RES shall reach 20% on final energy consumption by 2020 (2 percentage points higher than the mandatory 18% target set in 2009/28/EC for Greece) and 40% on electricity generation. It also streamlines the

permitting process and provides updated and attractive feed-in-tariffs for all RES technologies. Additional legislation (L4001/2011, L4041/2011 and Ministerial Decrees thereof) have further shortened the time for permitting and removed obstacles identified since the passage of L3851/2010.

Since the coming into force of these laws, there has been noticeable progress in the number of RES installations as shown in the following Table which compares the last 2 full years for which official data are currently available.

Table: The sectoral (electricity, heating and cooling, and transport) and overall shares of energy from renewable sources on gross final energy consumption

	2009	2010
RES-Heating & Cooling (%)	16.38%	17.17%
RES-Electricity (%)	11.04%	12.38%
RES-Transport (%)	1.13%	1.97%
Overall RES share (%)	8.43%	9.73%

In electricity production, RES installed capacity increased by 7% while electricity production increased substantially more, from 8172 GWh in 2009 to 10572 GWh in 2010 aided by a high availability of hydropower in 2010.

The trend seen in Table 1 from 2009 to 2010 continues at a larger scale in 2011 as evidenced by the amount dispersed to RES operators based on the applicable feed-in tariffs (on the basis of initial data currently available) which reached €675 million. This was the result of an additional 338MW of new wind and 425MW of new photovoltaic installations, up from 127MW and 154MW respectively in 2010. It should be mentioned that the increases in 2011 are substantially higher than in any previous year. The same is true in biomass utilization plants (both for electricity and for bio-fuel generation) albeit at much smaller absolute installed capacity numbers.

In conclusion, **the national target for the renewable resources is on track.** The installed RES-E capacity (large scale hydro excluded) has increased by 45% by the end of 2011 reaching 2.5 GW. The capacity of the projects that are in the last licensing phase has reached the amount of 4.5 GW. Additionally, under the programme of installing photovoltaics on the roof of residential buildings and very small sized enterprises buildings, 11.750 requests have been submitted by the end of 2011, totalling 102 MW.

At the same time, Greece has in the last 2 years also focused on energy efficiency improvement. The main instruments for reduction of energy use and improvements in energy efficiency are L3855/2010, and the funds from the Community Structural Funds available to Greece for the period 2007-2013 through

the revamping of the energy and environment sections of the National Strategic Reference Framework for their utilization.

L3855/2010 calls for the establishment of an energy audit system in the residential and tertiary sectors and the rules for the founding and operation of energy services providers (ESCOs). Both aspects are already operational through establishment of the accreditation of energy auditors, the mandatory use of energy certification cards for the sale or rental of buildings and the publication of rules and regulations, including registration, of ESCOs. This will be of critical importance to meet ambitious targets set in L3851/2010 for 60% of hot water to be provided by RES in all new buildings to be constructed after 2011 and 100% of final energy consumption needs after 2019 (2014 in public buildings). These targets will be amended to be in line with the targets of Directive 2010/31/EC which is currently in the process of being transcribed into Greek law.

In addition, a number of support schemes for the upgrading of existing building stock have become operational in the last 2 years. These include:

- The “Energy Efficiency at Household Buildings” Program that provides grant aid for energy efficiency interventions to buildings, throughout the country. Eligible interventions are only those recommended by an Energy Inspector which include the installation of a new, or replacement of the existing, burner and/or boiler system with a new (central or independent) diesel or gas system, a system mainly using a renewable energy source (RES) (e.g. biomass burner, heat pumps, solar-thermal systems, etc.), or a system for the high-efficiency cogeneration of electricity power and heat (CHP). Furthermore, it includes the installation of solar systems for hot water supply (collector, water tank, mount, pipes, etc.).
- The “Exoikonomo” Program aims at supporting public authorities to introduce a sustainable development plan towards the reduction in energy consumption, living conditions improvement, improving the cities' microclimate, mitigation of city warming problem, awareness raising on energy efficiency for both public authorities' personnel as well as citizens and pilot energy efficiency applications and actions
- The “Building the Future – Large Scale Interventions” Program which aims at 3,100,000 energy interventions in buildings and envisions the installation of 5,000 solar panels, the replacement of 20,000 conventional heating systems with high efficiency ones in residential buildings, and the deployment of RES.
- The “Green Pilot Urban Neighbourhood” Program provides for the replacement of systems for heating and cooling with geothermal heat pumps and the installation of other RES applications, such as photovoltaic and solar thermal systems, in residential buildings of low income residents.

