HELLENIC REPUBLIC
Ministry of Finance

DRAFT BUDGETARY PLAN 2020

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Introduction

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 2019 and 2020). The macroeconomic forecasts used for this year and next were 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 Greece, in 2020 economic growth is expected to accelerate on the back of a shift to more growth-friendly economic policies and to structural reforms that improve the investment environment. Contrary to the downward revision of output growth for 2019, the projection for economic growth in 2020 is significantly higher than in the Stability Program, the main driver being the new set of fiscal measures as of 2020 and, through them, the consolidation of the environment of positive expectations already developing in the economy.

Based on the above, GDP is expected to grow by 3.8% at current prices and 2.8% at constant prices. Gross fixed capital formation is expected to have the largest contribution to GDP growth in 2020 (by 1.6 percentage points). Private consumption is expected to reflect the benefits from continued employment growth (+1.8% versus 2019), from the steady decline in unemployment as a percentage of the labor force (by 1.8 percentage points versus 2019) and from the twice as high average wage growth versus 2019 (+1.2%).

Inflation in 2020 is estimated only marginally higher than in 2019 (0.7% against 0.6%, based on the Harmonized CPI).

In 2018 a positive fiscal balance of 1.1% of GDP was recorded and it is expected to be maintained in the medium term. For 2019 a general government surplus of 1.4% of GDP is estimated and for 2020 a surplus of 1.0% is forecasted.

In structural terms the Greek economy is expected to record a surplus of 2.9% of GDP in 2019 and 1.8% in 2020, well above the MTO and almost at the same forecasts included in the April 2019 Stability Program.

The country also meets the targets of the enhanced surveillance by an estimated primary surplus (in enhanced surveillance terms) of 3.7% of GDP for the current year and 3.6% for 2020 (with a target of 3.5%).

Macroeconomic forecasts

1. Macroeconomic developments in 2018 and 2019

In 2019, Greece's economic policy is no longer implemented under an economic adjustment program, for the first time since 2009. At the same time, the economy gradually steps into a period of more favorable economic conditions. These conditions stem from the further improved economic climate in the second half of 2019 (due to increased confidence and the accelerated reform effort by the new government), the dedication to budgetary and reform targets, and the larger degrees of freedom in the specification of economic policies within these targets.

Following the completion of the third economic adjustment program in August 2018, an enhanced surveillance framework has been activated for Greece, ensuring the continuation and completion of the agreed reforms. Surveillance extends to six areas, including fiscal policy (budgetary targets and fiscal structural policies), social welfare, financial stability, labor and product markets, and public administration.

Besides the enhanced surveillance, as of October 2018 Greece has joined the European Semester obligations for the first time, under which in April 2019 there was the submission of the Stability Program and the National Reform Program for 2019, in tandem with the review of the Greek economy under the Macroeconomic Imbalance Procedure (MIP). With respect to the latter, in the European Commission's report of recommendations for Greece (February 2019), macroeconomic imbalances were identified, related to the high public debt as percentage of GDP, the country's negative net international investment position, the high stock of non-performing loans, the high unemployment and the low rates of productivity and potential growth. As stated in the in-depth analysis included in the report, eliminating the accumulated imbalances will require consistent implementation of structural reforms as well as accelerated output growth rates.

In the near-term, the slowdown in the international economic environment is accounted for as a potentially limiting factor for Greece's economic outlook, adding to the economic growth restrains related to the high general government primary surplus targets. Therefore, in order to achieve robust growth rates in a sustainable way, it is important to bring into focus economic policies that stimulate domestic demand (in particular investment), and to reduce the tax burden while implementing growth-friendly policies. Towards this end, during the last few months a specialization of related policies has already materialized, including personal and corporate tax reliefs, and structural measures to improve the investment environment, coupled with liquidity easing measures[1].

Concerning the state of play of fiscal structural reforms, the most recent European Commission Enhanced Surveillance Report (June 2019) [2] acknowledges progress on certain tax reforms and on setting the Unified Chart of Accounts for General Government Agencies. However, delays are identified in areas such as the implementation of privatizations, the clearing of arrears and the social welfare system reform. The same report notes the divergence of the estimated primary surplus of 2019 between the European Commission's spring forecast (3.6% of GDP) [3] and that of the 2019 Stability Program (4.1% of GDP). According to the European Commission, this divergence is due to slightly different economic

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[1] In September 2019, there was the full lifting of capital controls.

