HELLENIC REPUBLIC
Ministry of Economy
and Finance

GREECE

Draft Budgetary Plan 2024

ATHENS | OCTOBER 2023

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Regulation (EU) 473/2013 of the European Parliament and of the Council (part of the so-called 'Two-pack') introduces a common budgetary timeline for Euro area Member States. Specifically, Draft Budgetary Plans for the forthcoming year must be submitted to the European Commission and to the Eurogroup by October 15th of each year.

The document herein is being submitted to the European Commission and the Eurogroup in accordance with the Regulation.

The format and content of the document are in line with the requirements of the Two-pack Code of Conduct which inter alia, requires macroeconomic and budgetary forecasts for the current and forthcoming year (in this case 2023 and 2024). The macroeconomic forecasts used for this year and the next have been endorsed by the Hellenic Fiscal Council (HFC) as required under article 4(4) of the Regulation.

All data presented, are on ESA 2010 statistical basis.

Executive Summary

In the aftermath of the pandemic, the war in Ukraine and the resulting energy and inflation crises and high interest rates, the global economy is still characterized by a high level of uncertainty and is called upon to deal with a multitude of significant and unprecedented exogenous crises, including climate as well as geopolitical risks.

In this global environment, Greece's economic growth rate in 2023 is estimated at 2.3% mainly due to an increase by 2.5% in private consumption and an increase in investment by 8.3%, as well as due to exports of goods and services, which are expected to increase by 2.7%, at a higher rate than imports.

Inflation based on the Harmonized Consumer Price Index (HICP) data for January-August 2023, is estimated at 4.0% in 2023 lower than the annual estimate of 4.5% in the Stability Program 2023.

For 2023, the headline budget balance and the primary balance are estimated at -2.1% and +1.1% of GDP respectively. Compared to the previous year, the projected improvement of the headline and the primary balance is estimated at +0.2% and +1% respectively. This positive fiscal development is mainly driven by the increasing tax and social security contributions revenues based on the strengthening of economic growth, despite the necessary supportive interventions that were adopted to address the emerging needs of households, businesses and infrastructure hit by the unprecedented recent natural disasters, floods and fires, as a consequence of the climate crisis.

The European Commission, in its summer economic forecasts, revises downwards the growth in the EU and the euro area compared to its spring forecast and estimates growth rate for the EU from 3.4% in 2022 to 0.8% in 2023 and 1.4% in 2024, and for the euro area from 3.3% in 2022 to also 0.8% in 2023 and 1.3% in 2024.

In 2024 the Greek economy is expected to continue to achieve output growth rates significantly higher than the EU average. In particular, real GDP is projected to rise to its highest level since 2010, marking an increase of 3.0% compared to 2023.

Despite the sustained high level of prices compared to the period before the energy crisis, upward inflationary pressures are expected to further ease during 2024 (at 2.4% on annual average), largely converging to the European Central Bank's medium-term inflation target of 2.0%.

Continued job creation is projected to drive unemployment to its lowest percentage of the labour force since 2009, at 10.6% based on the Labour Force Survey methodology and at 9.0% based on national accounts.

The 2024 Greek budget is the first one after thirteen years that is prepared right after the upgrade of the country’s credit rating to investment grade. The budget position is expected to be further improved with the achievement of a strong primary surplus of +2.1% of GDP and the decline of the headline deficit reaching -1% of GDP. The substantial improvement is mainly attributed to the increased revenues on the back of the solid economic growth. The fiscal projections for the following year include all measures announced by the government elected in June which are gradually being implemented.

The general government debt is expected to decline significantly from 171.3% of GDP in 2022 to 159.3% in 2023 and 152.2% in 2024, reduced by 7.1 pp compared to 2023.

1. Macroeconomic forecast

1.1. Macroeconomic developments in 2023

In the aftermath of the pandemic, the war in Ukraine and the resulting energy and inflation crises, the global economy is still characterized by a high level of uncertainty and is called upon to deal with a multitude of significant and unprecedented exogenous crises, including climate as well as geopolitical risks. Therefore, globally, we observe significant policy shifts, both in fiscal and monetary terms. Since the beginning of 2023, global growth has been decelerating, with a simultaneous coexistence of high inflation and rising interest rates.

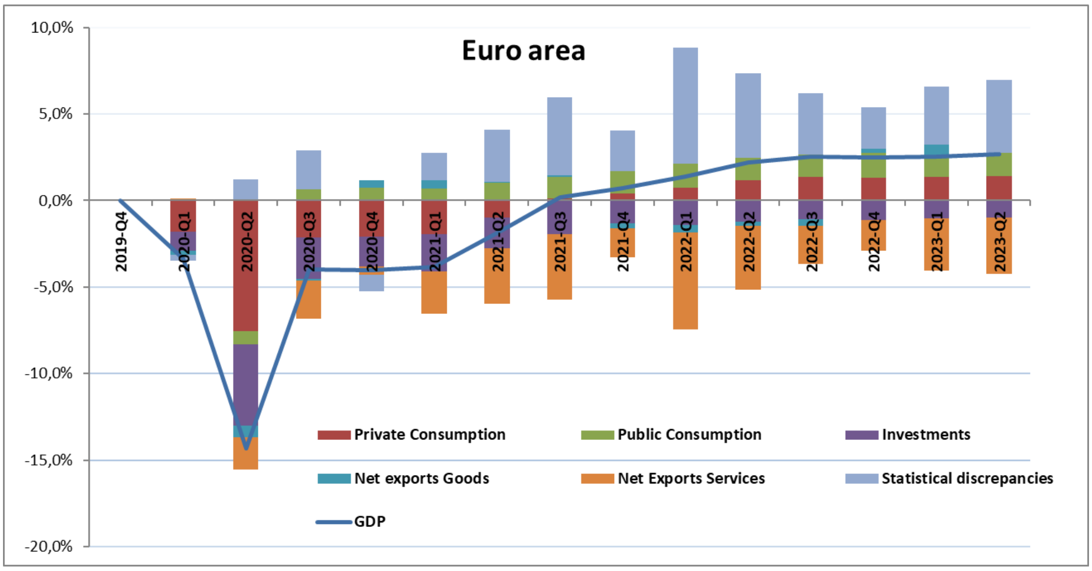
However, these effects are not uniform across countries. Especially among the Euro Area countries, there is strong heterogeneity as regards to economic developments and prospects. In 2022, the Greek economy achieved a 5.9% y-o-y GDP growth rate. The main drivers of economic growth were the strengthened private consumption and significant investment activity, as well as the boost from tourism sector recovery during the summer period. These positive effects counterbalanced the negative impact of the energy crisis and the related inflationary pressures observed throughout the year.

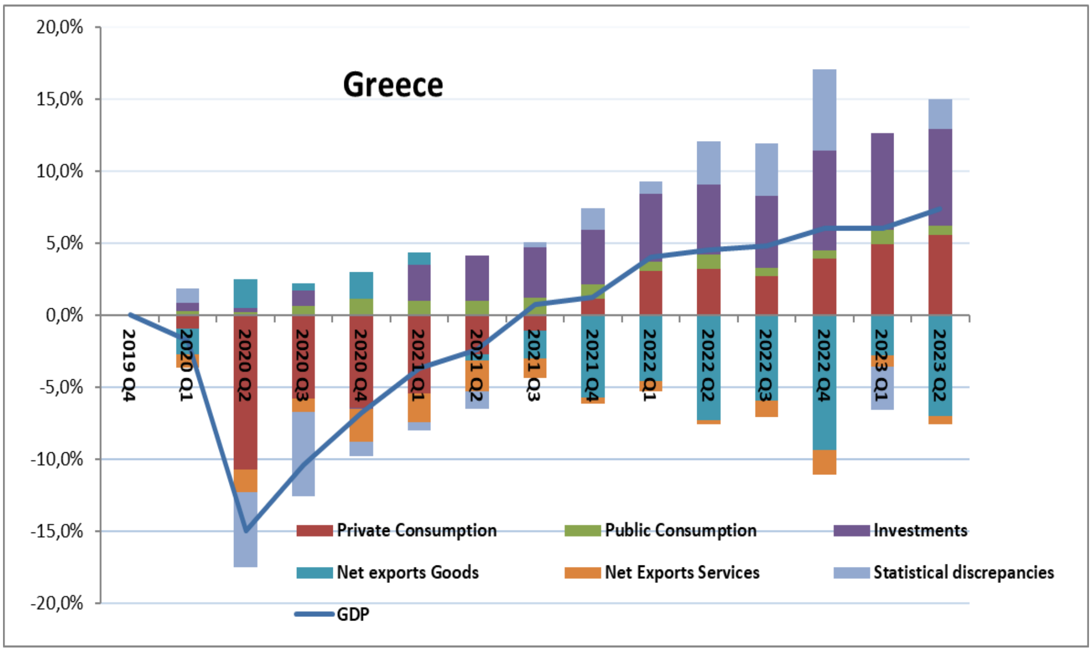
According to Eurostat, Greek real GDP in the second quarter of 2023 grew at a significantly higher rate compared to most of the other European Union (EU) member states. This high-performance (2.7%) ranked Greece in the second position among the top euro area countries following Malta (3.9%), significantly exceeding the euro area average (0.5%).

Both in Greece and the Euro area, GDP in volume terms, had returned to pre-pandemic levels since the third quarter of 2021 and continued to grow in the first two quarters of 2023. Greek economic performance was driven by different components of GDP than the ones driving euro area growth (Figure 1).

Figure 1 Deviation of quarterly GDP and GDP components from the pre-pandemic level

(constant prices, seasonally adjusted data, as % of GDP of Q4 2019)





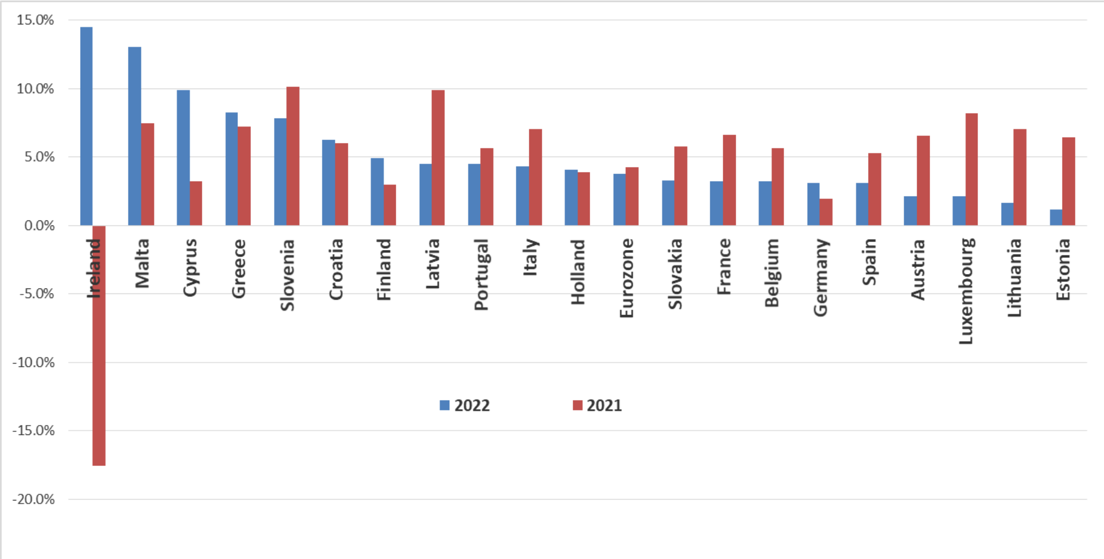
Source: Quarterly National Accounts (Hellenic Statistical Authority, Eurostat), calculations by Ministry of Economy and Finance

The main drivers of GDP growth in the Euro area between 2019 (pre-pandemic period) and 2022-2023 were private and public consumption, as well as net exports of goods. On the other hand, during the same period, the Greek economy continued to grow on a y-o-y basis for the eighth consecutive quarter. Major drivers of GDP growth were investment and private consumption, while, at the same time, net exports of goods and services had a marginally negative impact. The contribution of private consumption and investment to q-o-q growth was positive for the seventh and tenth consecutive quarters, respectively. As a result, the dynamic of the Greek economy continues at a stronger pace than that of the euro area.

According to the European Commission's data, in 2022 the euro area's domestic demand marked an annual increase but at a slower pace than in 2021 (3.8%, compared to 4.2% respectively). In Greece, during the same period, domestic demand continued to grow at an increasing rate (8.2% y-o-y rate versus 7.2% in 2021), following the positive results of 2021, pushing for a faster recovery. This places Greece at the fourth highest position as regards domestic demand performance among euro area Member States for 2022, and one of the seven countries with accelerating domestic demand growth beyond 2021, as reflected in Figure 2.

Figure 2 Real domestic demand in the euro area 2022-2021

(Annual rates of change %, including change in inventories)



Source: European Commission's AMECO macroeconomic database

Despite international adverse economic conditions (high inflation, rising interest rates, energy price uncertainty), the Greek GDP in the second quarter of 2023 increased by 1.3% on a quarterly basis, confirming the high performance of leading indicators, such as the economic sentiment indicator, the consumer confidence indicator and the business confidence indicator in services and retail trade. The disruption in supply chains, due to the war and the incurring sanctions, weighed on international trade in energy products and other goods, but has had a smaller impact on Greek output growth compared to many other European countries.

In the first half of 2023, real GDP grew by 2.4% y-o-y, which is higher than the annual estimate of the macroeconomic scenario of the Stability Programme 2023 (2.3%).

According to the quarterly national accounts published by the Hellenic Statistical Authority (ELSTAT), in the second quarter of 2023, the contribution of consumption and investment to Greek output growth remained positive. GDP growth by 2.7% (Q2 2023) was primarily driven by private and public consumption by 1.8 percentage points and investment by 1.1 percentage points (Figure 3).

Regarding real GDP components, private consumption had the largest contribution to output growth in both Q2 2023 and the first half of 2023, (2.2 and 2.0 percentage points, respectively). This is mainly driven by the robust dynamics in the labour market induced by employment growth and to the continued income support through targeted policy measures. In this way, the effects of the energy crisis and inflationary pressures on private consumption and output growth were in fact contained to a significant extent.

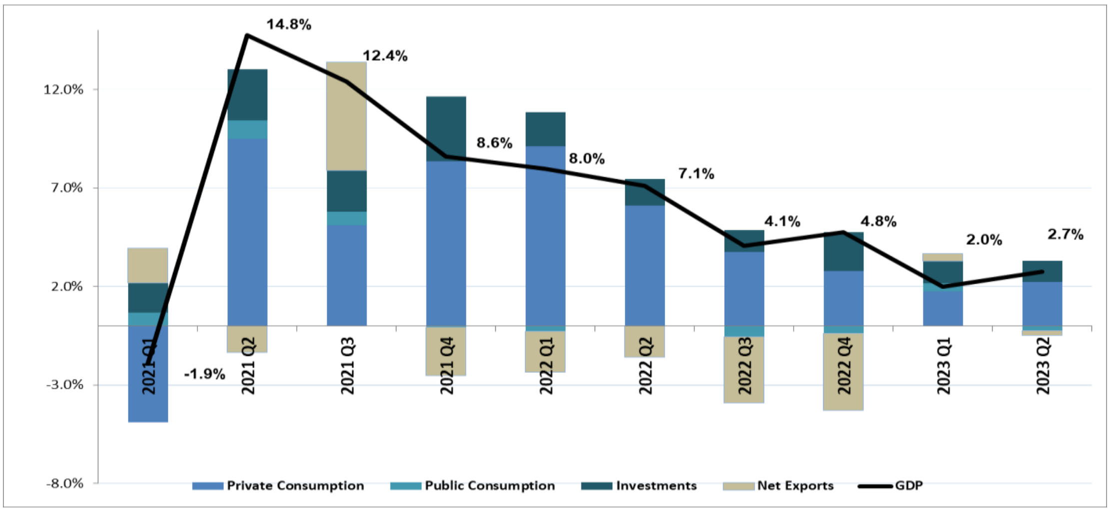
Moreover, a significant contribution to GDP growth came from investment, which increased by 8.1% (y-o-y) throughout the first half of 2023. This result was supported by the funding channeled to the real economy from the cohesion funds and European Recovery and Resilience Facility (NGEU).

Investment in Q2 2023 increased further (7.9%), compared to Q2 2022. The increase in the second quarter was related with an increase by 47.0% in "dwellings", by 16.7% in "transport equipment" and by 15.0% in "other construction".

Real exports, in the first half of 2023, increased by 3.6%, while imports decreased by 0.3%. In Q2 2023, total exports of goods and services increased by 0.1% compared to Q1 2023, while total imports of goods and services increased by 0.6%. In particular, exports of goods decreased by 1.8% compared to an increase of 10.7% in the first quarter of 2023, while imports of goods decreased by 1.2%, compared to an increase of 2.9% in the first quarter of 2023.