- The “Bioclimatic Renewal of Urban Spaces” supports the development of certain architectural and climatic tools that can be directly used for the bioclimatic upgrading of urban spaces.
- The “Green agricultural and island communities – New development model” Program comprises the deployment of RES applications, such as electricity generation plants, RES in buildings, desalination units that use RES, etc., in islands and remote villages.
- The “Pilot bioclimatic school buildings” and “Pilot RES and EE projects on existing public school buildings” fund interventions in school buildings including the installation of RES applications while the “Pilot RES and EE projects in public buildings” Program funds, among others, the installation of central solar thermal systems, geothermal and aero-thermal heat pumps and other RES systems for heating and cooling in buildings of the public sector.

These programs are designed to meet the target of 9% reduction on gross final energy consumption by 2016 as inscribed in L3855/2010. It is anticipated that these measures together with additional ones currently under investigation would lead to an overall reduction of the order of 15-17% by 2020.

At the same time, the national GHG emissions are on track to meet the national target in the scope of the Kyoto Protocol (125% of base emissions namely 134Mton CO₂eq or 668Mton CO₂eq for the 5 years 2008-2012). The latest emission inventory submitted in April 2011 for the year 2010, records 116,1Mton CO₂eq (excluding LULUCF). It also shows a continuously declining trend from a high of 134.7 Mton CO₂eq in 2005 that is expected to continue in 2011.

All current estimates, based on modelling work in the scope of the NREAP submission show that Greece will meet the -4% reduction on 2005 GHG emissions of the non-EU ETS sectors by 2020 as set out in the Effort Sharing Decision 406/2009/EC.

The dire financial circumstances that Greece has found itself in the last 2 years have played an important role in all aspects of the joint energy-environment-emissions state and will continue to do so in the years till 2020 and beyond. The reduced economic activity is already affecting energy consumption both for heating/cooling and for transport as evidenced by large drops in both diesel fuel and gasoline sales in the last 12 months following price increases and salaries/pensions reductions. At present, electricity consumption remains relatively constant.

As recovery is not anticipated in the immediate future, final energy consumption is not expected to increase, nor is the downward trend of GHG emissions expected to reverse. This, in combination with the continuing interest in RES investments including mega-projects such as Helios, and the universally acknowledgment of the importance and necessity for Greece of Green Development from the whole political spectrum, augers well for Greece meeting all 2020 targets in

the CEP. Furthermore, beyond that date by which time it is hoped that the Greek economy will have returned to growth, the Greek Road Map to 2050 just presented to the Ministerial Council, which is in full harmony with the estimations of external parameters of the EC 2050 Road Maps to Low Carbon Economy and Energy, projects the generation of over 90% of electricity by RES and a reduction of 70% of GHG by 2050.