[2] Under the enhanced surveillance, there have been three European Commission evaluation reports, in November 2018, February / April 2019 and June 2019.

[3] Before the expansionary fiscal measures of May 2019.

growth projections for 2019, and to a different approach to the allocation of the public investment budget between entities outside and inside general government (0.3% of GDP). At the same time, the European Commission attributes the fiscal space recorded in 2018 broadly to the observed under-execution of the State Budget expenditure arm, through systematic overstatement of spending ceilings, in particular on public investment. In the near future, streamlining spending thresholds is expected to enable full use of the available public investment resources that support economic growth and to limit the phenomenon of over-taxation, in relation to the real needs of the State Budget.

In 2018, real GDP increased by 1.9%, against a 2.5% annual growth projection in the State Budget report of the respective year. Real private consumption increased by 1.1% against an increase by 0.9% in 2017, on the back of the annual growth in employment (1.7%) and in the average wage (1.3%). However, the volume of total consumption expenditure recorded only a marginal increase compared to 2017 (0.2%), due to a decline in real public consumption by 2.5%. A contraction was also recorded in the gross fixed capital formation, by 12.2% compared to 2017. The substantial magnitude of the decline brought the volume of investment down to its level of 2015, reversing the gradual recovery that took place in 2016-2017.

Given the unfavorable course of domestic demand components, in 2018 the external sector was the main determinant of growth, contributing to 1.3% of real GDP. In addition, a significant contribution to growth stemmed from the increase of inventories in the economy, which stood at 0.8 percentage points of real GDP, against a decline by 1.0% of GDP in 2017. Overall, the contribution of the change in inventories to real output growth approached 1.8% of GDP in 2018.

In 2019, the real growth rate is projected at 2.0%, marginally higher than in 2018. Against the corresponding projection in the Stability Program (April 2019), the annual rate is revised downwards by 0.3 percentage points, taking into account the adverse first quarter of the year.

On the other hand, the upward revision of real imports of 2019 reflects the growing dynamics of the domestic economy.

Unlike 2018, output growth is expected to be driven by domestic demand, with all the components of the latter upwards trending and largely offsetting the impact of the slowing external economic environment. Compared to the Stability Program forecast, revised estimates of domestic demand components show a larger contribution to growth from investment by 0.5% of GDP, which is projected to stem from the second semester of the year and which outweighs the decline in the contribution of private consumption by 0.3%.

Growth in real private consumption is expected to slow to 0.6% this year, but remain positive on the back of ongoing positive developments in the labor market and in the household disposable income, the latter being supported by the rise in the minimum wage and the new fiscal measures of May and August 2019. Private consumption growth in the second half of the year is expected to be strongly positive (+1.3% compared to the corresponding period of 2018), as implied by short-term indicators in July-September, following a marginally negative first half-year (-0.1%). The main drivers of acceleration should be increased political stability and the alleviation of tax burden on households (i.e. reduction of ENFIA, settlement of arrears to the tax administration through the reformed 120 installments). Real public consumption is expected to rebound by 1.6% against the significant decline of 2018 that sets a low base effect for the current year.

Real investment was significantly lower in the first half of the year (+0.7% versus the corresponding period of 2018[4], whereas for the entire year a 11.9% annual increase rate was projected in the State Budget report). However, investment is expected to rise significantly higher in the second semester of the year, with its overall annual growth rate settling at 8.8%. The revised estimate incorporates the favorable investment environment that is materializing in the second half of the year, driven by the continuing decline in government bonds' interest rates, the complete abolition of capital controls as of September 2019, and the recently announced corporate tax relief measures.