Figure 3 **Evolution of GDP contribution per component 2021-2023**

(Q/Q-4, %, reference base Q4-2019)



Source: ELSTAT, calculations by Ministry of Economy and Finance

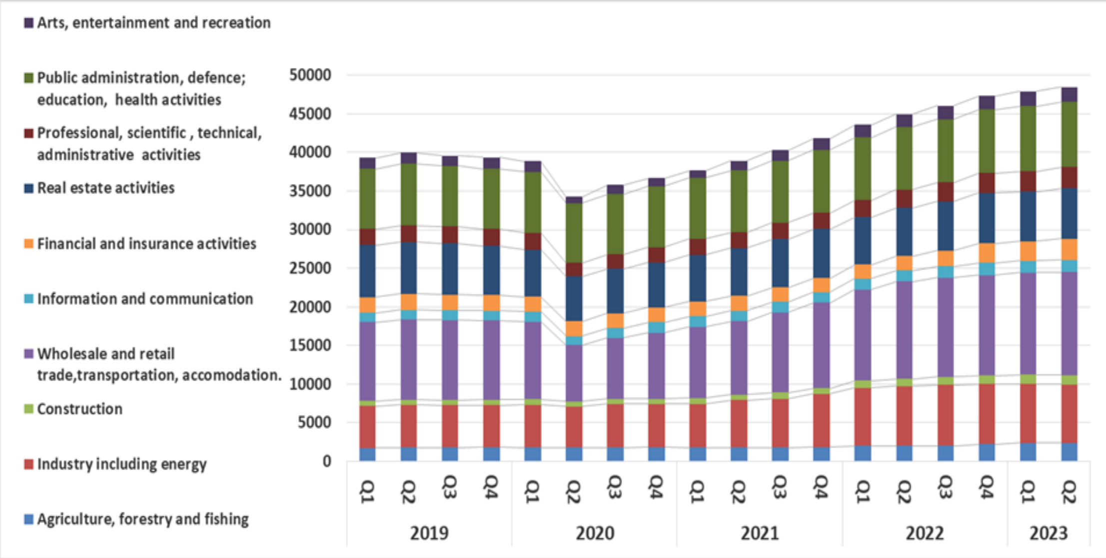
In the second quarter of 2023, exports of services increased by 1.3%, with a six-month average of 3.8%, mainly due to increased tourism receipts. Over the same period, imports of services increased by 6.1%, with an average six-month increase of 8.9%, largely linked to the rise in industrial production, private consumption and investment. Figure 3 reflects the evolution of the GDP components contribution from Q1 2021 to Q2 2023.

Greece's economic growth rate in 2023 is estimated at 2.3% mainly due to an increase by 2.5% in private consumption and an increase in investment by 8.3%, as well as due to exports of goods and services, which are expected to increase by 2.7%, at a higher rate than imports (2.2%). This upward trend for Greece is also reflected in the production side, as Greek gross value added (GVA) throughout the first half of 2023 maintained its positive momentum, continuing to follow an upward trend for the 13th consecutive quarter, recording an increase of 7.8% in the second quarter of 2023.

Developments in the main sectors of Greece's economic activity in the last four years are presented in Figure 4. During Q2 2023, the most significant increases were recorded in the financial and insurance sector (47.1%), construction (33.1%), professional / scientific activities (15.4%), arts, entertainment and recreation (15.0%), agriculture (17.4%), wholesale / retail / catering / accommodation /transport (5.4%) and information and communication (10.7%).

Figure 4 **Evolution of the structure of key economic sectors 2019-2023**

(Quarterly data, current prices, seasonally adjusted, EUR million)



Source: ELSTAT, calculations by Ministry of Economy and Finance

The labour market continued to expand in January-July 2023, as total employment, according to ELSTAT's data, increased by 1.7% compared to the same period of the previous year. According to ERGANI 's wage earners entry-exit balance, in January-July 2023, 296,624 new job positions were created compared to 270,191 in 2022, the highest performance since 2001. The majority of new jobs are full time contracts (53.3%), while 37.6% are part time contracts and 9.2% are rotating employment contracts. The highest increase in recruitment was recorded in tourism, retail trade and construction, reflecting the dynamics in the corresponding sectors. The increase in hiring rates was accompanied with increases in wages, indicating increased labour demand. As a consequence, the total compensation of employees is estimated to increase on an annual basis by 6.5% in 2023 compared to 5.4% in 2022. According to ELSTAT's quarterly national accounts, total compensation of employees increased by 7.6% in the second quarter of 2023 against the second quarter of 2022.

In addition, according to ELSTAT's Labour Force Survey, the number of employees amounted to 4,236,526 during the second quarter of 2023, recording an increase of 3.4%, compared to the previous quarter and an increase of 1.7%, compared to the same quarter of 2022. The number of unemployed persons amounted to 533,341, lower than the 550,535 persons of the first quarter, recording a 3.1% decrease on a quarterly basis and a 9.9% decrease on a yearly basis. The unemployment rate fell to 11.2%, from 11.8% in the first quarter and 12.4% in the same quarter of 2022. Significantly enough, the above-mentioned unemployment rate of 11.2% is at its lowest level since the fourth quarter of

2009. This was the result of the measures introduced during and after the pandemic, with an aim to strengthen employment. Such measures included the reduction of non-wage labour costs and social security contributions, the special purpose compensation for labour contracts suspensions during the pandemic, the new subsidised employment program for young people aged 18-29 (“first stamp”), as well as the social security contribution subsidies to convert part time to full time employment contracts.

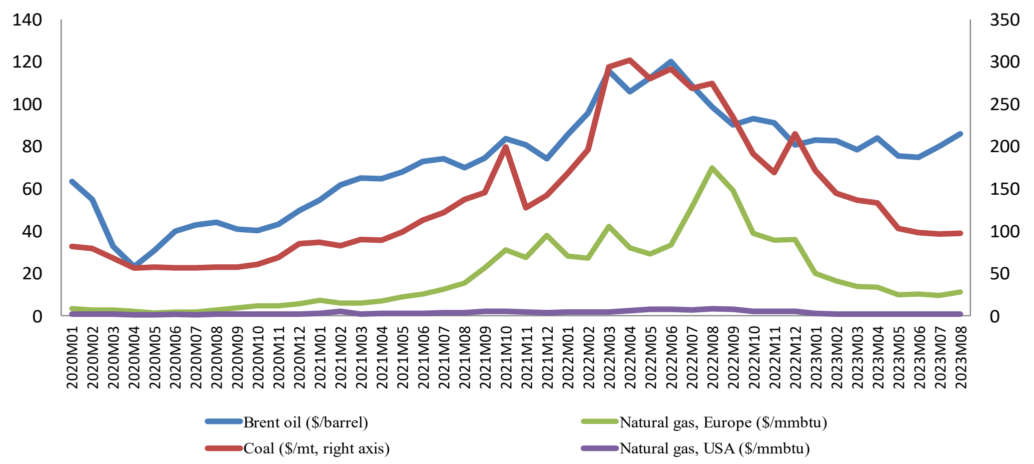
Inflation, based on the Harmonized Consumer Price Index (HICP) data for January - August 2023, is estimated at 4.0% in 2023, lower than the annual estimate of 4.5% included in the Stability Program 2023. Based on the national CPI, the inflation rate in 2023 is estimated to be slightly lower, at 3.8%. In particular, according to ELSTAT, in January-August 2023, national CPI-based inflation stood on average at 3.8%, compared to an increase of 9.9% recorded in the corresponding period of 2022.The highest rates are still recorded in food (12.8%) and household equipment (9.1%). Conversely, the housing expenses category decreased by 9.7%, in January-August 2023, compared to the same period of 2022, mainly due to electricity retail price reduction. Greece’s HICP-based inflation in January-August 2023 fell to 4.7% from 9.2% in the same period in 2022. The average annual rate of change in the euro area for this index was 6.7%, down from 7.6% a year earlier. Greece was ranked among the countries in the euro area with the lowest HICP rate of change in January-August 2023.

Regarding the energy sector developments (Figure 5), the monthly average price of Brent, having already moved downwards from 120 dollars per barrel in June 2022, ranged from 75 to 86 dollars per barrel, from June 2023 to August 2023, with the lowest price observed in June and the highest in August.

However, in the second half of 2023, we expect a gradual upward trend, due to a reduction in supply from oil-producing countries, such as Saudi Arabia and Russia.

This trend started to become evident in August 2023, with the monthly average price of Brent standing at 86 dollars per barrel (7.5% higher than the previous month). Nevertheless, in the European market, the impact of the Brent price increase has partially been offset by an approximate 2.8% increase in the euro-dollar exchange rate, from February to August 2023.

Figure 5 Evolution of international energy prices (in dollars)



Source: World Bank, Commodity Markets, monthly prices, August 2023

Even more importantly, the decrease in the international price of natural gas has affected electricity prices. The TTF price of natural gas decreased from 339 euros per MWh in August 2022, to 39 euros per MWh on average in September 2023, marking a drop of around 88% compared to August 2022, but still remains far from pre-crisis levels (around 20 euros per MWh), whereas increasing pressures are being observed the first weeks of October, partially related to increasing geopolitical risks.

According to Bank of Greece data, in 2022 there was a 9.7% of GDP deficit in the current account balance, while during the first seven months of 2023 the deficit was reduced by 3.6 billion euros, compared to the corresponding period of 2022, due to the improvement in the balance of goods by 3.4 billion euros, the surplus increase in the balance of services by 1.0 billion euros and the surplus increase in the secondary income balance by 978 million euros.

In 2022, exports of goods and services recorded a significant increase (36.9% y-o-y), boosted by the recovery in external tourism receipts and the resilience of exports of goods amid slowing external demand. However, imports grew (42.3% y-o-y) more than exports, due to strong growth in domestic demand and rising fuel prices. More particularly, rising import prices for fuel, food, raw materials and transport had a negative impact on the current account balance. The above-mentioned deterioration in 2022 is mainly linked to the widening of the balance of goods deficit and was only partially offset by higher surpluses in the balance of services.

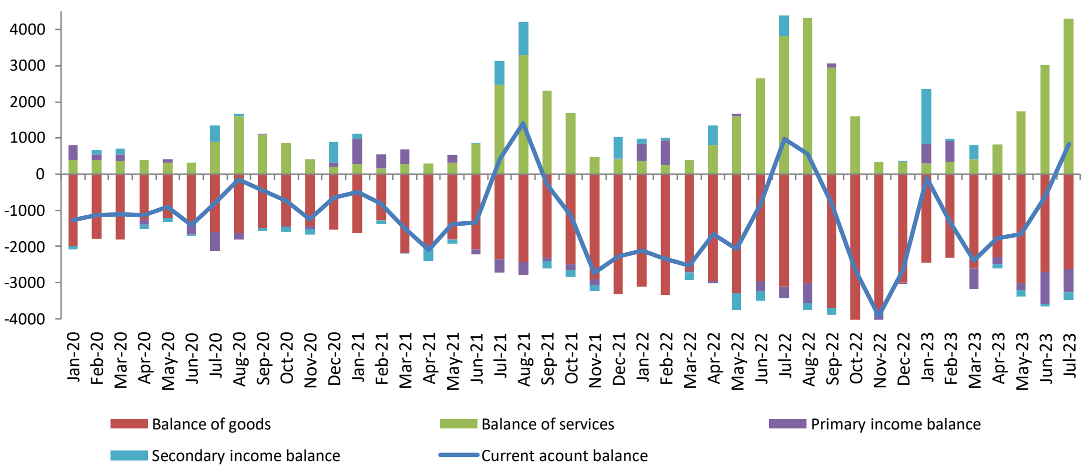
The current account deficit started to narrow gradually from early 2023 as the large deficit in the balance of goods started receding.

The dynamic of the tourism sector is playing an integral part in the current account balance improvement during 2023, having already led to higher travel receipts compared to 2019 (a record high performance year), as the total of travel receipts for the period January - July 2023 (10.32 billion euros) amounts to 113.2% of the respective 2019 period receipts (9.11 billion euros) and to 120.2% of the respective 2022 period receipts (8.58 billion euros). Increased tourism receipts are in turn expected to contribute significantly to offsetting the deficit in the balance of goods. It is noted that for the year 2022 travel receipts reached 97.2% of the 2019 level in nominal terms.

Figure 6 depicts the above-mentioned developments in the current account balance.

Figure 6 Greece's Current Account Balance

(million euros, current prices, non-seasonally adjusted data)



Source: Bank of Greece, monthly Balance of Payments data.

The good performance of the Greek economy in 2022, the successful response to internal and external challenges as well as the end of political uncertainty after the June 2023 elections strengthened the Economic Sentiment Indicator (ESI), in particular after the formation of the new government. In July 2023 ESI increased to 111.1 from 110.1 in June, recording the highest value in the last 16 months, while the recovery of ESI continued in August, according to the latest data of the European Commission, and reached 111.7.

This development was driven by the improving business expectations in retail trade and services and the strengthening of consumer confidence. The latter registered the best performance since July 2021. Since the beginning of 2023, Greece's ESI has been stronger compared to 2022 and has been moving well above the Euro area and EU corresponding indicators that declined in May significantly and deteriorated further in June and July. After the 2023 summer elections, political risks and uncertainty were eliminated. Political stability has been positively assessed by the financial markets, translated into several upgrades of Greece’s credit rating by international rating agencies.

In the second quarter of 2023, business expectations varied per sector of economic activity. In particular, business expectations increased significantly in services, compared to the previous quarter of 2023, due to an optimistic outlook for international tourism, mildly in retail trade, remained unchanged in construction, while they slightly declined in industry.

Business expectations index in construction reached 132.0 in July 2023, at significantly higher levels than 94.4, which was recorded in July 2022. In January-July 2023 the index increased, on average, to 143.6 against 123.5 in the corresponding period of the previous year.

Moreover, consumer confidence improved significantly in the second quarter 2023, against the first quarter 2023, supported by public consumption as well as political stability. In January-July 2023 consumer confidence improved strongly to -38.4 on average from -49.3 in the same period of the previous year.

The good performance of the manufacturing sector continued in August 2023, as indicated by the Purchasing Managers’ Index (PMI) of S&P Global. In particular, the index recorded 52.9 points in August, reflecting a constant increase of operating conditions in manufacturing. The rate of increase was the second strongest since May 2022. The enterprises of the manufacturing sector benefited from the continued domestic and foreign client demand, resulting in higher new orders and another upturn in production. Greece and Ireland were the only countries to report an improvement of the manufacturing sector in the Euro area in August, compared to July, while the largest economies in the Euro area recorded a contraction.

In addition to the aforementioned developments, a crucial achievement for the Greek economy is the upgrade of its credit rating to investment grade during the months of July, August and September by the credit rating agencies R&I, Scope Ratings and DBRS Morningstar, as well as the two-step upgrade, just a level below the investment grade, by the credit rating agency Moody's. These upgrades reflect the overall strengthening of the country's status and credibility, following twelve previous consecutive upgrades of the Greek economy, despite the successive external crises during the last four years.

1.2. Macroeconomic prospects in 2024

Global recovery, while boosted right after the COVID-19 pandemic, is now showing signs of stabilisation amidst inflationary pressures, geopolitical uncertainty and asymmetries among economies, while in the same time tight monetary policy of Central Banks, aiming at taming inflation, has led to a rise in borrowing costs, thus constraining global economic activity.

Global GDP growth, according to the IMF, is estimated at 3.0% in both 2023 and 2024 compared to 3.5% in 2022. The 2023 and 2024 forecast remains below the annual average of 3.8% of the period 2000-2019. Advanced economies are expected to present growth slowdown in 2023, while growth prospects for emerging markets and developing economies remain in general stable for 2023 and 2024, though with evident discrepancies among economies.

Euro Area growth rate, according to IMF forecasts, is expected to decline from 3.5% in 2022 to 0.9% in 2023, rising again to 1.5% in 2024. Compared with the IMF spring estimates, the forecast for the Euro Area remains marginally invariable. The European Commission, in its summer economic forecasts, reviewed the growth prospects in the EU and Euro Area, compared to its spring forecast, from 3.4% in 2022 to 0.8% in 2023 and 1.4% in 2024 for the EU, and from 3.3% in 2022 to 0.8% in 2023 and 1.3% in 2024 for the Euro Area (Table 1). The decline in European domestic demand, especially in consumption, is linked to the ongoing increase in prices of goods and services, which was not offset by lower energy prices.