Annex I

State of implementation of structural reforms

STRUCTURAL FISCAL REFORMS	
<u>Asset management and privatisation</u>	
Appointment of the rest of the technical and financial advisors for the privatisation planned beyond 2012	In progress.
Compilation and publication of an inventory of state-owned assets, including stakes in listed and non-listed enterprises and commercially viable real estate and land to ensure it is comprehensive in successive stages.	Ongoing. First batch of assets (600) has been completed.
Establishment of the General Secretariat of Public Property and appointment of a General Secretary	Done. SG has been appointed.
KED and ETA are merged and six real estate portfolios are been created	Done.
Adopt secondary legislation on tourism housing and on land use	Secondary legislation completed for tourism housing. Secondary legislation for land use will be issued in Q2-2012 (according to new Programme)
<u>Fighting waste in public enterprises and other public entities</u>	
Adopt the legal act on the transfer to the State of the mobile and immobile assets of entities that are closed	Done.
<u>Revenue administration reforms</u>	
Activation of a large-taxpayers unit	Done.
Start audit of 1700 high-wealth and self-employed individuals identified by the anti-evasion task force	Ongoing.
Centralisation of the functions of, and merger of, at least 31 tax offices	Done. The operation of 39 small tax offices and 6 large tax offices has been suspended.
The fast-track administrative dispute resolution body is made operationally	Done. Relevant ministerial decision has been issued.
New IT system: Establishment of 15 new electronic services and enhancements	Done.
Achievement of quantitative targets of the anti-tax evasion plan	Ongoing. Weekly reports are submitted to the General Secretary of the Ministry of Finance
Remove barriers to effective tax administration by implementing the key reforms of the new tax law, including replacing managers who do not meet performance targets, reassessing tax auditors' qualifications and hiring new auditors in the course of 2012	Ongoing. A contract setting performance targets has been signed between the tax office for large tax-payers, the General Directorate of Administrative Support and the General Directorate of Tax Audits and Tax receipts. Process for hiring new auditors ongoing.
Operation of 24 court chambers for tax cases	Done.
<u>Public Administration reforms</u>	
Assess the results of the first phase of the independent functional review of central administration and present an action plan for the implementation of operational policy recommendations	Done. The roadmap is being implemented with the cooperation of the Task Force and the French Government.
Finalise the ongoing functional review of existing social programmes	Rescheduled for end March according to the new Programme.
Publish a medium-term staffing plan for the period up to 2015, in line with the rule of 1 recruitment for 5 exits	Done.
Publication of staffing plans and monthly data on staff movements (entries, exits, transfers among entities) of the several government departments on the web	Ongoing. Data are published on www.ydmed.gov.gr .
Commission an expert assessment of the new wage grid	Rescheduled for end March according to the new Programme.

Transfer about 15 000 staff currently employed by various government entities to the labour reserve, and place about 15 000 in pre-retirement	Ongoing. Included in the new programme.
<u>Public procurement</u>	
Launch the development of an e-procurement IT platform and set intermediate milestones in line with the action plan	Done.
Review of the system of redress against award procedures and the role to confer to the SPPA is carried out, in agreement with the European Commission	Amendment of relevant article of Presidential Decree 118/2007 is drafted. Rescheduled for end June according to the new Programme
Undertake a review identifying areas to increase the efficiency of the public procurement system outside the SPPA	Done.
Appoint the members of the SPPA (Single Public Procurement Authority)	Official appointment completed.
Issue decisions to provide for the institution and establishment of positions for the SPPA's personnel, as well as for the organisation of human resources and services of the Authority	Rescheduled for end March according to the new Programme.
Issue decisions to provide for the operational regulation of the SPPA	Rescheduled for end April according to the new Programme.
<u>Pension reform</u>	
The National Actuarial Authority (NAA) continues the submission of long-term projections of pension expenditure up to 2060 under the adopted reform. The projection will be peer-reviewed and validated by the EU Economic Policy Committee and the European Commission, ECB, and IMF staff.	Done. Peer review completed.
Publication of the revised list of heavy and arduous professions	Done.
Reform of the secondary/supplementary schemes	Done.
Identify the schemes for which lump sums paid on retirement are out of line with contributions paid and adjust the payments	Rescheduled for end March according to the new Programme.
The Health Committees set up by Law 3863/2010 will start operating the planned revision of disability status and produce a first quarterly report of its activities	Partially completed.
<u>Health care system reforms</u>	
The Health Benefit Coordination Council (SYSPY) continues the work on establishing new criteria and terms for the conclusions of contracts by social security funds with all healthcare providers	Modified according to the new Programme.
The Health Benefit Coordination Council (SYSPY) initiates joint purchase of medical services and goods to achieve substantial expenditure reduction of at least 25 percent compared to 2010 through price-volume agreements	Modified according to the new Programme.
Equalise the common benefit package for the insurers of EOPYY, with the aim of full equalisation of benefits and contributions across funds	Done for EOPYY, merger of the other funds into EOPYY legislated.
Contributions paid by OGA members are progressively equalised to those of other members of EOPYY	Ongoing.
EOPYY starts operating	Done.
Revoke market regulation 40 (17.12.1990) to abolish the 0.4 percent contribution of wholesale sales prices in favour of the Pan-Hellenic Pharmaceutical Association	Done.
The task force of health policy experts produces the final comprehensive policy report, with specific recommendations on policies to be implemented. Based on this report, adopt an action plan.	Final Report Completed. Action Plan Expected.
Update the complete price list for the medicines in the market, using a new pricing mechanism based on the three EU countries with the lowest prices	Done. Price list to be updated regularly
Fees for medical services outsourced to private providers are reviewed with the aim of reducing related costs by at least 15 percent in 2011, and by an additional 15 percent in 2012	Rescheduled for end-March according to the new Programme.
Publish binding prescription guidelines for physicians defined by EOF on the basis of international prescription guidelines to ensure a cost-effective	Done.