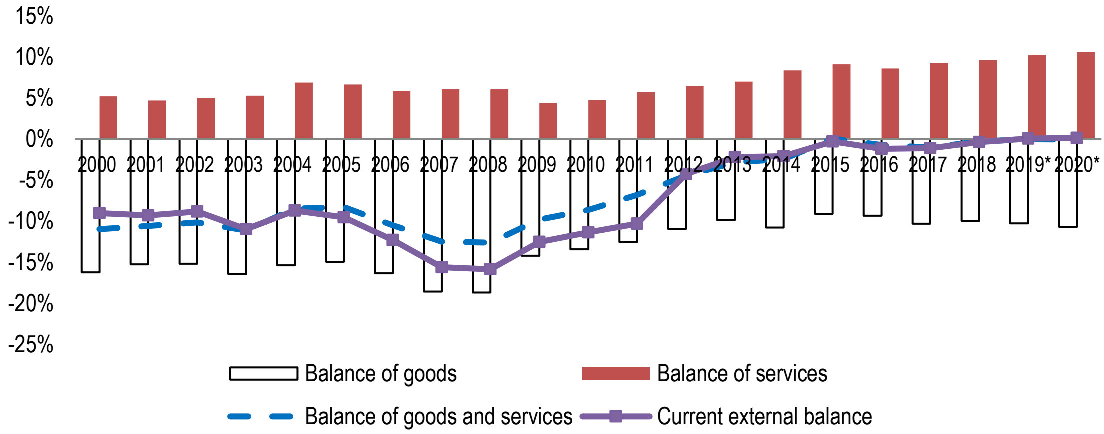
Indicatively, short-term economic indicators are accelerating after the first half of 2019, as the economic sentiment indicator was at 107.0 basis points in the third quarter of the year, up from 100.7 basis points in the second quarter. The recovery in private building activity since April 2019, reflecting a 13.1% increase in housing investment in the first half of the year, suggests that the housing market is on a normalisation path despite the subdued bank lending. Finally, the increase in inventories in the economy between the third quarter of 2018 and the first quarter of 2019 is expected to favor a further investment recovery in the short term, due to the procyclical nature of capital stock in the case of Greece[5].

The strong export performance of 2018 is expected to moderate in 2019, due to the slowdown in economic growth worldwide and in the euro area, which weighs on international trade. Real export growth in the first half of the year was 4.8% over the corresponding period of 2018, the main driver being the increase in exports of services (by 8.0%, versus a 1.8% increase in exports of goods), backed by a respective 15.3% increase in the current account's travel balance. For the whole year, total export volume is estimated to rise by 4.9%, which is a significantly decelerated pace compared to 2018, and slightly more moderate compared to the estimate in the Stability Program (5.9%), with the decline attributable to exports of goods (3.5% versus a previous estimate of 6.0%). In contrast, growth in exports of services is expected to be higher than in the Stability Program (6.9% versus 5.8%), supported by the recovery in transport services[6], and the sustained strong tourism performance[7] after a corresponding average rise of more than 10% in 2017- 2018.

Real imports of goods and services are projected to increase by 4.1%, slightly faster than in the Stability Program estimate (3.5%), in line with the revised investment estimate for 2019. In the first half of the year, total real imports increased by 6.7%, due to the increase both in goods (6.9%) and in services (4.5%). As a result, the upward revision of total imports versus the Stability Program is broken down into a higher estimate for imports of goods (4.3% from 3.3%) and a lower estimate for imports of services (3.8% from of 4.9%). Out of all the revisions in the real external balance of goods and services, the result is a positive contribution to economic growth in 2019 (0.2% of GDP), which is however moderately weaker than in the Stability Program (0.8%). In nominal terms, the external balance of goods and services is also expected to improve versus 2018, by 0.2% of GDP (Graph 1.1).

[4] The corresponding quarterly announcements by the Hellenic Statistical Authority on the first and second quarter of 2019 took place in June and September 2019.
[5] As apparent from the results of vector autoregressive models (VAR).
[6] In the period January-July 2019, the annual increase in net receipts across transport services was 16.8%, amid an increase in net receipts from shipping by 10.9% in the first half of the year (latest data available).
[7] In January-July 2019, the annual increase in net travel receipts was 10%.