According to the summer forecasts of the European Commission, inflation is expected to further decline to 6.5% for the EU and 5.6% for the Euro Area in 2023, from 9.2% and 8.4% respectively in 2022, while in 2024 it is expected to fall to 3.2% and 2.9% respectively.

Table 1 Key indicators for the European and the world economy

(% annual changes, constant prices)

	2022	2023*	2024*
World GDP	3.5	3.0	3.0
GDP of the European Union**	3.4	0.8	1.4
GDP of the Euro Area**	3.3	0.8	1.3
GDP of the USA	2.1	1.8	1.0
World trade (goods and services)	5.2	2.0	3.7
Inflation			
a. Developed economies	7.3	4.7	2.8
b. Emerging markets and developing economies	9.8	8.3	6.8
c. Euro Area**	8.4	5.6	2.9
Oil prices (Brent, USD/barrel)**	100.7	81.8	81.2

Source: IMF, World Economic Outlook, July 2023

* Estimates/projections ** European Commission, European Economic Forecast, September 2023

In advanced economies, according to IMF forecasts, real GDP growth rate is estimated at 1.5% in 2023 and 1.4% in 2024 against 2.7% in 2022. Growth in the USA is expected to shape at 1.8% in 2023 and 1.0% in 2024, against 2.1% in 2022. For 2023, the forecast for the USA has been revised upwards by 0.2 percentage points compared to IMF spring forecasts, reflecting resilient consumption growth in the first quarter. In emerging markets and developing economies, according to the IMF estimates, real GDP growth rate is expected to remain steady at 4.0% in 2023 as in 2022, rising to 4.1% in 2024. China is expected to recover with a growth rate of 5.2% in 2023 and 4.5% in 2024 compared to 3.0% in 2022. Its production activity has recovered since the beginning of this year, when authorities eased pandemic restrictive measures. Nonetheless, China's economy seems to slow down due to weaknesses in the real estate sector, which negatively affects investments, as well as from anaemic foreign demand and rising youth unemployment. India is expected to grow by 6.1% in 2023 and 6.3% in 2024, lower compared to its 7.2% growth rate in 2022.

Following the recovery in the volume of global trade of goods and services in 2021 (10.7%), according to IMF forecasts, growth is expected to decrease from 5.2% in 2022 to 2.0% in 2023, recovering to 3.7% in 2024. The slowdown in 2023 reflects not only the trend of global demand, but also its shift towards domestic services, the lagged impact of US dollar appreciation, as well as the increasing trade barriers. In developed economies, the trade growth rate is projected to shape at 2.3% in 2023, in comparison with 6.1% in 2022, recovering to 3.2% in 2024. In emerging markets and developing economies, the trade growth rate is expected to shape at 1.5% in 2023 and 4.5% in 2024, from 3.7% in 2022.

According to forecasts of the European Central Bank (ECB), issued in September 2023, foreign demand for the Euro Area economy is estimated to grow by 0.1% in 2023 and 3.0% in 2024 and 2025.

According to the IMF, global inflation forecast for 2023 is revised downwards, mainly due to moderate inflation in China. More specifically, it is expected to decrease from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024, remaining however above the pre-pandemic (2017-2019) level (3.5%). In advanced economies, inflation is expected to decrease from 7.3% in 2022 to 4.7% in 2023 and further down to 2.8% in 2024, below the level registered in 2021. Also, in emerging markets and developing economies, it is projected to decline from 9.8% in 2022 to 8.3% in 2023 and 6.8% in 2024.

According to the European Commission summer report, the evolution of inflation is overshadowed by a high degree of uncertainty. On the one hand, inflation may prove less persistent and households' purchasing power may recover, improving economic sentiment and restoring consumer spending. On the other hand, if wages accelerate more than projected, inflationary pressures may persist, leading to a further tightening of monetary policy, with negative effects on growth. Furthermore, rising trends in food and energy prices continue to pose a risk towards inflationary pressures.

High degree of uncertainty in oil supply from Russia (due to imposed sanctions), Saudi Arabia and the OPEC+ countries constitute potential sources of imbalance concerning oil prices, especially in context of the forecast horizon of the European Commission. At the same time, further imbalances pose the pace of recovery of the Chinese economy and its relevant oil demand. According to European Commission estimates, average crude oil price is expected to fall to $81.8 per barrel in 2023 from $100.7 in 2022, while in 2024 it is estimated to $81.2.

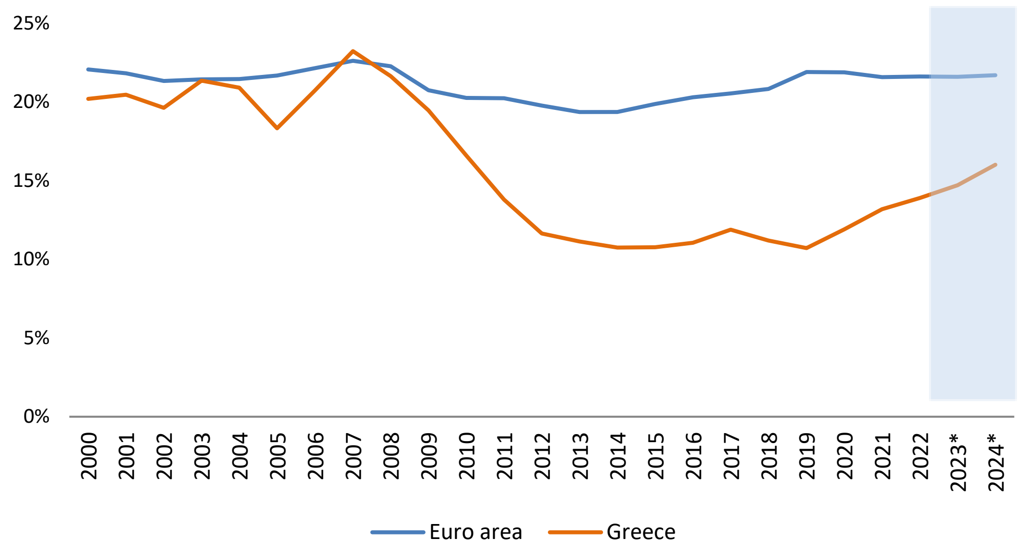
Assessments for the world economic outlook continue to include a significant number of risks. Broader geopolitical tensions pose a key threat to the global economy and continue to have a negative impact on worldwide flows of capital and goods. Continuation or further aggravation of warfare could lead to significant increases in food, fuel and energy prices. In addition, the climate crisis, which is also a source of uncertainty, can lead to extreme weather events, forcing increases in commodity prices. These developments affect countries asymmetrically, differentiating inflation expectations and thus the required policies. The risk of intensifying inflationary pressures may lead monetary authorities to raise interest rates further, with negative growth effects.

Amidst the uncertain global environment, the Greek economy is expected to continue achieving notable output growth rates in 2024, significantly exceeding those of the EU average. In particular, real GDP in 2024 is expected to reach its highest level since 2010, increasing by 3.0% compared to 2023. This is consistent with the sharp recovery trend after the pandemic and the further rise in the volume of economic activity that followed, channelled through a significant increase in investment and despite the unfavourable inflationary effect of the energy crisis. In nominal terms, Greek GDP in 2024 is expected to exceed by 4.1% the average level of the last five years before Greece entered the first economic adjustment program.

The credibility of Greece's economic policy, as reflected in the successive upgrades of its credit rating by international rating agencies, sends a clear signal of the economy's strengthening prospects. This credibility signal is expected to continue and further benefit from the already dynamic investment activity, a growing labour market and the resilience of the economy.

Fiscal adjustment in Greece is completed and fiscal stability is achieved, allowing for improved fiscal targets. As a result, the positive effects of structural reforms and the implementation of the Greek Recovery and Resilience Plan (RRP) on projected output growth for 2024 are visible. Further support to GDP growth within the year is expected from combating tax evasion. The goal is for the Greek economy to experience increased productivity and adopt a higher value-added production model through ambitious investments of the grants and loans of the RRP, and related structural reforms, in the areas of green economy, digital transformation, business environment, export capacity, human capital and the labour market.

Figure 7 Gross fixed capital formation as a percentage of GDP (at constant prices)



Source: Hellenic Statistical Authority, Eurostat

* Projections of the Ministry of Economy and Finance and of the European Commission (Spring European Economic Forecast, AMECO database)

The net capital stock in Greece has been bearing losses since 2011, but is expected to recover rapidly, mainly through the implementation of "Greece 2.0". Nominal net investment projections are positive for the Greek economy in 2024, while real gross fixed capital formation as a percentage of GDP deviation from the euro area average is expected to fall below 6% for the first time since 2010 (at 5.7%, as depicted in Figure 7 above). RRP's contribution to Greek output growth is expected to reach 1.7 percentage points in 2024, revised upwards by 0.1% compared to the Stability Program 2023.

The annual growth of real investment is expected to accelerate to 12.1% in 2024 compared to 2023, mainly due to increased rates in equipment investment and non-residential construction.

Meanwhile, the economic policy measures of the Greek Government are expected to further enhance income and economic activity and further inequalities, in synergy with already implemented reforms. Disposable income of households is expected to increase through carefully designed raises in civil servants' wages as depicted in the Stability Programme of April 2023, the foreseen increase in pensions through the indexation mechanism and the reintroduction of wage maturity rules in the private sector (the so-called “three-years”). Further measures include an increase in the tax-free allowance by 1000 euros for families with children, the increase in the minimum guaranteed income (GMI) by 8% and the extension of the duration of the maternity allowance for the self-employed and farmers. Despite the high level of prices that persists, compared to the period before the energy crisis, inflationary pressures are expected to further stabilise during 2024 (at 2.4% on annual average), largely converging to the European Central Bank's medium-term inflation target of 2.0%. Next to the technical high-base effect of the previous year, the envisaged relative stabilisation of fuel prices contributes to the forecasted normalisation of headline inflation, while core inflation is expected to face more persistent upward pressures, albeit slower-paced compared to 2023.

Continued job creation is projected to push unemployment to its lowest level since 2009, at 10.6% based on the Labour Force Survey methodology and at 9.0% based on national accounts. The projection of 5.09 million employed persons in 2024 corresponds to a record high since 1995, the initial year there are available national accounts. Connected to that, the number of wage- and salary-earners is also at its highest level, where an increase by 1.0% on an annual basis is projected. The number of the unemployed is expected to fall to pre-economic adjustment program levels, despite the forecasted historically high percentage of economic active population (85.1%).

Total employment will continue to grow, although at a lower rate compared to the previous year (+0.9% in 2024 vs. +1.4% in 2023), due to the increasing tightness of the labour market. This will positively affect the disposable income of households and real private consumption, which is expected to grow by 1.6% compared to 2023.

Following a continuous prudent fiscal policy, real General Government consumption in 2024 is set to decline by 1.3% compared to 2023 (when it was 3.5% higher than the pre-pandemic level).

The external sector of the Greek economy is projected to contribute positively to real GDP growth by 0.4 percentage points in 2024, including however, a significant rise in imports of goods (5.2% on an annual basis). This is due to the significant increase in investment (by 12.1%), connected, among other things, to the implementation of the "Greece 2.0" project. The balance of services is forecast to have a positive contribution to output growth by 1.2 percentage points, which more than offsets developments in the balance of goods, mainly thanks to the estimated increase in net nominal receipts from external tourism. On a national account basis, the nominal current account deficit is set to further improve, as it will decline as a percentage of GDP to 4.2%, from 4.5% in 2023.

Table 2 Key indicators of the Greek economy

(% annual changes, constant prices)

	2022	2023**	2024**
GDP	5.9	2.3	3.0
Private consumption	7.8	2.5	1.6
Public consumption	-1.6	0.3	-1.3
Gross fixed capital formation	11.7	8.3	12.1
Exports of goods and services	4.9	2.7	6.3
Imports of goods and services	10.2	2.2	4.5
GDP deflator	8.1	5.3	1.9
HICP	9.3	4.0	2.4
National CPI	9.6	3.8	2.4
Employment*	3.8	1.4	0.9
Unemployment rate*	10.6	9.5	9.0
Unemployment rate (Labour Force Survey)	12.4	11.2	10.6

Source: Annual National Accounts (Hellenic Statistical Authority), estimates/projections of the Ministry of Economy and Finance

*On a national-account basis ** Estimates/ projections

Short-term risks to GDP growth for 2023 and 2024 include a potential slowdown in the European and global economy, unfavourable international geopolitical developments, higher than anticipated inflation, the aggravation of the energy crisis, extreme weather events, the continuation of restrictive monetary policy and the rate of absorption of the NGEU funds.

However, there are several factors that could potentially positively affect Greek output growth. These include a more rapid reduction of inflation than initially anticipated, higher than expected growth in the tourism sector, the upgrade to investment grade by the remaining credit rating agencies, efficient and timely utilisation of NGEU and cohesion fund resources and enhancing the competitiveness of the financial system.

Achievement of macroeconomic goals highly depends upon rapid restoration of productive activity, mainly on agricultural production and infrastructure, in the areas affected by the recent floods. For this purpose, the necessary budgetary resources have been provided for, while EU offered necessary flexibility on using the available European funding sources. However, climate change is not a temporary phenomenon. In that respect, the Greek Government is taking additional measures and designs crucial investments, through national and co-financed resources, at four levels: (a) climate transition and decarbonisation, (b) development of infrastructure resilient to worsening weather phenomena; (c) the substantial strengthening of civil protection and prevention; and (d) shielding the national economy from the consequences of natural disasters, through the provision of relevant permanent funds in the state budget, the strengthening of private insurance as well as the speedup and effectiveness of the state aid system.

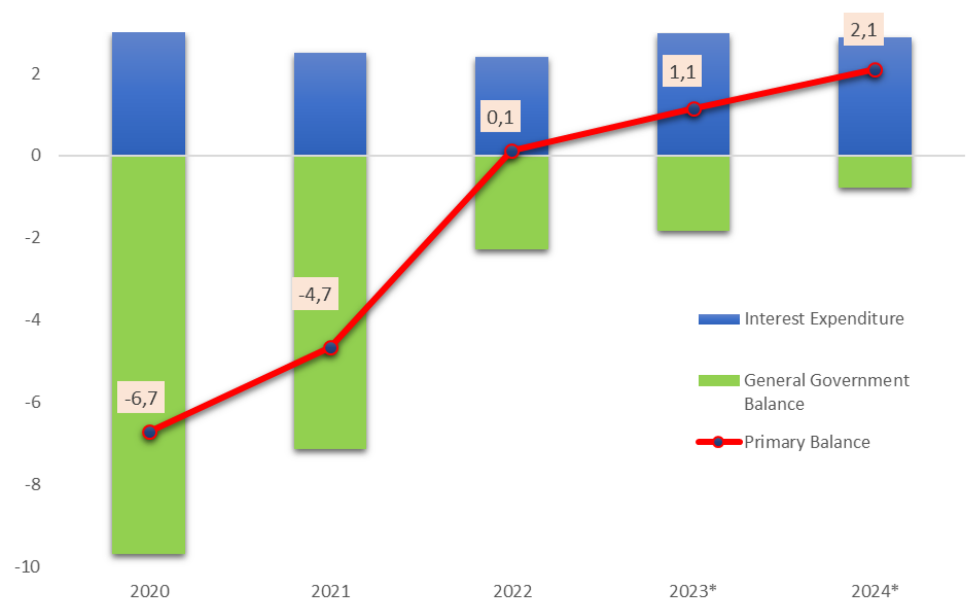
2. Budgetary targets

2.1. Fiscal developments

2.1.1. Fiscal outlook 2023

For 2023, the headline budget balance and the primary balance are estimated at -2.1% and +1.1% of GDP respectively. Compared to the previous year, the projected improvement of the headline and the primary balance is estimated at +0.2% and +1% respectively. This positive fiscal development is mainly driven by the increasing tax and social security contributions due to the economic growth and the improvements in the labour market and wages. It also reflects the prudent fiscal policy followed, noting that the pandemic related fiscal measures were phased out and the policy measures to mitigate the consequences of the energy crisis are fiscally balanced.

Figure 8 General Government Primary Balance (% of GDP)



** Projections.*

2.1.2. Fiscal outlook 2024

For 2024, the budget position is expected to further improve with the achievement of a strong primary surplus of +2.1% of GDP and the decline of the headline deficit reaching -1% of GDP. The substantial improvement is mainly attributed to the increased revenues on the back of the solid economic growth. The fiscal projections for 2024 include all measures either credibly announced or already voted and implemented by the newly elected government. These measures are analytically described in the following chapter.

Following the relevant recommendation, the nominal increase in nationally financed net primary expenditure is estimated at +0.4%.

The table below summarizes the current fiscal estimations for the years 2023-2024.