use of medicines	
Starting from 2012, the pharmacies' profit margins are calculated as a flat amount or flat fee combined with a small profit margin with the aim of reducing the overall profit margin to no more than 15 percent, including on the most expensive drugs as defined in law 3816/2010	Done. M.D. issued.
Publish and continuously update the positive list of reimbursed medicines using the reference price system developed by EOF	Done.
Conduct the necessary tendering procedures to implement a comprehensive and uniform health care information system (e-health system)	Ongoing.
Establish a process (by EOPYY and other social security funds) to regularly assess the information obtained through the e-prescribing system and produce regular reports, at least on a quarterly basis	Done.
Start producing a semi-annual report on the prescription and consumption of medicines and diagnostic tests	In progress.
Set of the maximum price of generics to 60 percent of the branded medicine with similar active substance	Done.
Establish and monitor compulsory e-prescription by active substance and of less expensive generics when available	Rescheduled according to the new programme
Associate a lower cost-sharing rate to generic medicines that have a significantly lower price than the reference price (lower than 60 percent of the reference price) on the basis of the experience of other EU countries	Rescheduled according to the new programme
Make it compulsory that all public hospitals procure pharmaceutical products by active substance	Rescheduled according to the new programme
Increase the mobility of healthcare staff (including doctors) within and across health facilities and health regions	Ongoing.
Adjust public hospital provision within and between hospitals within the same district and health region	In progress. Rescheduled according to the new program
Revise the activity of small hospitals towards specialisation in areas such as rehabilitation, cancer treatment or terminal care where relevant	Done.
Set up a system for comparing hospital performance (benchmarking) on the basis of a comprehensive set of indicators	Done.
Prepare the first draft report presenting the structure, levels of remuneration and the volume and dynamics of employment in hospitals, health centres, and health funds (annual update). The 2011 report will present plans for the allocation and re-qualification of human resources for the period up to 2013	Done.
Extend the use of capitation payments of physicians, currently used by OAEE, to all contracts between social security funds and the doctors they contract	Done. Joint MD has been signed. In effect since 1/1/2012
Internal controllers are assigned to all major hospitals	Done.
Start publishing the monthly report with analysis and description of detailed data on healthcare expenditure by all social security funds with a lag of three weeks after the end of the respective month	Done. Reports are posted on HDIKA and GSSS websites.
The necessary tendering procedures are carried out to develop the full and integrated system of hospitals' IT systems	In progress. HDIKA is in charge.
Complete the ERP (enterprise-resource planning) programme of hospital computerisation and extends coverage of the web-based platform ESY.net to all hospitals	Done.
Finalise the introduction of double-entry accrual accounting systems and the regular annual publication of balance sheets in all hospitals	Done.
Calculation of stocks and flows of medical supplies in all the hospitals using the uniform coding system for medical supplies developed by EPY and EKEVYL	Ongoing.
Timely invoicing of treatment costs (no later than 2 months) to Greek social security funds, other EU countries and private health insurers for the treatment of non-nationals/non-residents	Done.