Graph 1.1 Developments in the current external balance
(% of GDP, in value)



Source: Annual National Accounts 2018 (Hellenic Statistical Authority), Ministry of Finance
**Estimates / Projections*

Regarding developments in the labor market, in the first half of 2019, national-account based employment increased by 2.1%, with the new estimate for the whole year at 2.0%, indicating acceleration for the third consecutive year[8]. As a result, the new estimate for the unemployment of 2019 is more favorable than in the Stability Program by 0.3%, at 17.4% of the labor force. Compared to total employment, wage and salary earners increased faster in the first half of 2019 (+4.1% compared to the first half of 2018), reflecting an *initially* limited impact from the increase in the minimum wage on employment and average wage growth (+0.4% compared to the first half of 2018). In all cases, continued monitoring of the impact from the increase in the minimum wage is necessary, as adverse second-round effects could potentially arise for unemployment.

Inflation is expected to be positive in 2019, but lower than in 2018 (0.6% down from 0.8%, based on Harmonized CPI), amid downward pressure on international oil prices for the most part of the year and an impact from the reduced VAT rates across product categories as of May 2019.

2. Macroeconomic developments in 2020

According to the IMF's latest World Economic Outlook update (July 2019), world economic growth is expected to accelerate to 3.5% in 2020 from 3.2% in 2019 (Table 1.1). On the same page with the IMF regarding the acceleration, the European Commission projected, in its interim European Economic Forecast (July 2019), accelerated growth rates in the euro area and the European Union in 2020 (1.4% and 1.6%, respectively, against 1.2% % and 1.4% in 2019). This forecast was based on the estimated recovery in external demand and the decline of transient adverse factors, such as the significant decline in the German automotive sector.

[8] Against an estimate for a slight moderation in the Stability Program (at 1.6%, versus 1.7% in 2018)

Table 1.1: Key indicators for the world economy (% annual changes, constant prices)			
	2018	**2019***	**2020***
World GDP	3.6	3.2	3.5
GDP of the European Union**	2.0	1.4	1.6
GDP of the Eurozone**	1.9	1.2	1.4
GDP of the USA	2.9	2.6	1.9
World trade (goods and services)	3.7	2.5	3.7
Inflation			
α. Developed economies	2.0	1.6	2.0
β. Emerging markets and developing economies	4.8	4.8	4.7
Oil prices (Brent, USD/barrel)**	71.5	64.7	61.5

Sources: IMF, World Economic Outlook, Update (July 2019)
**Estimates/Projections*
*** EC European Economic Forecast Summer 2019 (Interim)*

World trade should exhibit a rising dynamic, as the annual growth rate in the trade volume of goods and services is projected at 3.7% in 2020 against 2.5% in 2019. The world trade boost in 2020 is in line with the estimate for a gradual lift of uncertainties concerning the policies pursued and the international cooperation. According to the European Central Bank, external demand for the euro area's goods and services is expected to accelerate, with its annual growth at 2.6% versus 1.7% in 2019.

Global inflation is projected to move upwards, to 2.0% for the developed and 4.7% for the emerging markets and developing economies in 2020, against 1.6% and 4.8% in 2019, respectively. The average price of Brent crude oil is estimated at 61.5 USD per barrel in 2020, against 64.7 USD per barrel in 2019.

The estimate for a gather of pace in the global economic growth in 2020 is determined by many factors. Inter alia, these factors include the supportive climate in the financial markets, the continued weakening of transient adverse effects mainly on the euro area, the stabilization or rise of output growth in developing economies that have been under pressure (such as Argentina and Turkey), and the avoidance of collapse in economies such as Iran and Venezuela. All in all, the projected growth rate of 2020 in the current volatile international environment presupposes the mitigation of risks surrounding the global economy (such as trade tensions, geopolitical tensions with a possible impact on oil prices and a no-deal Brexit).

In Greece, in 2020 economic growth is expected to accelerate on the back of a shift to more growth-friendly economic policies and to structural reforms that improve the investment environment. Contrary to the downward revision of output growth for 2019, the projection for economic growth in 2020 is significantly higher than in the Stability Program, the main driver being the new set of fiscal measures as of 2020 and, through them, the consolidation of the environment of positive expectations already developing in the economy. Among these new policy measures, which are expected to have a net contribution of 0.5 percentage points to the year's output growth, the restructuring of personal income tax and the drastic reduction in corporate income tax rates are projected to provide the largest positive effect, through the channels of private consumption and investment.