Table 3 General government budgetary prospects

	ESA Code	2023	2024
		(% of GDP)	
Net lending (EDP B.9) by sub-sector			
1. Net lending/net borrowing: General government	S.13	-2.1	-1.0
2. Net lending/net borrowing: Central government	S.1311	-2.5	-1.5
3. Net lending/net borrowing: State government	S.1312	-	-
4. Net lending/net borrowing: Local government	S.1313	-0.1	-0.1
5.Social security funds	S.1314	0.5	0.6
6. Interest expenditure	EDP D.41	3.3	3.2
7. Primary balance		1.1	2.1
8. One-off and other temporary measures		-0.3	0.0
8.a of which one-offs on the revenue side: general government		0.0	0.0
8.b of which one-offs on the expenditure side: general government		0.3	0.0
9. Real GDP Growth (%) (=1 in Table 1a)		2.3	3.0
10. Potential GDP Growth (%) (=2 in Table 1a)		1.0	1.5
Contributions			
-Labour		0.1	0.3
-Capital		0.1	0.2
-Total factor productivity		0.8	0.9
11. Output gap (% of potential GDP)		0.2	1.7
12. Cyclical budgetary Component (% of potential GDP)		0.1	0.9
13. Cyclically adjusted balance (1-12) (% of potential GDP)		-2.2	-1.9
14. Cyclically adjusted primary balance (13+6) (% of potential GDP)		1.1	1.3
15. Structural balance (13-8) (% of potential GDP)		-1.9	-1.9

2.1.3. Comparison with the latest Stability Programme

For 2023, the estimation for the primary surplus remains at +1.1% of GDP, which is the level depicted in the Stability Programme submitted last April. This result was supported by the higher than expected yield of tax and social security contributions revenues, despite the necessary supportive interventions that were adopted to address the emerging needs of households, businesses and infrastructure hit by the unprecedented recent natural disasters, floods and fires, as a consequence of the climate crisis. The estimation for the headline budget balance deteriorated by 0.3% of GDP compared to the Stability Programme submitted last April, as a result of the equal increase of interest expenditure.

For 2024, there is a downward revision of the headline balance by 0.2% of GDP compared to the Stability Programme, also driven by the increased interest expenditure. The fiscal target though for the primary balance of 2024 set in April remained unchanged at +2.1% of GDP, incorporating the strong positive carry over effect of tax and social security contributions collections, offset by the -after elections- measures adopted to support income and growth and by the increase of budget resources allocated for natural disasters. The relevant interventions are described in detail in the following chapter.

In the table below, the update of the general government balance estimates compared to the latest Stability Programme are presented.

Table 4 Divergence from latest SP

	ESA Code	2022	2023	2024
			(% of GDP)	
Target general government net lending/borrowing				
Stability plan	EDP B.9	-2.3	-1.8	-0.8
Draft budgetary plan	EDP B.9	-2.3	-2.1	-1.0
Difference		0.0	-0.3	-0.2
General government net Lending projection at unchanged policies				
Stability plan	EDP B.9	-2.3	-1.8	-0.5
Draft budgetary Plan	EDP B.9	-2.3	-1.8	-0.8
Difference		0.0	0.0	-0.3
General government primary balance				
Stability plan		0.1	1.1	2.1
Draft budgetary Plan		0.1	1.1	2.1
Difference		0.0	0.0	0.0

2.2. Debt developments

The general government debt is estimated at €357,000 million or 159.3% of GDP at the end of 2023, vs €356,256 million or 171.3% of GDP in 2022. For the end of 2024, the general government debt is forecasted at €358,000 million or 152.2% of GDP, i.e. reduced by 7.1 pp compared to 2023.

The continued interest rate hikes by the European Central Bank, until September 2023, have resulted in a rapid increase of funding costs in international capital markets. The Hellenic Republic continued its issuance activity smoothly, covering the limited financing needs of the current year, mainly, with syndicated issuances which had a significant percentage of over-coverage of their offer book and were allocated with priority to final investors. A notable contribution to the annual refinancing was made by the bond re-openings via auctions which, for the first time since 2009, were carried out on regular dates according to the already announced program. The total cash reserves of the Hellenic Republic remained at the high levels of recent years and it is considered appropriate to maintain them at the same levels, at least, until the majority of the rating agencies restores Greek government bonds to investment grade.

Table 5 General government debt developments

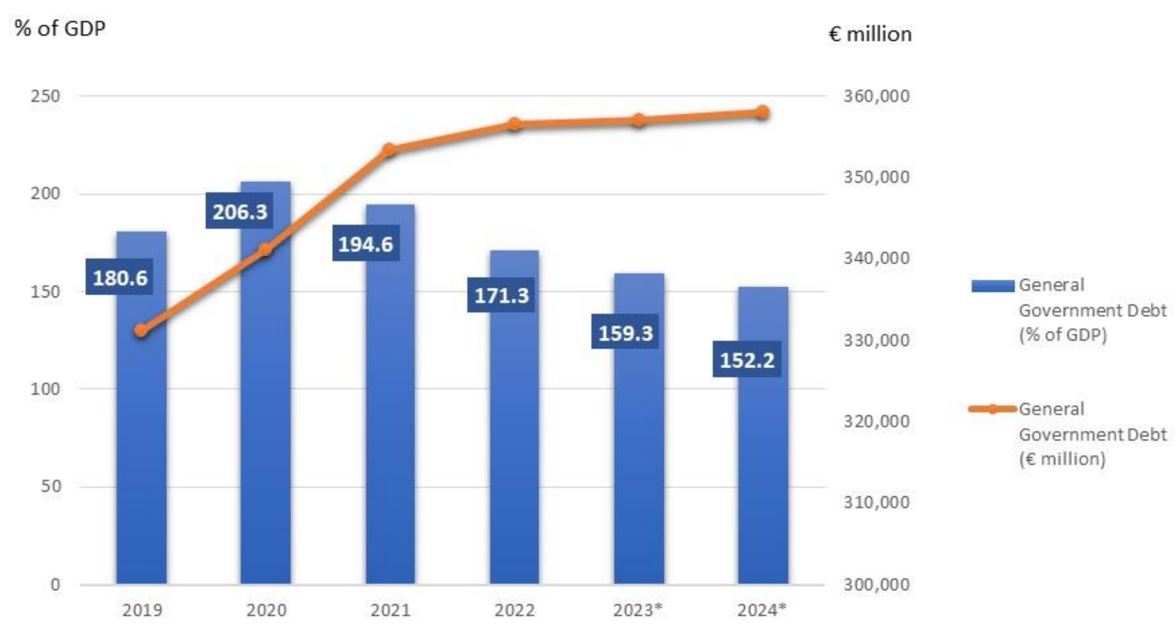
	ESA Code	2023	2024
		(% of GDP)	
1. Gross debt		159.3	152.2
2. Change in gross debt ratio		-12.1	-7.1
Contributions to changes in gross debt			
3. Primary balance		1.1	2.1
4. Interest expenditure	EDP D.41	-3.3	-3.2
5. Stock-flow adjustment		14.3	8.1
of which:			
- Differences between cash and accruals		-0.3	1.5
- Net accumulation of financial assets		2.7	-0.9
of which:			
- privatisation proceeds		0.1	0.8
- Valuation effects and other		11.9	7.5
p.m.: Implicit interest rate on debt		2.1	2.1
Other relevant variables			
6. Liquid financial assets			
7. Net financial debt (7=1-6)			
8. Debt amortization (existing bonds) since the end of the previous year		2.7	1.6
9. Percentage of debt denominated in foreign currency		0.0	0.0
10. Average maturity		19.3	18.9

The full repayment of IMF loans in April 2022 was followed by the early repayment of part of the GLF's European loans amounting to 2,645 million euros in December 2022, while the legal process with the eurozone Member States is expected to start soon with the aim of further early repayment of loans amounting to 5,290 million euros, due in 2024 and 2025, by the end of this year.

The first rating agency, recognized by the European Central Bank, to upgrade the creditworthiness of the Hellenic Republic to investment grade (BBB-) was DBRS, at the beginning of September 2023. Similar upgrades were preceded by both the R&I rating agency, in July 2023, as well as by the newly established rating agency Scope Ratings in August 2023. Also noteworthy is the upgrade by two notches of the Hellenic Republic's credit rating by Moody's, from Ba3 to Ba1, in mid-September 2023.

At the end of August 2023, the total of loans granted by the Support Mechanism amounted to 233,818.1 million euros, which, after the full repayment of the International Monetary Fund, consist exclusively of European loans of the Member States of the Eurozone.

Figure 9 General Government Debt



* *Projections.*

3. Expenditure and revenue projections

3.1. Discretionary measures

3.1.1. Fiscal interventions to address the consequences of the energy crisis

In 2023, a number of existing energy measures were extended aiming at cushioning the impact of energy and inflation costs on households, although their cost is considerably reduced compared to the previous year, following the declining evolution of electricity prices. In particular, the bulk of the expenditure (€1.05 billion or 0.5% of GDP) was related to the electricity consumption subsidy scheme for households. Additional interventions during the year included tax reliefs for farmers' fuel, subsidy on heating oil price and increase of the heating benefit allowance, amounting to 0.2% of GDP in total.

In addition, with a view to safeguarding the purchasing power and disposable income of low-income households through alleviating increasing food cost, an income subsidy ("market pass") was launched in February. The subsidy covered the period February to October 2023 for the entire country, while it was extended to December 2023 only for the areas hit by natural disasters, with an estimated total cost of approximately €0.8 billion.

The energy measures were mainly financed by the revenues of the Green Transition Fund, that amount to 0.8% of GDP, deriving mostly from the price cap mechanism on wholesale energy market and from the emissions trading system allowances, along with the temporary solidarity contribution of companies in the fossil fuel sector of 0.3% of GDP, thus having a balanced net fiscal impact.

In 2024, the emergency energy measures are expected to phase out provided there are no surges in gas prices. In case targeted energy measures are required, these are expected to be covered by the revenues of the Green Transition Fund which again are correlated with the gas prices.

3.1.2. Fiscal interventions related to natural disasters

In response to the recent severe natural disasters -floods and wildfires-, several interventions were adopted to address relevant economic and social consequences. Moreover, measures were taken to further increase the resilience and response of the budget to climate change and the possible future disasters. The most important interventions include:

- Financial aid to those gravely affected by the disasters (first emergency relief for households and businesses, agricultural compensations) and targeted compensations for repairs, maintenance and improvement of infrastructure. To fund these urgent needs, a supplementary budget of €600 million was voted. In addition, resources of the National Strategic Reference Framework 2014-2020, the Recovery and Resilience Facility (RRF) and the NSRF 2021-2027 are mobilized and used effectively, so as to contribute to the rehabilitation of infrastructure.
- From 2024 onwards, the public investment budget will include national resources of €600 million, increasing the relevant appropriation by 300 million. These will fund on a permanent basis future needs for compensation of households, businesses and other relief measures that may emerge from future disasters related to climate change. To this end, in order to address the adverse effects of climate change, a relevant fee will be imposed on hotels and short-term rents, in addition to the current overnight-stay tax, with estimated yearly revenues of €240 million.
- From 2024 onwards, private insurance against natural disasters (floods, fires, earthquakes) will become mandatory for enterprises with an annual turnover of more than €2 million. The insurance contract will cover the company's assets, including buildings, machinery, equipment and inventories. It is noted that a 10% reduction of property tax (ENFIA) for residencies insured against natural disasters has already been adopted. The measure will come into force as of January 1st 2024 and the fiscal cost for the first year is estimated at €26 million.

3.1.3. Other fiscal interventions

3.1.3.1. 2023 interventions

In 2023, several fiscal measures were adopted to strengthen economic growth, reduce the tax burden, support incomes and reduce inequalities. The growth friendly interventions include the abolition of the solidarity tax that was previously abolished for the private sector, also for the employees of the public sector and the pensioners, amounting to €476 million, the extension of reduced VAT on several goods and services, the increase by 8% of disability pensions and disability benefits, the abolition of the 1% special levy in favor of Public Employees' Welfare Fund (TPDY), the reform of doctors' special wage regime, the extension of the maternity allowance in the private sector from six to nine months and other interventions already being implemented, that were described in detail in the latest Stability Programme (April 2023). In March 2023, a targeted one-off benefit was granted to pensioners who did not receive an increase in their pensions in January 2023 because of the personal difference, amounting to €280 million. Also, a targeted one-off benefit of €107 million will be granted in December 2023 to pensioners who will not receive an increase in their pensions in January 2024 because of the personal difference.

In addition, an installment scheme was launched targeting the consistent taxpayers, while an ambitious framework was established in order to address housing needs of the vulnerable households which is focused mainly on younger citizens (low-interest housing loans, co-financing of house restoration costs, energy saving programs).

Also, it is worth mentioning that the minimum wage of the private sector was further increased since April 2023, from €713 to €780, supporting the disposable income of the employees against inflation and also leading to increased unemployment benefits.

3.1.3.2. 2024 interventions

The planned reform of the wage grid of the public sector has already been adopted, effective from 2024 onwards. The reform emphasizes on the low paid employees, families with children and on employees with managerial responsibilities, with a total estimated net yearly fiscal cost of 0.25% of GDP.

The fiscal estimations for 2024 include all measures announced by the newly elected government and are gradually being implemented, as follows:

- To support approximately 200,000 young people of ages 18-19 and promote digital forms of payment, a permanent yearly benefit of €150 (Youth Pass card) is established to be used for cultural activities, tourism and transport (annual cost of €30 million). The measure will be effective from the end of the current year.
- To support families and restrain declining birth rates, the maternity allowance is extended to nine months for self-employed and farmers in line to the private sector (€40 million).

- The exemption of approximately 200,000 low pensioners (former EKAS beneficiaries) from their contribution to pharmaceutical expenditure is made permanent (€38 million).
- To support the income of approximately 225,000 vulnerable households, the minimum guaranteed income (GMI) is increased by 8% as of December 2023 (€43 million yearly cost).

In addition, 2024 interventions on tax revenues concern:

- The increase of the Personal Income Tax discount by €1,000, for tax payers with one or more children (€135 million).
- The reduction of property tax (ENFIA) by 10% for residencies insured against all natural disasters (€26 million).
- The reform of the capital market operating framework increasing significantly investment and tax incentives: a) reduction of the capital accumulation tax from 0.5% to 0.2%, b) reduction by 50% of the stock exchange transaction fees and c) abolition of the interest tax on state bond holders (€50 million).
- To regulate the short-term lease market, 13% VAT will be imposed on legal entities and on natural persons with three or more leased dwellings (€ 27 million revenue increase).

Further tax interventions are being prepared, aiming to tackle tax evasion and ensure the fair distribution of the tax burden among taxpayers, such as the expansion of electronic payments, the mandatory electronic real estate transactions, the digitalization of tax audits, the interconnection of POS with tax machines and other.

In the labour market, as of January 2024, the private sector employees' salary increases freeze is lifted (related mainly to the increase of the minimum wage for senior employees) and also, the 30% reduction on pensions for employed pensioners is abolished and replaced with a 10% levy on the additional income they earn.

All the above interventions are also presented in the relevant tables of the Annex.

3.2. GG revenue and expenditure

The table below summarizes the current fiscal estimations for 2023 and for 2024, broken down by main components of revenues and expenditures. The estimations incorporate the effect of all the fiscal interventions presented above.

Table 6 General government expenditure and revenue targets broken down by main components

	ESA Code	2023	2024
		(% of GDP)	
General governement (S13)			
1. Total revenue target	**TR**	**47.5**	**46.8**
Of which			
1.1 Taxes on production and imports	D.2	17.1	16.8
1.2 Current taxes on income, wealth, etc.	D.5	10.0	9.5
1.3 Capital taxes	D.91	0.1	0.1
1.4 Social contributions	D.61	12.9	12.6
1.5 Property income	D.4	0.5	0.4
1.6 Other		6.8	7.4
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		40.1	39.0
2. Total expenditure target	**TE**	**49.6**	**47.8**
Of which			
2.1 Compensation of employees	D.1	10.4	10.4
2.2 Intermediate consumption	P.2	5.6	5.4
2.3 Social payments	D.62,D.63	20.2	19.2
Of which unemployment benefits		0.6	0.6
2.4 Interest expenditure (=9 in table 2.a)	EDP D.41	3.3	3.2
2.5 Subsidies	D.3	2.0	1.4
2.6 Gross fixed capital formation	P.51	4.6	5.3
2.7 Capital transfers	D.9	1.5	1.2
2.8 Other		2.0	1.8

The general government expenditure and revenue projections at unchanged policies are presented in the following table and they do not include the policy measures announced after June elections by the new government, having a net effect on the general government balance that amounts to -0.3% and -0.2% of GDP for 2023 and 2024 respectively. The measures were described in the previous chapter with detail.