Define a core set of activity and expenditure indicators in line with Eurostat, OECD and WHO health databases	In progress.
Set up of a basic system of patient electronic medical records	Done.
Pilot implementation of a set of DRGs (diagnostic-related groups) on the basis of prospective block contracts between EOPYY and NHS	Done.
Develop clinical guidelines to support the development of DRGs	In progress under the new program.
STRUCTURAL REFORMS	
<u>Labour market reforms</u>	
Initiate discussions with social partners to examine all labour market parameters that affect the competitiveness of the companies and the economy as a whole	Done.
Assess the effectiveness of the Labour Inspectorate law -should the law prove ineffective, an appropriate amendment will be adopted	Rescheduled according to the new Programme.
Implementation of a pilot study is implemented in order to verify the favourable financial net impact on the overall social security budget of a discount of up to 10 percent on social contributions for those enterprises introducing the labour card	Under the new programme
<u>Regulated professions</u>	
Repeal Ministerial Decision YA 648/2011 and issue a new Ministerial Decision significantly reducing the value of a transaction above which the notaries' pro rata fee for drafting contracts is the maximum permissible fee	Done.
Launch a study on the effectiveness of the Law 3919/2011 for the increase of competition and reduction of prices	The Centre for Economic Research and Planning has so far delivered two intermediate reports.
Publication of a report on the implementation of Law 3919/2011	Done. Ongoing process.
Identify measures to ensure that providers of services are not subject to requirements which oblige them to exercise a given specific activity exclusively, or which restrict the exercise jointly or in partnership of different activities, except in the circumstances and under the conditions set in the Services Directive	In progress.
Identify measures to remove complete prohibitions on commercial communications by the regulated professions and to ensure that professional rules on commercial communications are non-discriminatory, justified by an overriding reason relating to the public interest and proportionate	In progress. Done for notaries: Presidential Decree 95/2011 and lawyers: Law 4038/2012
Identify measures to reinforce transparency in the functioning of professional bodies by requiring them to publish an annual report on their webpage regarding their financial performance and statistics on disciplinary actions in defence of consumers' interests	In progress. For lawyers: Law 4038/2012
Present the results of screening of the regulations of the main regulated professions to assess the justification and the proportionality of the requirements reserving certain activities to providers with specific professional qualifications	In progress.
Issue a Presidential Decree for the legal profession revising the percentages applicable to the reference amounts	In progress. The Government has sent a document to the Plenary of Presidents of Bar Associations asking their views. If the Plenary of Presidents do not answer within two months, the Presidential Decree can be issued without their views. Therefore, the Presidential Decree will be signed after this deadline.
Launch an audit to assess to what extent the contributions of lawyers and engineers to cover the operating costs of their professional associations are reasonable, proportionate and justified	The Athens Bar Association has assigned the study to a private firm.
<u>Recognition of professional qualifications</u>	
Update the information on the number of pending applications for the recognition of professional qualifications, and sends it to the Commission	Done.