Based on the above and as depicted in Table 1.2, GDP is expected to grow by 3.8% at current prices and 2.8% at constant prices. The slight increase in the GDP deflator in 2020 versus

2019 (1.0% versus 0.9%, respectively) reflects the residual impact of the 2019 indirect tax abatement measures on the private consumption deflator, as well as the external technical assumptions for international oil prices and the closure of the output gap, which is expected only gradually.

The aforementioned robust real growth rate of 2020 reflects the dynamic in all of the components of domestic demand, driving the annual domestic demand growth to accelerate versus 2019 (at 2.9% versus 1.8%).

Gross fixed capital formation is expected to have the largest contribution to GDP growth in 2020 (by 1.6 percentage points), both against the rest of the domestic demand components and against its own performance[9] since 2007. The magnitude of the positive contribution reflects double-digit real investment growth rates in housing, other construction and equipment.

Private consumption in 2020 is expected to reflect the benefits from continued employment growth (+1.8% versus 2019), from the steady decline in unemployment as a percentage of the labor force (by 1.8 percentage points versus 2019) and from the twice as high average wage growth versus 2019 (+1.2%). Of these developments, to which the new fiscal measures of 2020 contribute significantly, private consumption growth is estimated at 1.8% versus 2019. Also positive, but more moderate, is the expected annual change in public consumption (+0.6%), given the high base of 2019 and the prudent fiscal policy in terms of public expenditure.

On the other hand, the external sector of the economy is expected to have a marginally negative contribution to output growth (by 0.1 percentage points). In particular, the strong boost in investment and private consumption is expected to drive the real growth rate of imports of goods and services above the respective export rate (5.2% versus 5.1%).

Inflation in 2020 is estimated only marginally higher than in 2019 (0.7% against 0.6%, based on the Harmonized CPI). Substantial acceleration of inflation should be expected only after 2020, as the output gap will be gradually closing.

Table 1.2: Key indicators for the Greek economy
(% annual changes, constant prices)

	2018	2019**	2020**
GDP	1.9	2.0	2.8
Private consumption	1.1	0.6	1.8
Public consumption	-2.5	1.6	0.6
Gross fixed capital formation	-12.2	8.8	13.4
Exports of goods and services	8.7	4.9	5.1
Imports of goods and services	4.2	4.1	5.2
GDP deflator	0.6	0.9	1.0
Harmonized Index of Consumer Prices	0.8	0.6	0.7
Employment*	1.7	2.0	1.8
Unemployment rate*	17.8	15.9	14.0
Unemployment rate (Labor Force Survey)	19.3	17.4	15.6

Source: Annual National Accounts (Hellenic Statistical Authority), estimates/ projections of the Ministry of Finance
*On a national account basis
** Estimates/ projections
Note: The 2020 projections have incorporated the positive macroeconomic effects of the interventions specified in the respective chapter below.

[9] In the 2008-2018 period, a positive contribution from investment to output growth occurred between 2015 and 2017, but at an annual average that was lower than 0.6 percentage points.

Expenditure and revenue projections under the no policy change scenario

In 2018 the headline general government balance in ESA terms (April 2019 EDP data) recorded a surplus of 1.1% of GDP, while the primary balance reached 4.4% of GDP.
In program terms, the primary balance stood at 4.3% of GDP, considerably surpassing the program target of 3.5%.

The SP projected a general government balance of 1.6% of GDP in 2019 while the current estimate is 1.4% of GDP. The primary balance is now forecasted at 4.3% of GDP versus the SP projection of 4.7%. In enhanced surveillance terms, the primary surplus for 2019 is estimated at 3.7% of GDP, while the projection included in the SP was 4.1%.

For 2020, a headline budget balance of 0.8% of GDP is estimated under a no policy change scenario versus the SP forecast of 1.1%. The primary balance is estimated at 3.5% of GDP versus 4.0% of GDP in the SP. In enhanced surveillance terms, the primary balance, under the no policy scenario, is estimated at 3.4% of GDP versus the SP forecast of 3.9% of GDP, marginally below the target of 3.5% of GDP set in the enhanced surveillance.