Table 7 General government expenditure and revenue at unchanged policies

	ESA Code	2023	2024
		(% of GDP)	
General governement (S13)			
1. Total revenue at unchanged policies	TR	47.5	46.8
Of which			
1.1 Taxes on production and imports	D.2	17.1	16.7
1.2 Current taxes on income, wealth, etc	D.5	10.0	9.6
1.3 Capital taxes	D.91	0.1	0.1
1.4 Social contributions	D.61	12.9	12.6
1.5 Property income	D.4	0.5	0.4
1.6 Other		6.8	7.4
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		40.1	39.0
2. Total expenditure at unchanged policies	**TE**	**49.3**	**47.6**
Of which			
2.1 Compensation of employees	D.1	10.4	10.4
2.2 Intermediate consumption	P.2	5.6	5.4
2.3 Social payments	D.62,D.63	20.2	19.2
Of which unemployment benefits		0.6	0.6
2.4 Interest expenditure	EDP D.41	3.3	3.2
2.5 Subsidies	D.3	2.0	1.4
2.6 Gross fixed capital formation	P.51	4.4	5.1
2.7 Capital transfers	D.9	1.5	1.2
2.8 Other		2.0	1.7

3.3. National Recovery and Resilience Plan

The Greek National Recovery and Resilience Plan (NRRP), “Greece 2.0” aspires to change the existing economic model and institutional framework via a numerous reforms and investments, steering the Greek economy towards a more extrovert, competitive, green and digital growth model, with a more resilient social safety network.

The initial resources included in “Greece 2.0” for the period 2021-2026 amount to €30.5 billion, of which grants are estimated at €17.8 billion and loans up to €12.7 billion to support investments and reforms. It is noted that Greece has submitted a proposed revision of its NRRP on 31st August, which includes a request for additional €5 billion of loans to increase the budget of the existing loan facility and the chapter for the REPOWER

EU with measures amounting to €795 million in grants. Upon approval of the revision "Greece 2.0" resources will amount to 36 billion € in Grants and Loans.

Table 8 RRF impact on programme's projections – GRANTS

	ESA Code	2020	2021	2022	2023	2024	2025	2026
					(% of GDP)			
Revenue from RRF grants								
1. RRF GRANTS as included in the revenue projections		-	0.2	0.4	0.9	1.5	2.0	2.6
2. Cash disbursements of RRF GRANTS from EU		-	1.3	0.8	0.8	1.6	1.5	1.9
Expenditure financed by RRF grants								
3.TOTAL CURRENT EXPENDITURE		-	0.1	0.0	0.4	0.3	0.3	0.1
of which:								
- Compensation of employees	D.1	-	0.0	0.0	0.0	0.0	0.0	0.0
- Intermediate consumption	P.2	-	0.0	0.0	0.0	0.1	0.1	0.0
- Social Payments	D.62+D.632	-	0.1	0.0	0.1	0.1	0.1	0.1
- Interest expenditure	D.41	-	-	-	-	-	-	-
- Subsidies, payable	D.3	-	0.0	0.0	0.3	0.1	0.1	0.0
- Current transfers	D.7	-	-	-	-	-	-	-
4. TOTAL CAPITAL EXPENDITURE		-	0.1	0.4	0.5	1.2	1.7	2.5
of which:								
- Gross fixed capital formation	P.51g	-	0.1	0.3	0.2	0.8	1.2	1.7
- Capital transfers	D.9	-	0.0	0.1	0.3	0.3	0.5	0.8
Other costs financed by RRF grants								
5. Reduction in tax revenue		-	-	-	-	-	-	-
6. Other costs with impact on revenue		-	-	-	-	-	-	-
7. Financial transactions		-	-	-	-	-	-	-

The Greek Plan comprises of four main pillars: Green Transition, Digital Transition, Employment – Skills – Social Cohesion (Health, Education, Social Protection) and Private investment and transformation of the economy. Until October 10th, 2023, €3.74 billion were transferred for approved RRF projects to entities inside and outside the general government and final recipients of RRF. 718 projects and subprojects, with a total budget of €20.7 billion including VAT, have already been approved and included in the RRF grants programme.

The approved projects include, inter alia: energy renovation of residential buildings, upgrading energy efficiency of public sector buildings, island electrical interconnections, energy storage investments, motorways construction, micro-satellite network development, implementation of the national public health secondary prevention programme, implementation of the strategy for excellence in universities and innovation and many others.

In April 2022, Greece received the first payment for 2022 from the Recovery and Resilience Fund amounting to €3.6 billion, after the fulfillment of the 15 milestones. In January 2023, Greece received the second payment request from the RRF amounting to €3.6 billion, after the fulfillment of 28 milestones. In May 2023 Greece has submitted its 3rd payment request for €1.72 billion on grants having completed 42 milestones and targets, which is currently under evaluation by the European Commission.

Table 9 RRF impact on general government expenditure (in million EUR)

	2021	2022	2023	2024	2025	2026
Transfers for approved RRF projects to entities inside and outside general government	307	2,843	2,070	3,617	5,167	6,717
Total general government expenditure financed by RRF grants (incl.VAT)	307	981	2,135	3,967	5,581	7,751

The Greek Plan includes the use of RRF loans up to €12.7 billion and is expected to mobilize a total of €32 billion of investment resources to co-finance projects falling under the following five pillars: green transition, digital transition, exports, innovation-research and development, economies of scale through partnerships, joint ventures, acquisitions, mergers.

The financing of private investments from the RRF loans envelope will be implemented through three distinctive funding channels: (a) International Financial Institutions, including the EIB and the EBRD, (b) commercial banks, Greek but also international ones and (c) an equity platform instrument operated by the Hellenic Development Bank (HDB).

In the loan facility, which mainly concerns the granting of loans for the implementation of investment projects by private businesses through the commercial banks and International Financial Institutions, the status between projects submitted and loans signed –by 10th October 2023– was as follows:

- 536 investment projects have been submitted with a total budget of €19.98 billion (out of which: €8.17 billion RRF loans, €6.92 billion bank loans and €4.89 billion investors' own contribution).
- 240 loan agreements have already been signed, with a total budget of €8.51 billion (out of which: €3.52 billion RRF loans, €2.92 billion bank loans and €2.07 billion investors' own contribution).

Table 10 **RRF impact on programme's projections - LOANS**

	ESA Code	2020	2021	2022	2023 (% of GDP)	2024	2025	2026
Cash flow from RRF loans projected in the programme								
1. Disbursements of RRF LOANS from EU		-	0.9	0.9	0.8	1.8	1.9	1.3
2. Repayments of RRF LOANS to EU		-	-	-	-	-	-	-
Expenditure financed by RRF loans								
3.TOTAL CURRENT EXPENDITURE		-	-	-	-	-	-	-
of which:								
- Compensation of employees	D.1	-	-	-	-	-	-	-
- Intermediate consumption	P.2	-	-	0.0	0.0	0.0	0.1	0.0
- Social Payments	D.62+ D.632	-	-	-	-	-	-	-
- Interest expenditure	D.41	-	-	-	-	-	-	-
- Subsidies, payable	D.3	-	-	-	-	-	-	-
- Current transfers	D.7	-	-	-	-	-	-	-
4. TOTAL CAPITAL EXPENDITURE		-	-	-	-	-	-	-
of which:								
- Gross fixed capital formation	P.51g	-	-	-	-	-	-	-
- Capital transfers	D.9	-	-	-	-	-	-	-
Other costs financed by RRF loans								
5. Reduction in tax revenue		-	-	-	-	-	-	-
6. Other costs with impact on revenue		-	-	-	-	-	-	-
7. Financial transactions		-	-	0.1	0.5	0.9	1.8	1.8

4. Distributional impact of the main expenditure and revenue measures

4.1. Methodology

The estimation of the distributional impact for the budgetary interventions is conducted using the EUROMOD tax-benefit microsimulation model for Greece on which the new measures are simulated. The data used as input are based on the 2020 Greek SILC data (incomes 2019)[1] using though the relative uprating factors for all types of income. The sample consists of 32,832 individuals, corresponding to 15,086 households. When weights are used, the population to which simulations apply sums up to 10,495,041 individuals and 4,130,550 households.

It should be underlined that the simulated policies concern personal income taxes, cash benefits, social security contributions and that only first-round effects are estimated. Policies that do not directly affect household income, such as changes in corporate taxation are not included in the analysis. Furthermore, policies that affect consumption or just the liquidity of households such as VAT changes, suspension of tax or loan payments, subsidies to energy consumption cannot be simulated.

The scenarios simulated are presented in Table 11 as follows:

[1] The latest available dataset (2020 Greek SILC data) was deliberately not utilized as it refers to 2020 incomes, a year in which the impact of the pandemic on the economy is captured, resulting in a narrowing of the income distribution, and therefore does not reflect the current socioeconomic situation.

Table 11 Scenarios simulated for distributional analysis

Scenario	Measures
2023_base	Tax/benefit policies as applicable in 2023 MTFS and additional measures announced after MTFS include:
	1. Increase in pensions and social pensions by 7.75% (through uprating factor)
	2. Abolishing of the solidarity tax for pensioners
	3. Abolishing the solidarity tax for public sector employees
	4. Increase of the upper earnings threshold for the social security contributions of private sector employees according to 2022 inflation
	5. Increase of the social security contributions of self-employed according to 2022 inflation
	6. A 9.4% increase in the minimum wage since April 2023
	7. An 8% increase in disability benefits since May 2023 (through uprating factors)
	8. A subsidy to long-term unemployed by PES (DYPA) in 2023
	9. An extension to the parental leave of PES (DYPA) from 6 to 9 months in the private sector (alignment with the public sector)
	10. The introduction of the “market pass” programme (Feb. – Oct. 2023)[2]
	11. The introduction of the “youth pass” programme (Nov. 2023)[3]
2024	1. An 8% increase in the Guaranteed Minimum Income
	2. An extension to the parental leave to 9 months for farmers and self-employed (alignment with the employees in the public and private sectors)
	3. An increase in the personal income tax discount (tax free amount by 1.000 euro) for tax payers with children (from 1/1/2024)
	4. Increase in the employment earnings of civil servants (through uprating factor)
	5. Increase in pensions and social pensions by 3.1% (through uprating factors)

4.2. Results

Table 12 presents the mean annual equivalised disposable income (in euros) by decile for the 2023_base scenario and the relative and absolute changes that occur in the 2024

[2] It is a programme for financial aid, designed to tackle the increase in household expenses, caused by the inflation episode.

[3] The aim of the “youth pass” programme is to provide financial assistance of 150 euros to young people - aged 18 or 19 years old - to be used as consumption in the fields of culture, tourism, and transport.

simulated scenario as a result of the fiscal interventions. The disposable income is the income that individuals finally have available for consumption or savings, i.e., after deducting direct taxes and social security contributions and after adding possible social transfers (i.e., pensions and benefits). Assuming that all households pool their resources and distribute them "equally" among the household members, the equivalized income is calculated using the OECD equivalent scales which give weights 1 to the first adult, 0.5 to other adults in the household and 0.3 to children under 14.

Table 12 Mean annual equivalised disposable income (EUR), relative and absolute changes

Decile	2023_base	2024	
	Mean (EUR)	Absolute change (EUR)	Relative change
1	6,016	103	2.68%
2	9,841	106	1.7%
3	11,711	132	1.71%
4	14,643	148	1.65%
5	16,837	159	1.57%
6	19,022	198	1.71%
7	21,158	218	1.65%
8	25,212	251	1.68%
9	29,948	247	1.41%
10	51,741	198	0.65%
All	20,454	176	1.41%

Notes:

i. Changes are calculated with respect to the 2023_base mean equivalised income per decile.

ii. The equivalised income is calculated using the OECD equivalent scales that give weights 1 to the first adult, 0.5 to other adults in the household and 0.3 to children under 14.

In Table 13 the main inequality indices are presented, calculated on the income distribution of the 2023_base and the respective absolute differences that occur for the 2024.

Table 13 Inequality indices

		Absolute difference with respect to 2023_base
	2023_base	2024
Gini	0.3127	-0.0022
S80/S20	5.0058	-0.0597
S90/S10	8.4133	-0.1753
Atkinson 0.25	0.0451	-0.0007
Atkinson 0.75	0.1259	-0.0019

Notes:

i. Gini coefficient ranges between 0 (all incomes are equal) and 1 (only one person has all income). It is more sensitive to changes in the middle of the income distribution.
ii. S80/S20 (S90/S10) ratio is the ratio of the mean equivalised disposable income received by the 20% (10%) of the population with the highest income to that received by the 20% (10%) of the population with the lowest income.
iii. Atkinson indices range between 0 (all incomes are equal) and 1 (only one person has all income). Atkinson 0.25 is more sensitive to changes at the top of the income distribution, while Atkinson 0.75 is more sensitive to changes at the bottom of the income distribution.

Table 14, Table 15 and Table 16 show the main poverty indices used for depicting the aggregate level of poverty in an economy with respect to the number of individuals under the poverty line (headcount ratio) and the depth of poverty (poverty gap). In more detail, FGT(0) is the headcount ratio and shows the share of individuals whose equivalised disposable income is below 60% of the median equivalised disposable income. When using the anchored poverty line (Table 14) the absolute effect of the reforms is better assessed in comparison to the previous year. When the floating poverty line is used (Table 16), results take into account the effect of changes in poverty line for assessing the final poverty level and individuals might change their status with respect to poverty due to changes in poverty line itself (apart from changes in their income). The results are presented for the total population, as well as disaggregated by age groups and household types.

FGT(1) presented in Table 15 is the poverty gap index, namely the average of the differences between individual incomes and the 60% poverty line, expressed as a percentage of the poverty line, and calculated only for individuals with incomes below the poverty line.

Table 14 FGT(0) poverty headcount index (anchored poverty line)

		Absolute difference with respect to 2023_base
	2023_base	2024
Total Population	**17.5**	**-0.7**
By age group		
0-14	17.4	-0.6
15-24	22.3	-0.3
25-49	15.8	-0.5
50-64	17.6	-0.4
65-79	16.3	-1.1
80+	21.4	-1.8

By household type		
One adult <65, no children	18.1	-0.3
One adult ≥65, no children	26.3	-1.8
One adult with children	18.4	-2.1
Two adults, <65, no children	12.5	-0.4
Two adults, at least one ≥65, no children	14.9	-1.5
Two adults with one child	11.9	-0.6
Two adults with two children	14.5	-0.7
Two adults with three or more children	21.2	-0.6
Three or more adults, no children	15.8	-0.4
Three or more adults with children	29.3	-0.2

Notes: Poverty line is anchored to the base scenario: EUR 6,244.67 per year.

Table 15 FGT(1) poverty gap (anchored poverty line)

		Absolute difference with respect to 2023_base
	2023_base	2024
Total Population	5.1	-0.3

Notes: Poverty line is anchored to the base scenario: EUR 6,244.67 per year.

Table 16 FGT(0) poverty headcount index (floating poverty line)

		Absolute difference with respect to 2023_base
	2023_base	2024
Total Population	17.5	-0.1

Notes:

i. Poverty line in floating: EUR 6,244.67 for 2023 and 6,333.26 for 2024.

ii. FGT (0) is the headcount ratio and shows % of individuals whose income is below 60% of the median equivalised disposable income.

iii. FGT (1) is the poverty gap index and calculates the average of the differences between individual incomes and the 60% poverty line, expressed as a % of the poverty line, and calculated only for those below the poverty line.

5. Possible links between the DBP and the targets set by the Union's Strategy for growth and jobs and CSRs

Table 17 **Country-specific recommendations**

1.1.

Description

Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that these are targeted at protecting vulnerable households and firms, fiscally affordable, and preserve incentives for energy savings.

Ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 2.6%. Preserve nationally financed public investment and ensure the effective absorption of RRF grants and other EU funds, in particular to foster the green and digital transitions.

List of measures

Energy measures were significantly reduced in 2023 compared to 2022. The DBP for 2024 foresees the phasing out of the vast majority of energy support measures that were implemented in 2022-2023. Any targeted subsidies will be fully covered by the revenues of the Green Transition Fund.

On the basis of the DBP, the nominal increase in nationally financed net primary expenditure in 2024 is estimated at 0.4%.

The initial expenditure ceilings for public investment in the 2023 Budget stood at EUR 6.8 billion for expenditure co-financed by the EU Budget and at EUR 1.5 billion for nationally financed expenditure, not including expenditure for the implementation of projects financed through RRF non-repayable support. In September2023, the ceiling for nationally financed public investment expenditure was revised upwards to EUR 1.95 billion to address the impact of natural disasters. For 2024, the DBP foresees expenditure ceilings of EUR 6.5 billion for co-financed investment and of EUR 2.0 billion for nationally financed investment, these ceilings not including appropriations of approximately EUR 3.6 billion for the implementation of projects financed from RRF non-repayable support.