Presents draft legislation in order to remove the prohibition to recognise the professional qualifications derived from franchised degrees	Rescheduled according to the new programme.
<u>Services Directive</u>	
Complete the adoption of changes to existing sectoral legislation in key services sectors such as, agriculture (e.g. veterinary services), employment (employment agencies), and technical services.	Completed in retail (e.g. open air markets and outdoor trade), wholesale (e.g. central markets). Secondary legislation for employment agencies will be adopted in Q1 2012.
The point of single contact (PSC) is fully operational in all sectors	Ongoing process. The PSC is technically operational and is regularly updated.
<u>Sectoral growth drivers</u>	
Publish report analysing the potential contribution of the tourism sector to growth and jobs.	Done. Report prepared by McKenzie
Publish report analysing the potential contribution of the retail sector to price flexibility, growth and jobs.	Done. Report prepared by McKenzie
Initiate additional studies on manufacturing, energy, and wholesale sectors with a view to removing remaining obstacles to growth in these sectors	Done. Report prepared by McKenzie
<u>Business environment</u>	
Publish a plan for a "Business-Friendly Greece" tackling 30 remaining restrictions to business activities, investment and innovation	Done. Action Plan presented by Minister at a press conference on November 21th 2011.
Conclusion of the screening of Ministerial Decision A2-3391/2009 on market regulations, as well as any other related regulations and propose draft market regulation	Done.
Present a comprehensive list of non-reciprocating charges in favour of third parties	Done.
Review and codify the legislative framework of exports, simplify the process to clear customs for exports and imports and give larger companies or industrial areas the possibility to be certified to clear cargo for the customs themselves.	The revision and codification of the legal framework for export has been included in an omnibus law. On simplification of customs clearance, the MoF has published an MD (FEK 1868/B/24-8-2011). The corresponding MD for importers has been published (FEK 2467/B/4-11-2011)
Abolish the obligation of registration with the exporters' registry of the Chamber of Commerce	Included in an omnibus law
Speed up the review of project applications in the pipeline of the fast-track procedure for large investments for at least three large investment projects	Done. The Inter-Ministerial Committee for Strategic Investment approved the inclusion in the procedures of fast-track of three investment projects in renewable energy (photovoltaics).
Implement the Decrees necessary for the implementation of the law on fast-track licensing procedure for manufacturing activities and business parks	Regarding the necessary Decrees of N.3982/11, 5 Presidential Decrees have completed the process of signature collection and have been forwarded to the Government Gazette for publication. Another PD is being prepared following the remarks generated by the consultation process. 5 Joint Ministerial Decisions are in the process of signature collection and are expected to be issued by the end of March. An additional 5 joint ministerial decisions have been published in the Government Gazette.
Acceleration of the completion of the land registry	Done. Procurement by Ktimatologio S.A. of cadastral projects for over 7.000.000 rights. These cadastral projects refer to suburban (2,5 million rights) and