The changes in the balance aggregates are mainly due to expansionary policies (VAT rates reduction, pension bonus, the 120 installments scheme for tax and Social Security Contributions liabilities and the rate reduction in property taxes) adopted after the submission of the Stability Program and are currently incorporated into the no policy change scenario. Also, for 2020 in the no policy scenario savings are incorporated of approximately 0.5 billion € from reducing the budget ceilings of the ordinary budget, as well as restructuring of the Public Investment Budget by transferring 250 million € from the national part to the co-financed part. Moreover, the distribution of the heating oil benefit within 2019 is included, as well as the reduction of 5% of the advance payment of CIT for firms (one-off), for 2019.

Revenue and Expenditure at unchanged policies		
(% of GDP)	**2019**	**2020**
General governement (S13)		
1. Total revenue at unchanged policies	47,5	46,1
Of which		
1.1 Taxes on production and imports	16,8	16,3
1.2 Current taxes on income, wealth, etc	9,3	9,4
1.3 Capital taxes	0,1	0,1
1.4 Social contributions	13,8	13,5
1.5 Property income	0,4	0,4
1.6 Other	7,0	6,4
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)	40,1	39,4
Total expenditure at unchanged policies	46,1	45,3
Of which		
2.1 Compensation of employees	11,6	11,4
2.2 Intermediate consumption	4,7	4,5
2.3 Social payments	20,2	19,5
Of which unemployment benefits	0,6	0,6
2.4 Interest expenditure	3,0	2,7
2.5 Subsidies	1,0	0,9
2.6 Gross fixed capital formation	3,8	4,3
2.7 Capital transfers	0,4	0,4
2.8 Other	1,4	1,6

Expenditure and revenue projections incorporating the policy reforms

The tables below provide a more detailed description of the projected general government expenditure and revenue targets in 2019 and 2020, after incorporating the reforms described in the next chapter.

The headline general government budget balance is estimated at 1.0% of GDP for 2020 versus 0.8% of GDP projected in the no policy change scenario.

In enhanced surveillance terms, the primary balance is estimated at 3.6% of GDP relative to the set target of 3.5%. Compared with the 2020 draft budget submitted[10] to Parliament on October 7th 2019, there is no significant change.

The changes between the no policy change scenario and the after reforms projections for the year 2020 are attributed to macro - fiscal effects and the new policy interventions adopted by the new government and analyzed below.

Revenue and Expenditure Targets		
(% of GDP)	**2019**	**2020**
General government (S13)		
1. Total revenue target	47,5	46,1
Of which		
1.1 Taxes on production and imports	16,8	16,6
1.2 Current taxes on income, wealth, etc	9,3	9,1
1.3 Capital taxes	0,1	0,1
1.4 social contributions	13,8	13,5
1.5 Property income	0,4	0,4
1.6 Other	7,0	6,3
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)	40,1	39,4
Total expenditure target	46,1	45,0
Of which		
2.1 Compensation of employees	11,6	11,4
2.2 Intermediate consumption	4,7	4,4
2.3 Social payments	20,2	19,4
Of which unemployment benefits	0,6	0,6
2.4 Interest expenditure(=9 in table 2.a)	3,0	2,7
2.5 Subsidies	1,0	0,8
2.6 Gross fixed capital formation	3,8	4,3
2.7 Capital transfers	0,4	0,4
2.8 Other	1,4	1,6

[10] https://www.minfin.gr/web/guest/proupologismos/-/asset_publisher/qmvb5pyzdGAQ/content/proschedio-kratikou-proupologismou-2020?inheritRedirect=false&redirect=https%3A%2F%2Fwww.minfin.gr%2Fweb%2Fguest%2Fproupologismos%3Fp_p_id%3D101_INSTANCE_qmvb5pyzdGAQ%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-2%26p_p_col_count%3D1