Description of direct relevance

The DBP foresees a significant reduction in the general government deficit in 2024. Specifically, the fiscal deficit is projected to decline from 2.1% in 2023 to 1.0% of GDP in 2024. The primary surplus of the general government is expected to be increased to 2.1% of GDP in 2024 from 1.1% in 2023.

The projected increase in nationally net primary expenditure is very small and safely below the upper bound of 2.6% that was recommended to Greece by the Council.

DBP figures imply that nationally financed public investment is projected to be preserved and actually register a small increase in 2024. It should also be taken into account that the 2023 ceilings were increased beyond the original budgetary plans in order to account for the necessary response to natural disasters. In the absence of such unforeseen needs, the increase in nationally financed public investment between 2023 and 2024 would have been significant.

1.2.

Description

For the period beyond 2024, continue to pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to higher sustainable growth, to achieve a prudent medium-term fiscal position.

List of measures

The Stability Programme that was submitted in April 2023 projects the return to an approximately balanced budget by 2026.

Description of direct relevance

The reference is made to projections of the Stability Programme since this recommendation refers to the medium term, rather than to 2024. The official medium-term scenario of the Ministry of Economy and Finance will be updated in the spring of 2024. However, the general direction of fiscal policy towards achieving prudent medium-term fiscal positions and ensuring medium term sustainability is not affected.

1.3.

Description

Building on reforms undertaken as part of the recovery and resilience plan, improve the investment friendliness of the taxation system by introducing a wider advance tax ruling system, enlarge the tax base, including by reviewing the current taxation structure for the self-employed, and strengthen tax compliance by extending the use of electronic payments. Preserve and increase the operational autonomy of the tax authority.

List of measures

In order enlarge the tax base, including by reviewing the current taxation structure for the self-employed, and strengthen tax compliance by extending the use of electronic payments, the ongoing measures are:

1. par. 6 of article 15 of the Income Tax Code (ITC)

2. last paragraph of paragraph 6d of article 15 of the ITC, which was added by article 50 of Law 4876/2021

3. par. b of article 23 of the ITC

4. article 39B of the ITC

5. par. 3 of article 20 of Law 3842/2010, as applicable.

New measures announced in Thessaloniki International Fair 2023 (including past measures ready to be fully implemented in the following months):

6. Introduction of the obligation to purchase and sell real estate exclusively through bank-based payment methods.

7. Raising the penalty for cash transactions.

8. Obligation for Individuals who make three or more immovable properties available for short-term rent purposes on a digital platform, to commence a business activity.

9. Completion of the interconnection of cash registers with POS

10. Mandatory implementation of electronic invoices.

11. Full activation of myDATA.

12. The requirement to possess an electronic payment system (EFT/POS) is expanded to encompass other segments of the retail market that do not currently bear this obligation.

13. Activation of the digital consignment note.

Description of direct relevance

Concerning ongoing measures to enlarge the tax base:

1. An increase in income tax (penalty) is applied, in case that the taxpayer, does not make a part of his expenses with electronic means of payment. In particular, the tax resulting from the application of the scale is increased by the amount resulting from the positive difference between the required and the declared amount of expenses with electronic means of payment, multiplied by a factor of twenty-two percent (22%).

2. For the tax years 2022 to 2025, certain subcategories of expenses of Group 6 (Health), for which the use of electronic transactions is not widespread, are calculated at twice their value to cover the required amount of expenses of par. 6 of article 15 of the ITC. In addition, with par.7a of article 15 of the ITC, for the tax years 2022 to 2025, an amount equal to 30% of the expenses of receiving services for certain expenses of Groups 4 (Housing), 5 (Services), 7 (Transportation), 9 (Recreation, cultural activities), 10 (Education), 12 (Services) carried out by electronic means of payment and up to an amount of 5,000 euros, is deducted from the taxable income of the taxpayer. According to the authorization provided by par. 6 and 7 of article 15 of the ITC, with 35565 ΕΞ 2022 (FEK B' 1369/23-03-2022) Decision of the Alternate Minister and Deputy Minister of Finance, the expenses of the last paragraph of par. 6d and par. 7a of article 15 of the ITC, for the provision of incentives for carrying out transactions with electronic means of payment, are defined.

3. For income tax purposes, any type of expenses related to the purchase of goods or services worth more than 500 euros is not deducted for the calculation of profit from business activity, as long as installments or full payment was not made using a bank payment instrument.

4. For limited tax years, a tax reduction for taxpayers, corresponding to 40% of the expenses for the energy, functional and aesthetic upgrading of buildings, is applied, as long as the expenses are proven with legal documents

and are paid by electronic means of payment or through a payment service provider.

5. Legal documents with a total value of 500 euros and more, which are issued for the sale of goods or the provision of services to individuals, are paid by their recipients, purchasers of the goods or services, exclusively using cards or other electronic means of payment, such as to bank transfers, payments through a payment account, use of an electronic wallet. Payment of the above in cash is not allowed. In case of violation of this obligation, a fine of 100 euros is imposed, according to par. 2θ of article 54 of the Tax Procedure Code (TPC).

Concerning measures announced in Thessaloniki International Fair 2023:

6. Real estate contracts shall indicate the payment of the transfer price exclusively by bank means of payment. The aim is to abolish the possibility of buying real estate with cash, which sustains tax evasion and money laundering.

7. The fine for the use of cash over 500 euros is increased to double the amount of the transaction, by strengthening controls for the implementation of the measure through digital information.

8. Individuals who make available three or more immovable properties for short term rental on a digital platform will be obliged to start business activity.

9. The interconnection of cash registers with POS will be completed in the first months of 2024. This will certify that each POS transaction will be recorded at the cash register and the data will be transmitted in near real time to AADE.

10. Electronic invoices will become obligatory in 2024, so that transactions can be cross-checked and verified in real time. At the same time, tax authority audits are increasing, automating and digitalizing.

11. The revenues declared cannot be less than those resulting from electronic information (myDATA, cash-POS), while only those that have been transmitted electronically to myDATA will be counted as expense invoices for tax purposes. The expansion of myDATA is underway and the full implementation will be completed within 2024.

12. Electronic transactions have led to an increase in VAT revenues and their expansion will broaden the tax base, facilitate the work of control mechanisms and reduce the scope for tax evasion.

13. The digital consignment note is activated (piloted from the beginning of 2024 and fully before the end of the same year) in order to monitor in real time the movement of goods.

14. The amendment of the legislative framework will include relevant provisions in the ITC, which will aim at limiting tax evasion and avoidance by self-employed.
As for the CSR to improve the investment friendliness of the taxation system by introducing a wider advance tax ruling system, we note that the Investment gap in Greece is attributed to structural factors as well as other factors, such as low returns on capital, high debt levels and financing constraints (IMF, Greece's Investment Gap, WP/22/13). Several tax reforms and projects of the recovery and resilience plan include a number of reforms aiming at improving the investment climate, including tax incentives for encouraging economy of scale, green investments and digitalization. The benefits from tax arrangements (advance tax rulings included) for the taxpayers and the tax administrations likewise, as well as the risks involved, are being considered and we are following the discussions at EU and OECD level.

1.4.

Description

Safeguard the efficiency of public administration while ensuring it can attract the right skills and preserving consistency with the unified wage grid.

List of measures

In order to safeguard and enhance even more the efficiency of public administration, while ensuring it can attract the right skills, the following measures or legislative provisions have been implemented/adopted or are being announced:

A. Measures implemented/adopted:

1a. The implementation of L. 4765/2021 regarding the recruitment system through ASEP's first written competition held in March 2023.

2a. The strict adherence to the annual staffing cycle.

3a. The implementation of the Presidential Decree 85/2023 regarding the unified branches and qualifications in the public sector.

4a. The enactment of the new skill-based target-setting and evaluation system (L. 4940/2022).

5a. The provision of bonus to public servants on a pilot basis through a new reward and incentive system.

6a. The activation of the Executive Managers Branch in the Ministries.

7a. The enactment of the institution of the Public Sector Human Resources Adviser (L. 4940/2022).

8a. The exchange of civil servants with other EU Member States (PACE Program).

9a. The initiation of an upskilling and reskilling program for 250,000 civil servants through training (RRF).

10a. The establishment of an integrated system on multilevel governance (L. 5013/2023).

11a. The creation of a system of innovation in the Greek Public Sector (L. 5027/2023).

12a. The development of a risk management framework as a structural element of the Internal Control System (L. 5013/2023).

13a. The initiation of the creation of a strategic tool for the annual staffing cycle based on IA (workforce planning).

14a. The design of targeted training and lifelong learning programs implemented by the National Centre of Public Administration and Local Government.

15a. The enactment of an electronic platform for the monitoring of processes concerning Civil servants' disciplinary matters (electronic platform "e-Peitharxika").

B. Measures announced:

16a. The new permanent rewarding system in the public sector (RRF).

17a. The new system for appointing Public Sector's Legal Entities administrations.

18a. The redesign of Manager Selection System.

19a. The reshape of the Code of Administrative Procedures.

20a. The establishment of a specialized single information system with two databases for the purpose of registering, recording and systematically maintaining the necessary data of Civil Society Organizations.

Description of direct relevance

In order for Greek Public Administration to attract the right skills needed to further upgrade the efficiency of its services, the following measures have been carried out or announced.

A. Implemented/adopted:

1b. The goal is to recruit the right person for the right position the fastest possible. This is why 77,000 participants in the ASEP written competition were assessed on knowledge skills and professional efficiency tests.

2b. By linking the annual hiring plan with the mobility mechanism, their inseparable connection as the basic tools for meeting Public Sector's operational needs and requirements is ensured.

3b. The systematic recording and codification of all branches and specialties of the public sector personnel and the definition of the required qualifications to fill the corresponding positions, in order to heal the fragmented image of the past and to place the human resources development policy on a new basis.

4b. A new evaluation system has been introduced, focusing on skills and continuous improvement through Development Plans for employees and managers. Goal setting is now interconnected with the evaluation, as the latter starts with the setting of objectives.

5b. The uplifting of human resources as an organization's success factor as it is closely related to staff behaviour and its consequent performance.

6b. In order to activate the Executive Managers Branch, emphasis was given on their training and in particular on the development of new critical skills related to the legislative process, digital support and public policies analysis.

7b. Through the Public Sector Human Resources Adviser, the aim is to closely monitor all HR procedures and in particular the implementation of the law on goal setting and evaluation.

8b. For the first time, the exchange of civil servants between EU Member States in a structured way is being attempted, with the aim of sharing knowhow, promoting knowledge at a European level and improving the efficiency of public administration.

9b. For the first time, the skills required to fill in a post have been matched to civil servants' education and training needs in such a detailed way.

10b. The aim is to ensure that it is clear and completely distinct who is doing what (what is being performed by the Ministry, the Decentralized Administration, the Region, the Municipality) and that the exercise of responsibilities by the various levels of governance of the Greek public administration is fully functional.

11b. The introduction of the Innovation System in the public sector and the design of the required conditions for its implementation.

12b. Fully activate the Integrated Internal Control System and the Risk Management Framework as a structural element of the Internal Control System by establishing a Risk Registry in all public sector bodies to systematically monitor risks' evolution and the effectiveness of controls applied to address them.

13b. The Strategic Workforce Planning tool better captures the potential of existing staff and how this should evolve to best meet their needs by striking a balance between new hirings and the internal labour market.

14b. The action includes civil servants' targeted training through the implementation of a series of specialized and modern training programs in collaboration with the National Centre for Public Administration and Local Government, in order to empower civil servants, through the strengthening of their digital and administrative skills and to increase their efficiency.

15b. For the first time, the systematic monitoring of the progress of disciplinary proceedings in the public sector is being implemented through an electronic application, which provides the possibility of extracting and analysing data (Data Analysis and Data Mining) and cross-checking data in real time to ensure well documented decisions.

B. Announced:

16b. For the first time, a holistic reward and incentive system is being established that will focus on rewarding both individual and collective performance in the framework of achieving the service's strategic goals on a permanent basis.

17b. The bill's main objectives are: i) to upgrade the requirements for each position so that the administrations selected hold increased qualifications and competences, ii) to enhance meritocracy and transparency, iii) to accelerate the selection procedures thus enhancing the system's efficiency, and iv) to evaluate the selected administrations, so as to replace them if they do not achieve their targets.

18b. The candidate's profile will be assessed in three axes to ensure that they possess the right skills and are suitable for the position they are applying.

19b. More effective and efficient functioning of collective management bodies in the exercise of their responsibilities. A well-functioning public administration ensures quality services to citizens and professionals.

20b. The unified organization of Civil Society and the regulation of its relationship with the State, with the aim of strengthening their reciprocal action with the least possible intervention.

1.5.

Description

Pursue the ongoing reduction of non-performing loans and further improve the functioning of the secondary non-performing loans market.

List of measures

Concerning the ongoing reduction of NPLs, the following measures have been announced:

1. Extension of the Hercules Scheme (the Hellenic Asset Protection Scheme designed to aid banks in managing Non-Performing Loans (NPLs).

2. Introduction of amendments to the insolvency law (OCW) to minimize the percentage of strategic defaults with positive impacts to the Hercules Scheme.

Description of direct relevance

Concerning the ongoing reduction of NPLs, the proportion of non-performing loans showed a consistent decline throughout the initial half of 2023 (8.7% June 2023, Data: Bank of Greece). However, it is imperative to address a possible emergence of a new wave of NPLs resulting from the escalation in interest rates (and the energy crisis). Greece has formally requested the European Commission to extend the Hercules Scheme (the Hellenic Asset Protection Scheme designed to aid banks in managing Non-Performing Loans

(NPLs) by removing them from their financial statements). Greece is seeking this extension until December 31, 2024, covering both existing and new applications from banks, including those that are not considered systemic banks. This request aligns with the updated Eurostat regulations that apply to government deficit and debt. In parallel, Greek authorities are in close cooperation with the Bank of Greece and their advisor to enhance the monitoring and assessment of securitizations.

Additionally, the amendments regarding the insolvency law aim to minimize the percentage of strategic defaults. Moreover, credit growth, that mitigates the risk of new NPL's, is intended through Greece's use of Next Generation EU and RRF funds as well as the new law regarding innovative lending tools (such as fintech finance).

2.

Description

Maintain the momentum in the steady implementation of the recovery and resilience plan and swiftly finalise the REPowerEU chapter with a view to rapidly starting its implementation. Ensure continued sufficient administrative capacity in view of the size of the plan. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.

List of measures

Measures in order to proceed with the speedy implementation of cohesion policy programmes:

• Series of guidelines and circulars on acceleration measures and preparation for a safe closure of the PP 2014-2020 as well as the prompt activation of PP 2021-2027.

• Managing phased and non-functional projects of 2014-2020 PP.

• Managing projects potentially transferable to 2021-27 PP.

• Suspension of all new approvals for PP 2014-2020.

• Completion of projects.

• Updated final Action plans (closure forecasts - close progress monitoring - project oriented approach).

• Regular technical meetings with MAs and beneficiaries to detect bottlenecks and promote interventions.

• Regular screening exercise among Coordination authority/MAs/European Commission/Beneficiaries.

• Technical Support measures including coordination of the Jasper's support action plan and implementation of PASS Agreement with EIB.

• Coordination for the submission of the final amendment for 2014-2020 Ops.

• Frontloaded activation of PP 2021-2027 with phased and transferred projects.

• Elaboration of case scenarios for the potential use of the proposal for Strategic Technologies for Europe Platform (STEP) in new 2021-2027 Programmes.

Description of direct relevance

2023 is the final year for the eligibility of expenses for ESPA 2014-2020 Programmes and, therefore, safe closure of all Programmes without fund returns and with minimum additional burden for the Greek Public Investments Programme is a top priority. Implementation figures indicate that this target is feasible since until 02/10/2023 total approvals amount to €38 billion (161.5%), total commitments amount to €31.4 billion (133.5%) and total expenses amount to €20.9 billion (89%).

The activation of ESPA 2021-2027 is already underway: there have been calls of over €5.3 billion, whereas projects amounting to €3.2 billion have been approved and are in implementation. The Programmes' specialization has advanced significantly and with the final closure of the 2014-2020 Programmes the number of projects to continue in the new programming period will be finalized.

3.1.

Description

To ensure adequate and equal access to healthcare, complete the roll-out of the primary healthcare framework and adopt stronger incentives for the enrolment of an adequate number of family doctors in order to achieve full population coverage and population registration.