	agricultural (4,5 million rights) areas.
Issue a Ministerial Decision on market regulations	Rescheduled according to new Programme
<u>Transport</u>	
Adopt secondary legislation for the liberalisation of tourist coaches	Done.
Submit a policy paper, indicating how all regional airports will be merged into groups ensuring that regional airports become economically viable in compliance with state-aid rules	In progress.
Submit a report on the functioning of the regular passenger transport services (KTEL), presenting options for liberalisation	Preliminary report has been presented. Full report will be ready soon.
The transitional period established in Law 3887/2010 for the reduction in costs for issuing new road transport operator licences is brought to an end on 1 January 2012.	Done. In law 4038/2012, the transition period is brought to an end on 1 January 2012.
Adoption of the necessary secondary legislation as foreseen in that law (Article 14(11)), specifying the cost for issuing new road transport operator licences	Done.
Remove entry barriers to the taxis market	Rescheduled for end-March, according to new Programme.
<u>Energy</u>	
Finalisation of the remedies to ensure the access of third-parties to lignite-fired electricity generation.	Proposals have been submitted to DG Comp, who have performed a Market Test. The final agreement to be reached in Spring.
Start of implementation of measures ensuring the access by third parties to lignite-fired electricity generation.	Requires completion of previous action. Once the decision is taken, implementation will start.
Finalisation of all the necessary transfers of staff and assets to the transmission system operator (TSO) and to the legally unbundled distribution system operator (DSO)	Done. TSO has been established and the transmission directorates of PPC and DESMIE have already been transferred. ADMIE is fully operational and operate the transmission system since 1/2/2012. On the same date, the Market Operator (which is the new name of the remaining DESMIE) became responsible for the Day Ahead Market. DEDDIE (DSO) is operational.
Presentation of detailed plans for ensuring a maximum market opening as regards the non-interconnected system, covering among others, access of suppliers to the non- interconnected system markets in particular in Rhodes and Crete.	The Grid & Market Code for Non-Interconnected Islands is at the final stage of preparation by RAE. Expected soon.
Submission of a request for derogation under certain conditions of Article 44 of Directive 2009/72 for small isolated systems.	Done. The request has been submitted on beginning of January 2012.
Removal of regulated tariffs for customers except households and small enterprises (the energy component of regulated tariffs for households and small enterprises reflects, at the latest by June 2013, wholesale market prices, except for vulnerable consumers).	Done. The decisions for the next phase (since 1/1/2012) have been taken in December 2011 with the approval of regulated tariffs for low voltage. Tariffs for medium voltage are no longer regulated since 1/1/2012. Continuous processing of data in order to adopt additional necessary regulatory decisions by the Ministry and mainly by the RAE.
Legislation to award the hydro reserves management to an independent body.	The Advisory Committee of ADMIE has been institutionalized. The Supervisory Body of ADMIE has been approved by RAE last week and so the appointment of the other bodies of ADMIE (i.e. BoD, Advisory Committee) is expected soon.
<u>R&D and innovation</u>	

Present a strategic action plan for policies aimed at enhancing the quality and the synergies between public and private R&D and innovation, as well as tertiary education. This action plan identifies a clear timetable for relevant measures to be taken, taking the budgetary impact into account and harmonising these actions with other relevant initiatives in these areas, in particular the investment law	In progress.
<u>Better regulation</u>	
Table legislation on better regulation agenda	Done. Law 4048/2012.
Identify priority areas to codify and simplify existing legislation within the better regulation agenda	Done.
Submit a list of 13 selected priority areas to the European Commission that will be subject to measurement in order to reduce administrative burdens by 25 percent (set deadlines for the completion of measurements in each area, for the identification of proposals to reduce burdens and for the amendment of the regulations)	Done.
<u>Absorption of structural and cohesion funds</u>	
Provide data on expenditure for targeted and non-targeted <i>de minimis</i> state aid measures co-financed by the structural funds in 2010 and 2011	Done.
Launch a web-based monitoring tool of procedures for the approval of project proposals and for the implementation of public projects	Done.
Establishment of priority projects per operational programme, including, where appropriate major projects, which will be operational by 2015	Done (Barroso's list of 100 projects already published).
Activation or elimination of sleeping projects	Done via a circular (numbers have improved)
The web-based monitoring tool of procedures for the approval of project proposals and for the implementation of public projects is fully operational	The tool is operational. Changes are made towards a more user friendly interface.
Meet targets for payment claims and major projects in the absorption of EU structural and cohesion funds	Targets have been met.
Provide an impact assessment of measures since 2010, in order to accelerate the absorption of structural and cohesion funds adopted since May 2010, and indicate any additional measures	Done.
Certify the managerial capacity of all managing authorities and intermediate bodies of operational programmes under the framework of the National Strategic Reference Framework 2007-13 according to the standard ISO 9001:2008	95% will be certified on time
Earmark appropriate amounts to cover the required national contribution in the framework of the 2007-13 operational programmes	In progress.
Earmark amounts to complete unfinished projects included in the 2000-06 operational programme closure documentation (ca. €260 million), as well as an appropriate amount for the rest of the implementation and closure of the 2000-06 cohesion-fund projects	In progress.
Adopt legislation to shorten deadlines and simplify procedures on contract award and land expropriations, including the deadlines needed for the relevant legal proceedings	Rescheduled according to the new programme.
<u>Education system</u>	
Start implementing, an action plan for the improvement of the effectiveness and efficiency of the education system, taking into account the measures recommended by the independent task force's report	Done.
Amend the existing legal/institutional framework for primary, secondary and tertiary education	Law on tertiary education voted, draft law for Upper Secondary Education/ Technical Upper Secondary Education is under preparation
Start publishing a bi-annual progress report on the implementation of the law on quality assurance in Higher Education	Done. The first progress report is completed.