General Government Budget Balance		
(% of GDP)	**2019**	**2020**
Net lending (EDP B.9) by sub-sector		
1. Net lending/net borrowing: General government	**1,4**	**1,0**
2. Net lending/net borrowing: Central government	0,4	0,0
3. Net lending/net borrowing: State government	N	N
4. Net lending/net borrowing: Local government	0,1	0,1
5.Social security funds	0,9	0,9
6. Interest expenditure	3,0	2,7
7. Primary balance	4,3	3,7
8. One-off and other temporary measures	0,6	0,2
8.a Of which one-offs on the revenue side: general government	0,6	0,2
8.b Of which one-offs on the expenditure side: general government	0,0	0,0
9.Real GDP Growth(%) (=1 in Table 1a)	2	2,8
10.Potential GDP Growth(%) (=2 in Table 1a)	-0,3	0
Contributions		
-Labour	-0,3	-0,2
-Capital	-0,3	-0,2
-Total factor productivity	0,1	0,3
11. Output gap (% of potential GDP)	-4,0	-1,9
12. Cyclical budgetary Component (% of potential GDP)	-2,1	-1,0
13. Cyclically adjusted balance (1-12) (% of potential GDP)	3,5	2,0
14. Cyclically adjusted primary balance (13+6) (% of potential GDP)	6,4	4,7
15. Structural balance (13-8) (% of potential GDP)	**2,9**	**1,8**

In the table below the developments in the main fiscal aggregates are summarized compared to the Stability Program submitted in April 2019. According to the current projections for the years 2019 and 2020, Greece is expected to have (at least) leveled budget balances, with respect the enhanced surveillance primary balance target and overperform with respect to the Medium-Term-Objectives (MTO).

In the framework of the 2020 budget, it is stated that potential costs arising from the recent Court of State rulings regarding pensions and social security contributions, will be covered within the Ministry of Labour and Social Affairs' budget.

	2018		**2019**		**2020**	
Nominal Developments (%GDP)	Stability Program 2020 -2022	Draft Budgetary Plan 2020	Stability Program 2020 -2022	Draft Budgetary Plan 2020	Stability Program 2020 -2022	Draft Budgetary Plan 2020
Headline Budget Balance	1,1	1,1	1,6	1,4	1,1	1,0
Primary Balance	4,4	4,4	4,7	4,3	4,0	3,7
Primary Balance (enhanced surveilance)	4,3	4,3	4,1	3,7	3,9	3,6
Cyclical Developments (%GDP)						
Headline Budget Balance	4,2	4,4	3,6	3,5	2,1	2,0
Primary Balance	7,6	7,8	6,7	6,4	5,0	4,7
Structural Balance	4,6	4,8	2,9	2,9	1,9	1,8

	2018		2019		2020	
Main Fiscal targets (reference values)	Stability Program 2020 -2022	Draft Budgetary Plan 2020	Stability Program 2020 -2022	Draft Budgetary Plan 2020	Stability Program 2020 -2022	Draft Budgetary Plan 2020
Primary Balance (enhanced surveillance)	3,5	3,5	3,5	3,5	3,5	3,5
Structural Balance (MTO)	-	-	-	-	0,25	0,25
Deviation from the reference values						
Primary Balance (enhanced surveillance)	0,8	0,8	0,6	0,2	0,4	0,1
Structural Balance (MTO)	-	-	-	-	1,6	1,5

Description of discretionary measures included in the Draft Budget

The discretionary policy interventions for the year 2020 aim to accelerate the growth of the Greek economy. They are part of a comprehensive strategic plan which has as a main objective the maximization of the social welfare of the Greek citizens. The policy interventions can be separated in two pillars : a) the pillar of economic growth & social protection interventions and b) the pillar of fiscal sustainability interventions.

Growth and social protection interventions

- **New allowance for newborns:** An allowance of 2,000 EUR will be granted for every child born from January 1st 2020, with 90% of the families expected to be eligible based on income criteria.
- **VAT decrease:** The VAT rate of childcare articles and safety helmets will be reduced to 13%.
- **PIT reform:** The introductory tax rate of PIT will be reduced to 9% and the tax free threshold will be increased for every child.
- **Social security contribution reductions:** The social security contributions for full-time employees will be reduced by approximately 1%.
- **CIT reform:** The CIT tax rate will be reduced from 28% to 24%, starting from the income of the year 2019.
- **Dividends tax rate:** The tax rate for the dividends that will be distributed from 2020 will be reduced from 10% to 5%.
- **Tax suspension:** The VAT on new buildings and the tax on property capital gains will be suspended for three years.