List of measures

Announced Measures:

1. Onboard existing rural doctors as P.D.s

2. Legislate changes for incentives

3. Open new positions for rural and urban doctors.

Description of direct relevance

According to the PD policy, each citizen is registered to a Personal Doctor who acts as the first point of contact, provides primary care, and helps citizens to navigate in the health system. The goal is to strengthen PHC by rolling-out an integrated system (bringing together Public Health and PRC), aiming at increasing access, reducing inequalities, promoting health and prevention, acting as a referral to the secondary healthcare system, and with a longer-term objective of progressing into an integrated health care model. As a first step, it is of utmost importance to support in terms effectiveness and sustainability the Personal Doctor (PD) reform.

The personal doctor reform initially achieved positive response from both physicians and citizens. However, patient registration is now stuck at around 55% of the eligible population due to shortage of personal doctors.

Currently, 3,438 personal doctors have enrolled to the program, out of which 2,227 from the public sector, and 1,211 from the private sector.

We plan to increase the number of personal doctors, mainly: a) by including all medical graduates who serve in rural areas for 1 year as personal doctors (1,261 rural doctors), and b) by opening new positions of new doctors in areas where the rural doctors cannot cover the gap (1,270 rural and urban doctors). After the first year, all 2,531 doctors (1,261+1,270) will be offered the opportunity, incentives and support to continue serving as personal doctors for subsequent years and thus create a pool of new primary care physicians to strengthen the national primary healthcare system.

Legislation for disincentives has been extended to June 2024 in order to have recruited the personal doctors first.

3.2.

Description

Finalize Cadastre reform by completing cadastral mapping and the establishment and operation of the Hellenic Cadastre Agency.

List of measures

1. Selection of 27 Supervisors of the Land Registration Offices.

2. Opening of the Land Registration Office of Athens.

3. Opening of the Land Registration Office for the Ionian Region (Corfu).

4. Termination of the operations of approximately 120 Mortgage Offices.

5. Completion of the Tender Process and Signing of Contracts for the 5 Lots of Archives.

6. Dedicated Platform for the Electronic Service of Documents.

7. Platform facilitating the Remote Legal Processing of Deeds by Lawyers before Registration.

8. Platform facilitating the Electronic Submission of Deeds from Citizens.

9. Platform enabling the Digital Issuance of Priority Numbers at Land Registration Offices.

10. Digital Platform for the Transferring of Immovable Assets.

Description of direct relevance

1-4. The selection of the 27 supervisors of the Land Registration Offices and Branches in combination with the opening of the Land Registration Offices of Athens and that for the Ionian Region in Corfu, and the concurrent termination of the operations of the Mortgage offices is a coordinated step towards completing the planned operational structure of a leaner organization for the Hellenic Cadastre Agency. These interventions and achievements in 2023, in combination with the progress observed in the digitization of the land registration archives is foreseen to deliver efficiency gains and enable the rapid transformation of the Agency into a modern cadastral hub with a decreased physical footprint and an emphasis on delivering user-friendly digital services to substitute the process as it occurred physically through the land registration offices and their branches.

5. The digitization of Land Registration Archives, which is a subset of the NRRP Project of Digitizing of State Archives, and includes approximately 600.000.000 pages for the Hellenic Cadastre alone, is a process that has

officially began with the digitization of the first lot (Lot 1). The remaining lots of archives to be digitized have been awarded to the contractors through the tendering, award and contractual phases, and the entire project of digitizing the Land Registration Archives is expected to be completed by the end of 2025.

6. An estimated amount of workload of the land registration offices and branches relates to the servicing of documents by the competent servers. This platform gives the ability to for this process to be completed remotely and digitally.

7. One of the main issues that the Hellenic Cadastre Agency is faced with is the increasing number of deeds, which are pending the obligatory legal processing. The estimated amount of pending submissions is approximately 150,000. This platform enables the remote legal processing of deeds by lawyers before those deeds are registered therefore decreasing the amount of outstanding deeds.

8. Citizens are enabled to submit the contracts and the corresponding supplementary documentation seamlessly through a digital platform. This measure contributes to the digital transformation of the Hellenic Cadastre, and supports the vision of an efficient, modern land registration process where citizens are empowered to complete steps of the process remotely, digitally and autonomously. Also, this reform achieved the prioritization of the processing of electronically submitted deeds over deeds submitted physically, in order to reinforce the culture of digital transformation in the land registration process. This reform was supported by a dedicated Task Force composed of experts of the Hellenic Cadastre Agency located in the Agency's headquarters aiming to maintain centralized control.

9. This platform allows citizens to reserve a priority number before visiting a land registration office. This priority-based protocol enables more efficient processing of requests physically at the land registration offices and facilitates the monitoring of the service queue for citizens. This digital solution was created to offload the land registration offices with severe bottlenecks in their services, such as those of Athens and Piraeus, in order to decompress the workload and decrease the waiting time for citizens.

10. This platform is a single repository for all transfer-related information and documentation as regards the transfer of an immovable asset. The repository is planned to be interoperable with other state and governmental

repositories containing relevant information such as AADE (tax authority), EFKA (national employer insurance scheme), etc.

4.	**Description**
	Reduce reliance on fossil fuels and further accelerate the diversification of energy supply routes. Further expand the deployment of renewable energy by completing and enforcing the new legal frameworks for the licensing process and for offshore wind farms, increasing electricity network and storage capacity, promoting the decentralized production of renewable energy, and putting in place legislative frameworks for the production of renewable hydrogen and biomethane. Step up the delivery of measures that improve energy efficiency, including targeted measures for energy-poor households and the installation of smart meters, and policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition. Support the decarbonization of the transport sector, in particular by promoting electric vehicles.
	List of measures
	1. Modification of the legal framework for modification, division and unification of electricity storage permits. 2. Development of the legal framework for the installation of hydrogen fueling stations for vehicles. 3. Modification of the legal framework to promote implementation of offshore wind parks pilot projects. 4. Development of the legal framework for the implementation of hybrid power generation projects from RES on the island of Crete, with total guaranteed capacity up to 120MW. 5. Transposition of the European Directives 2018/2001 and 2019/944 for the use and production of electricity from renewable sources. 6. Tender announcement for the "Charge Everywhere" concerning publicly accessible charge points for electric vehicles in the context of "Green Transition". 7. Tender announcement for the "Green Taxi" program concerning the replacement of old taxis and launch of the platform operation.

8. Tender announcement for the " Save (Exoikonomo) 2023" program, which provides incentives for energy saving interventions in the domestic building sector.

9. Tender announcement for the "Save - Renovate for young people''. The beneficiaries receive financial support for increasing energy efficiency of their properties, as well as low interest loans.

10. Tender announcement for the "Productive Green Economy Investments - Produc-E Green" Program.

11. Tender announcement for the "Recycle-Change water heaters" Program for the replacement of electric water heaters with new, modern solar panels.

12. Tender announcement for "Electra" Program which aims at the energy upgrade of public sector buildings.

13. Greece-Italy submarine natural gas interconnection. Route determination and installation of submarine natural gas pipeline and accompanying facilities in the Greek Section.

14. Memorandum of Understanding (MoU) was signed between Greece and Bulgaria on natural gas storage and oil pipeline.

15. Launch of International Open Tender for the procurement of a floating platform system for the loading/unloading of SSLNG carriers at Revithoussa Terminal.

16. Approval of the procedure for granting aid to companies in sectors exposed to a significant risk of carbon leakage, due to the cost of ETS rights, which is passed on electricity prices (D.A.P.E.E.P. S.A.).

17. Approval by RAE of the Manual for Elaboration of RES and Hybrid Station Designs.

Description of direct relevance

Measures taken are expected to lead, along with RRF projects, to faster and more secure deployment of renewable energy sources. Especially, provisions for energy storage as well as the conclusion of important interconnection projects with islands and neighbouring countries reduce the energy dependency on fossil fuels, support the goal of diversification of energy supply and contribute to the energy price containment due to reduction of PSO charges.

Annex:

DBP Tables

Table 18 Basic assumptions

	2022	2023	2024
Short-term interest rate (annual average)	0.3	3.4	3.7
Long-term interest rate (annual average)	1.8	3.1	3.3
USD/€ exchange rate (annual average)	1.05	1.1	1.1
Nominal effective exchange rate	-3.2	5.9	1.6
World excluding EU, GDP growth	3.1	3.0	3.3
EU GDP growth	3.5	0.8	1.6
Growth of relevant foreign markets	6.5	0.1	3.0
World import volumes, excluding EU	4.4	2.4	3.6
Oil prices (Brent, USD/barrel)	100.7	81.8	81.2

Table 19 Main assumptions

	2022	2023 (Levels)	2024
1. External environment			
a. Prices of commodities	6.6	-13.6	-3.1
b. Spreads of german Bond	230	160	130
2. Fiscal policy			
a. General Government net lending/ net borrowing	-2.3	-2.1	-1.0
b. General gross debt	171.3	159.3	152.2
3. Monetary policy / Financial sector / Interest rates assumptions			
a. interest rates			
i. Euribor	0.3	3.4	3.7
ii. Deposit rates	0.0	0.3	0.6
iii. Interest rates for loans	4.2	5.9	6.1
iv. Yelds to maturity of 10-year government bonds	1.8	3.1	3.3
b. Evolution of deposits	188.7	189.4	200.3
c. Evolution of loans	115.5	112.0	117.1
d. NPL Trends	8.7	8.6	n/a
Demographic trends			
a. Evolution of working age population	6,658	6,595	6,568
b. Dependency ratios	35.6	36.3	36.9
Structural dependencies			

Table 20 Macroecomomic prospects

	ESA Code	2022	2022	2023	2024
		(Levels)	(rate of change)		
1. Real GDP	B1*g	192,067	5.9	2.3	3.0
of which					
Attributable to the estimated impact of aggregated budgetary measures on economic growth		1,675	0.9	0.1	-0.3
2. Potential GDP		194,100	0.4	1.0	1.5
Contributions					
Potential GDP contributions: Labour			-0.3	0.1	0.3
Potential GDP contributions: capital			0.0	0.1	0.2
Potential GDP contributions: total factor productivity			0.7	0.8	0.9
3. Nominal GDP	B1*g	208,030	14.5	7.7	4.9
Components Of real GDP					
4. Private consumption expenditure	P.3	133,822	7.8	2.5	1.6
5. Government consumption expenditure	P.3	36,593	-1.6	0.3	-1.3
6. Gross fixed capital formation	P.51	26,715	11.7	8.3	12.1
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	9,134	4.8	4.0	3.8
8. Exports of goods and services	P.6	71,586	4.9	2.7	6.3
9. Imports of goods and services	P.7	85,782	10.2	2.2	4.5
Contribution to real GDP growth					
10. Final domestic demand		15,343	6.5	3.0	2.7
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	3,495	1.9	-0.7	-0.03
12. External balance of goods and services	B.11	-4,619	-2.6	0.04	0.4

Table 21 Price developments

	ESA Code	2022	2022	2023	2024
		(Levels)	(rate of change)		
1. GDP deflator		108.0	8.1	5.3	1.9
2. Private consumption deflator		107.0	7.5	3.8	2.4
3. HICP		111.2	9.3	4.0	2.4
4. Public consumption deflator		110.0	3.9	3.0	2.3
5. Investment deflator		107.0	5.9	4.5	2.5
6. Export price deflator (goods and services)		142.0	30.2	-5.2	-1.0
7. Import price deflator (goods and services)		141.0	24.4	-11.2	0.7

Table 22 Labour market developments

	ESA Code	2022 (Levels)	2022 (rate of change)	2023	2024
1. Employment, persons		4,975	3.8	1.4	0.9
2. Employment, hours worked		10,277,428	3.0	1.6	1.0
3. Unemployment rate (%)		588	12.4	11.2	10.6
4. Labour productivity, persons		39	2.0	0.9	2.1
5. Labour productivity, hours worked		0	2.9	0.7	2.0
6. Compensation of employees	D.1	73,146	5.4	6.5	3.7
7. Compensation per employee		19,848	0.3	4.7	2.7

Note: In the compensations of employees estimate for 2024 has not been taken into account potential further increase of the minimum wage.

Table 23 Sectoral balances

	ESA Code	2022 (% of GDP)	2023	2024
1. Net lending/borrowing vis-a-vis the rest of the world	B.9	-7.7	-2.6	-1.3
of which				
- Balance on goods and services		-9.4	-4.9	-4.9
- Balance of primary incomes and transfers		-0.3	0.4	0.7
- Capital account		2.0	1.9	2.9
2. Net lending/borrowing of the private sector	B.9	-5.1	-0.5	-0.3
3. Net lending/borrowing of general government	EDP B.9	-2.3	-2.1	-1.0
4. Statistical discrepancy		-0.3	0.0	0.0

Table 24 Contingent liabilities

	2023 (% of GDP)	2024
Public guarantees	10.6	9.6
Public guarantees: linked to the financial sector	7.6	7.1

Table 25 Amounts to be excluded from the expenditure benchmark

	2022 (Levels)	2022	2023 (% of GDP)	2024
1. Expenditure on EU programmes fully matched by EU funds revenue	4,250	2.0	2.5	3.4
1a. Investment expenditure fully matched by EU funds revenue	2,833	1.4	1.6	2.5
2. Cyclical unemployment benefit expenditure	264	0.1	0.1	0.0
3. Effect of discretionary revenue measures	2,477	1.2	-1.9	-0.3
4. Revenues increased mandated by law	-	-	-	-

Table 26 General government expenditure on education, healthcare and employment

(in million EUR)

	2023	2024
Education	9,033	9,285
Health	13,229	13,464
Employment	1,926	1,493

Measures tables

Table 27 Discretionary measures aggregated

(additional budgetary impact, %GDP)

	ESA Code	2022	2023	2024	2025	2026
Revenue						
Taxes on production and imports	D.2	1.14	-0.94	-0.21	0.00	0.00
Current taxes on income, wealth, etc	D.5		-0.23	-0.25	0.01	0.02
Capital taxes	D.91	-0.01	0.00	0.00	0.00	0.00
Social contributions	D.61	-0.04	-0.11	0.16	0.00	0.00
Property income	D.4					
Other	P.11+P.12+ P.131+D.39 +D.7+D.9 (other than D.91)	-0.14	-0.61	0.00	0.00	0.00
Total (revenue)		**1.13**	**-1.89**	**-0.30**	**0.01**	**0.02**
Expenditure						
Compensation of employees	D.1	0.00	-0.05	-0.42	0.00	0.00
Intermediate consumption	P.2	0.07	0.41	0.07	0.01	0.00
Social payments, of which, where applicable, unemployment benefits including cash benefits and in...	D.62+D.63+ D.621+D.62 4+D.631	-0.36	-0.18	0.50	-0.01	0.00
Interest expenditure	EDP D.41					
Subsidies	D.3	-1.37	3.60	0.37	0.13	0.00
Gross fixed capital formation	P.51	0.00	-0.20	0.06	0.00	0.00
Capital transfers	D.9	1.50	0.00	0.00	0.00	0.00
Other (other than D.41)	D.29+D.4+ D.5+D.7+P. 52+P.53+K. 2+D.8	0.24	-0.02	0.00	0.04	0.00
Total (expenditure)		**0.08**	**3.56**	**0.58**	**0.17**	**0.00**
Total		**1.21**	**1.67**	**0.28**	**0.18**	**0.02**

All + and - signs correspond to the effect on the balance; hence the last line (Total) is recalculated to reflect this, differing from the automatic calculation of the FASTOP application.