Annex II

Employment Data

Table 1: Employment Rate for the 20-64 age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010	2010-2011 change (in pps)	2020 National target
Total	61.3%	60.9%	59.7%	57.6%	59.9%	64%	-4.1	70%
Males	72.8%	72.3%	70.9%	68.1%	71.1%	76.2%	-5.1	
Females	49.7%	49.4%	48.4%	47.0%	48.6%	51.7%	-3.1	

Source: EL.STAT., LFS data elaboration (pps = percentage points)

Table 2: Employment Rate for the 15-24 age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010
Total	17.7%	16.4%	16.1%	14.9%	16.3%	20.3%
Males	21.1%	19.8%	19.6%	17.8%	19.6%	24.5%
Females	14.2%	12.9%	12.6%	11.9%	12.9%	16.2%

Source: EL.STAT., LFS data elaboration

Table 3: Employment Rate for the 20-29 age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010
Total	49.4%	48.1%	46.5%	43.4%	46.9%	54.0%
Males	56.5%	55.0%	53.3%	49.3%	53.5%	61.7%
Females	42.2%	40.8%	39.3%	37.1%	39.9%	46.1%

Source: EL.STAT., LFS data elaboration

Table 4: Employment Rate for the 55-64 age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010
Total	40.9%	40.7%	38.7%	37.5%	39.4%	42.3%
Males	54.4%	53.9%	51.3%	49.5%	52.3%	56.5%
Females	28.1%	28.1%	26.8%	26.1%	27.3%	28.9%

Source: EL.STAT., LFS data elaboration

Table 5: Unemployment Rate for the 15+ age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010
Total	15.9%	16.3%	17.7%	20.7%	17.7%	12.5%
Males	13.3%	13.7%	15.0%	17.9%	14.9%	9.9%
Females	19.5%	20.0%	21.5%	24.5%	21.4%	16.2%

Source: EL.STAT., LFS data elaboration

Table 6: Unemployment Rate for the 15-24 age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010
Total	39.6%	43.0%	45.0%	49.9%	44.4%	32.9%
Males	33.9%	36.7%	39.5%	44.0%	38.5%	26.7%
Females	46.6%	50.7%	51.8%	56.8%	51.5%	40.6%

Source: EL.STAT., LFS data elaboration

Table 7: Unemployment Rate for the 20-29 age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010
Total	29.9%	32.0%	34.4%	38.5%	33.7%	23,6%
Males	25.7%	27.8%	30.1%	34.1%	29.4%	19,2%
Females	34.9%	37.0%	39.7%	43.7%	38.8%	29,0%

Source: EL.STAT., LFS data elaboration

Table 8: Unemployment Rate for the 55-64 age group

	1Q2011	2Q2011	3Q2011	4Q2011	2011	2010
Total	7.8%	7.8%	8.4%	10.1%	8.5%	6.3%
Males	7.9%	7.8%	8.5%	10.7%	8.7%	6.2%
Females	7.5%	7.8%	8.2%	9.0%	8.1%	6.5%

Source: EL.STAT., LFS data elaboration

Note: Employment rate and unemployment rate data for the 2000-2010 period are presented in the National Reform Programme that Greece submitted in April 2011.