Table 28 Discretionary revenue measures taken by the General Government

(additional budgetary impact, % of GDP)

Title	Year of first budgetary impact	Labels	Description	ESA	One-off	One-off type	Funded by EU	EU fund	Account principle	Adoption status	2022	2023	2024	2025	2026
Reduction of advanced CIT and PIT payment for enterprises and self-employed hit by COVID	2020	#COVID-19	Reduction of advanced CIT and PIT payment for enterprises and self-employed hit by COVID	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0.03	-0.13	0.00	0.00	0.00
Abolition of solidarity tax in all natural persons	2023	< not set >	Abolition of solidarity tax in all natural persons (employees in both public and private sector and pensioners)	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0.00	-0.55	0.00	0.00	0.00
Reduction of social security contributions by 3pp	2021	#COVID-19	Reduction by 3 p.u. of the SSCs of wage earners in the private sector	D.61	No	< not set >	No	< not set >	Cash	Already adopted	-0.02	0.38	0.00	0.00	0.00
Maintenance of SSCs reduction by 3 p.u.	2023	< not set >	Maintenance of SSCs reduction by 3 p.u.	D.61	No	< not set >	No	< not set >	Cash	Already adopted	0.00	-0.39	0.00	0.00	0.00
Suspension of solidarity tax in the private sector	2021	#COVID-19	Suspension of solidarity tax in the private sector	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0.02	0.31	0.02	0.00	0.00
Reduction of ENFIA	2022	< not set >	Reduction of ENFIA (property tax)	D.2	No	< not set >	No	< not set >	Accrual	Already adopted	-0.12	0.00	0.00	0.00	0.00

Increase of the Overnight Stay Tax in hotels	2024	< not set >	Increase of the Overnight Stay Tax in hotels	D.2	No	< not set >	No	< not set >	Cash	Not yet adopted but credibly planned	0.00	0.00	0.10	0.00	0.00
2021 ANFAs & SMPs	2021	< not set >	2021 payments received by the State corresponding to Central Banks' and EFSF profits from Hellenic Republic Government Bonds	P.11+P.12+ P.131+D.3 9+D.7+D.9 (other than D.91)	Yes	Other	No	< not set >	Cash	Already adopted	-0.75	0.00	0.00	0.00	0.00
2022 ANFAs & SMPs	2022	< not set >	2022 payments received by the State corresponding to Central Banks' and EFSF profits from Hellenic Republic Government Bonds	P.11+P.12+ P.131+D.3 9+D.7+D.9 (other than D.91)	Yes	Other	No	< not set >	Cash	Already adopted	0.61	-0.61	0.00	0.00	0.00
Increase of contributions due to Wage grid reform	2024	< not set >	Increase of contributions due to Wage grid reform	D.61	No	< not set >	No	< not set >	Cash	Already adopted	0.00	0.00	0.16	0.00	0.00
Increased energy revenues - price cap mechanism on renewables	2022	#ENE RGY-21	Increased energy revenues - price cap mechanism on renewables	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0.86	-0.55	-0.24	0.00	0.00
Price cap mechanism on wholesale energy market	2022	#ENE RGY-21	Price cap mechanism on wholesale energy market (Lignitis, Hydro & Natural Gas)	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0.53	-0.43	-0.06	0.00	0.00
Wholesale market levy on windfall profits October 21-June 22	2022	#ENE RGY-21	Wholesale market levy on electricity producers' windfall profits October 21-June 22	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0.16	-0.15	0.00	0.00	0.00

Solidarity contribution on refineries	2023	#ENERGY-21	Solidarity contribution on refineries	D.5	No	< not set >	No	< not set >	Accrual	Already adopted	0.00	0.28	-0.27	0.00	0.00
Other COVID D.2 measures	2022	#COVID-19	Various other COVID-related D.2 discretionary revenue measures	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0.06	0.10	0.00	0.00	0.00
Other COVID D.5 measures	2022	#COVID-19	Various other COVID-related D.5 discretionary revenue measures	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0.11	0.04	0.00	0.00	0.00
Other COVID SSCs measures	2022	#COVID-19	Other COVID-related Social Security Contributions measures	D.61	No	< not set >	No	< not set >	Cash	Already adopted	0.05	0.00	0.00	0.00	0.00
Other D.2 measures	2022	< not set >	Various other D.2 discretionary revenue measures	D.2	No	< not set >	No	< not set >	Cash	Already adopted	-0.08	-0.06	-0.11	0.00	0.00
Other D.5 measures	2022	< not set >	Various other D.5 discretionary revenue measures	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0.04	-0.03	0.00	0.01	0.02
Other D.61 measures	2022	< not set >	Various other D.61 discretionary revenue measures	D.61	No	< not set >	No	< not set >	Cash	Already adopted	-0.07	-0.10	0.00	0.00	0.00
Other ENERGY D.2 measures	2022	#ENERGY-21	Various other energy-related D.2 discretionary revenue measures	D.2	No	< not set >	No	< not set >	Cash	Already adopted	-0.11	0.00	0.10	0.00	0.00
Other D.91 measures	2022	< not set >	Other D.91 discretionary revenue measures related with parental donations	D.91	No	< not set >	No	< not set >	Cash	Already adopted	-0.01	0.00	0.00	0.00	0.00

Table 29 Discretionary expenditure measures taken by the General Government

(additional budgetary impact, % of GDP)

Title	Description	Source	ESA	Account principle	Adoption status	2022	2023	2024	2025	2026
Repayable advance payment	Business financing in the form of a repayable advance payment (non-repayable part) - Partly co-funded by PIB (COVID measure)	Central Government	D.9	Accrual	Already adopted	0.97	0.00	0.00	0.00	0.00
First residence subsidy cost	First residence subsidy cost for borrowers hit by COVID (GEFYRA)	Sub-sectors of the General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	0.12	0.00	0.00	0.00	0.00
Support to vulnerable groups	Support to low income pensioners, non-insured elderlies, beneficiaries of disability benefits, long-term unemployed, double instalment of minimum guaranteed income, additional instalment of child benefit (ENERGY measure)	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0.26	0.36	0.00	0.00	0.00
One-off subsidy to pensioners	One-off subsidy of 200-300 euro to pensioners that did not receive an increase in their pensions in 2023 because of the personal difference, subject to income criteria	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.00	-0.12	0.12	0.00	0.00
Increase of national PIB	Increase of national PIB by 450 million for 2023 (supplementary budget related to recent natural disasters) and by 300 million for 2024 onwards (with separate line for natural disasters, increased from 300 to 600 million per year)	Central Government	P.51	Cash	Already adopted	0.00	-0.20	0.06	0.00	0.00
Special allowance for employees	Special allowance for employees of firms affected by the coronavirus crisis, whose labour contract has been suspended (COVID measure)	Central Government	D.3	Cash	Already adopted	0.77	0.01	0.00	0.00	0.00

Christmas and Easter bonus	Expenditure related to Christmas and Easter bonus, for employees on labour contract suspension (COVID measure)	Central Government	D.3	Cash	Already adopted	0.10	0.00	0.00	0.00	0.00
COVID Healthcare expenditure	COVID Healthcare expenditures, including equipment, consumables, vaccination cost, massive rapid test program, self-tests for students, network for COVID-tests in houses	General Government	P.2	Cash	Already adopted	0.01	0.37	0.06	0.00	0.00
Employees' SSCs covered by the State	Coverage of the SSCs of employees of firms affected by the coronavirus crisis, whose labour contracts have been suspended (COVID measure)	Central Government	D.3	Cash	Already adopted	0.43	0.01	0.00	0.00	0.00
Compensation to property owners	Compensation to property owners that receive reduced rent (COVID measure)	Central Government	D.3	Cash	Already adopted	0.33	0.02	0.01	0.00	0.00
Non-refundable grant	Non-refundable grant to small & micro enterprises via Local Governments. Co-funded by PIB (COVID measure)	Central Government	D.3	Cash	Already adopted	0.28	0.07	0.00	0.00	0.00
Subsidies to the transport sector	Compensation to transport companies (ships, airlines, trains, buses) for restrictions on passenger seats (COVID measure)	Central Government	D.3	Cash	Already adopted	0.12	0.01	0.01	0.00	0.00
Non-repayment of a percentage of refundable advance	Non-repayment of a percentage of refundable advance on basis of turnover reduction and loss (COVID measure)	Central Government	D.9	Accrual	Already adopted	0.53	0.00	0.00	0.00	0.00
Working capital grant program	Working capital grant program for restaurants through React-EU (COVID measure)	Central Government	D.3	Cash	Already adopted	0.12	0.00	0.00	0.00	0.00
Subsidies for electricity consumption of households and enterprises	Subsidies for electricity consumption of households and enterprises (ENERGY measure)	Central Government	D.3	Accrual	Already adopted	-3.30	2.82	0.31	0.13	0.00
Subsidies for natural gas consumption of	Subsidies for natural gas consumption of households and enterprises (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.16	0.15	0.00	0.00	0.00

households and enterprises										
Prepaid card for the compensation of fuels to households	Prepaid card for the compensation of fuels to households (ENERGY measure)	Central Government	D.62+D.63+D.621 +D.624+D.631	Cash	Already adopted	-0.14	0.13	0.00	0.00	0.00
Subsidies for diesel price reduction (12 cents per litre)	Subsidies for diesel price reduction (12 cents per litre) (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.10	0.10	0.00	0.00	0.00
Return of 60% of increased electricity cost for first residence for households (power pass)	Return of 60% of increased electricity cost for first residence for households with income up to EUR 45,000 (power pass) (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.14	0.13	0.00	0.00	0.00
Subsidize households with income criteria for increased food cost (market pass)	Subsidize households with income criteria for increased food cost (market pass) during February-October 2023 and up to December for areas hit by natural disasters (ENERGY measure)	Central Government	D.62+D.63+D.621 +D.624+D.631	Cash	Already adopted	0.00	-0.35	0.34	0.00	0.00
Reform of the wage grid of the public sector from 2024	Reform of the wage grid of the public sector from 2024 (gross cost)	General Government	D.1	Cash	Already adopted	0.00	-0.04	-0.43	0.00	0.00
Other COVID measures on Subsidies	Other COVID measures on Subsidies	Central Government	D.3	Cash	Already adopted	0.30	0.21	0.00	0.00	0.00
Other Energy measures on Subsidies	Other Energy measures on Subsidies	Central Government	D.3	Cash	Already adopted	-0.12	0.07	0.04	0.00	0.00
Other COVID measures on Social transfers	Other COVID measures on Social transfers	Sub-sectors of the General Government	D.62+D.63+D.621 +D.624+D.631	Cash	Already adopted	0.13	0.00	0.00	0.00	0.00
Other Energy measures on Social transfers	Other Energy measures on Social transfers	Central Government	D.62+D.63+D.621 +D.624+D.631	Cash	Already adopted	-0.05	-0.04	0.02	0.00	0.00
Other measures on Social transfers	Other measures on Social transfers	Sub-sectors of the General Government	D.62+D.63+D.621 +D.624+D.631	Cash	Already adopted	-0.04	-0.16	0.02	-0.01	0.00

Other COVID measures on Compensation of Employees	Other COVID measures on Compensation of Employees	Central Government	D.1	Cash	Already adopted	0.02	0.10	0.00	0.00	0.00
Other measures on Compensation of Employees	Other measures on Compensation of Employees	General Government	D.1	Cash	Already adopted	-0.02	-0.11	0.01	0.00	0.00
Other COVID measures on Intermediate consumption	Other COVID measures on Intermediate consumption	General Government	P.2	Cash	Already adopted	0.07	0.04	0.00	0.01	0.00
Other measures on Intermediate consumption	Other measures on Intermediate consumption	Central Government	P.2	Cash	Already adopted	-0.01	0.00	0.01	0.00	0.00
Other COVID measures on other current transfers	Other COVID measures on other current transfers	General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	0.12	0.05	0.00	0.00	0.00
Other measures on other current transfers	Other measures on other current transfers	Central Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	0.00	-0.07	0.00	0.04	0.00

Table 30 Discretionary expenditure measures taken by the Central Government

(additional budgetary impact, % of GDP)

Title	Description	Source	ESA	Account principle	Adoption status	2022	2023	2024	2025	2026
Repayable advance payment	Business financing in the form of a repayable advance payment (non-repayable part) - Partly co-funded by PIB (COVID measure)	Central Government	D.9	Accrual	Already adopted	0.97	0.00	0.00	0.00	0.00
Increase of national PIB	Increase of national PIB by 450 million for 2023 (supplementary budget related to recent natural disasters) and by 300 million for 2024 onwards (with separate line for natural disasters, increased from 300 to 600 million per year)	Central Government	P.51	Cash	Already adopted	0.00	-0.20	0.06	0.00	0.00
Special allowance for employees	Special allowance for employees of firms affected by the coronavirus crisis, whose labour contract has been suspended (COVID measure)	Central Government	D.3	Cash	Already adopted	0.77	0.01	0.00	0.00	0.00
Christmas and Easter bonus	Expenditure related to Christmas and Easter bonus, for employees on labour contract suspension (COVID measure)	Central Government	D.3	Cash	Already adopted	0.10	0.00	0.00	0.00	0.00
Employees' SSCs covered by the State	Coverage of the SSCs of employees of firms affected by the coronavirus crisis, whose labour contracts have been suspended (COVID measure)	Central Government	D.3	Cash	Already adopted	0.43	0.01	0.00	0.00	0.00
Compensation to property owners	Compensation to property owners that receive reduced rent (COVID measure)	Central Government	D.3	Cash	Already adopted	0.33	0.02	0.01	0.00	0.00
Non-refundable grant	Non-refundable grant to small & micro enterpises via Local Governments. Co-funded by PIB (COVID measure)	Central Government	D.3	Cash	Already adopted	0.28	0.07	0.00	0.00	0.00

Subsidies to the transport sector	Compensation to transport companies (ships, airlines, trains, buses) for restrictions on passenger seats (COVID measure)	Central Government	D.3	Cash	Already adopted	0.12	0.01	0.01	0.00	0.00
Non-repayment of a percentage of refundable advance	Non-repayment of a percentage of refundable advance on basis of turnover reduction and loss (COVID measure)	Central Government	D.9	Accrual	Already adopted	0.53	0.00	0.00	0.00	0.00
Working capital grant program	Working capital grant program for restaurants through React-EU (COVID measure)	Central Government	D.3	Cash	Already adopted	0.12	0.00	0.00	0.00	0.00
Subsidies for electricity consumption of households and enterprises	Subsidies for electricity consumption of households and enterprises (ENERGY measure)	Central Government	D.3	Accrual	Already adopted	-3.30	2.82	0.31	0.13	0.00
Subsidies for natural gas consumption of households and enterprises	Subsidies for natural gas consumption of households and enterprises (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.16	0.15	0.00	0.00	0.00
Prepaid card for the compensation of fuels to households	Prepaid card for the compensation of fuels to households (ENERGY measure)	Central Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0.14	0.13	0.00	0.00	0.00
Subsidies for diesel price reduction (12 cents per litre)	Subsidies for diesel price reduction (12 cents per litre) (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.10	0.10	0.00	0.00	0.00
Return of 60% of increased electricity cost for first residence for households (power pass)	Return of 60% of increased electricity cost for first residence for households with income up to EUR 45,000 (power pass) (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.14	0.13	0.00	0.00	0.00
Subsidize households with income criteria for increased food cost (market pass)	Subsidize households with income criteria for increased food cost (market pass) during February-October 2023 and up to December for areas hit by natural disasters (ENERGY measure)	Central Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.00	-0.35	0.34	0.00	0.00

Other COVID measures on Subsidies	Other COVID measures on Subsidies	Central Government	D.3	Cash	Already adopted	0.30	0.21	0.00	0.00	0.00
Other Energy measures on Subsidies	Other Energy measures on Subsidies	Central Government	D.3	Cash	Already adopted	-0.12	0.07	0.04	0.00	0.00
Other Energy measures on Social transfers	Other Energy measures on Social transfers	Central Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0.05	-0.04	0.02	0.00	0.00
Other COVID measures on Compensation of Employees	Other COVID measures on Compensation of Employees	Central Government	D.1	Cash	Already adopted	0.02	0.10	0.00	0.00	0.00
Other measures on Intermediate consumption	Other measures on Intermediate consumption	Central Government	P.2	Cash	Already adopted	-0.01	0.00	0.01	0.00	0.00
Other measures on other current transfers	Other measures on other current transfers	Central Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	0.00	-0.07	0.00	0.04	0.00

Table 31 Discretionary expenditure measures taken by Sub-Sectors

(additional budgetary impact, % of GDP)

Title	Description	Source	ESA	Account principle	Adoption status	2022	2023	2024	2025	2026
First residence subsidy cost	First residence subsidy cost for borrowers hit by COVID (GEFYRA)	Sub-sectors of the General Government	D.29+D.4+D.5+D.7+ P.52+P.53+K.2+D.8	Cash	Already adopted	0.12	0.00	0.00	0.00	0.00
Support to vulnerable groups	Support to low income pensioners, non-insured elderlies, beneficiaries of disability benefits, long-term unemployed, double instalment of minimum guaranteed income, additional instalment of child benefit (ENERGY measure)	Sub-sectors of the General Government	D.62+D.63+D.621+D .624+D.631	Cash	Already adopted	-0.26	0.36	0.00	0.00	0.00
One-off subsidy to pensioners	One-off subsidy of 200-300 euro to pensioners that did not receive an increase in their pensions in 2023 because of the personal difference, subject to income criteria	Sub-sectors of the General Government	D.62+D.63+D.621+D .624+D.631	Cash	Already adopted	0.00	-0.12	0.12	0.00	0.00
Other COVID measures on Social transfers	Other COVID measures on Social transfers	Sub-sectors of the General Government	D.62+D.63+D.621+D .624+D.631	Cash	Already adopted	0.13	0.00	0.00	0.00	0.00
Other measures on Social transfers	Other measures on Social transfers	Sub-sectors of the General Government	D.62+D.63+D.621+D .624+D.631	Cash	Already adopted	-0.04	-0.16	0.02	-0.01	0.00

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