Balance improvement interventions

- Reviews of expenditures and revenues aiming to higher effectiveness of services provided by general government entities to citizens. These reviews cover more than 20 actions in areas such as ticket evasion, improvement of collecting methods for LGs revenues, energy saving, electronic documents circulation, state buildings usage etc. There is also improvement of expenditures and programs of the manpower organization (OAED).

- Fighting tax evasion, reducing the black economy and broadening the tax base are prerequisites for further alleviating the tax burden on citizens who are consistent with their obligations. Enhancing electronic transactions has proved to be the most effective measure in this direction. Therefore an increased rate of 30% is established for the expenditures declaration with electronic means of payment. The effort for combating tax evasion is not just an issue of the State, but affects the whole society and especially taxpayers, the contribution of which in combination with the tax rates reduction of the 2020 budget comprise the necessary framework for reducing tax evasion and creating additional fiscal space that will be used in the following years for further reducing tax burden and increasing expenditures of social character.

- The adjustment of objective values based on real commercial values will increase collectability and revenues, as there are high value properties in specific regions of the country where the level of objective values is significantly lower than the commercial value.

- Enhancing audits in platforms of short term property leasing (eg AirBnB), will increase the tax collectability from sharing economy platforms.

- Faster processing of tax cases through special committees of administrative courts will contribute to state budget revenues' increase.

- Regulation of the online betting market, increased auditing capabilities and data exchange between the online platforms and the tax and regulating authorities, will lead to increased compliance and collectability.

Policy Interventions 2020	
	Amount
Growth and social protection interventions (expansionary package)	**-1.181**
2.000 € allowance for new-borns	-123
VAT dicrease on baby use and care articles and on safety helmets	-12
Reform of PIT tax scale including introductory tax rate 9% and increase of tax-free amount for each child	-281
Reduction of social security contributions for full-time employees	-123
Reduction of the CIT tax rate from 28% to 24%	-541
Reduction of dividends tax rate from 10% to 5%	-75
Suspension of VAT on new buildings for 3 years	-26
Balance improvement interventions	**1.189**
Review (increase) of GG entities revenues	134
Spending review of GG entities	50
Improvement of GG entities' effectiveness	123
Measures for the increase of e-transactions	557
Increased revenues from Airbnb and related audits	60
Rationalization of the objective values system	142
Speed up the processing of pending tax cases in Administrative Courts	50
Increased revenues from online betting	73

In the following table the above measures for 2020 are presented in gross terms and in a more aggregate manner, according to their classification in ESA categories:

	ESA Code	2018	2019	2020	2021	2022	2023	2024
Revenue								
Taxes on production and imports	D.2	0	0	0,33	0	0	0	0
Current taxes on income, wealth, etc	D.5	0	0	-0,33	0	0	0	0
Capital taxes	D.91							
Social contributions	D.61	0	0	-0,02	0	0	0	0
Property income	D.4							
Other	P.11+P.12+P.131+D.39+D.7+D.9 (other than D.91)							
Expenditure								
Compensation of employees	D.1							
Intermediate consumption	P.2	0	0	0,03	0	0	0	0
Social payments, of which, where applicable, unemployment benefits including cash benefits and in...	D.62+D.63+D.621+D.624+D.631	0	0	0	0	0	0	0
Interest expenditure	EDP D.41							
Subsidies	D.3							
Gross fixed capital formation	P.51							
Capital transfers	D.9							
Other (other than D.41)	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8							

Debt developments

The general government debt is estimated at €329,300 million or 173.3% of GDP at the end of 2019, vs. €334,573 million or 181.1% of GDP in 2018. For 2020, the general government debt is forecast at €331,000 million or 167.8% of GDP, i.e. reduced by 5.6 percentage points compared to 2019.

The completion of the third economic adjustment program of the Greek economy, last year, with the consequent implementation of medium-term debt relief measures and the reinforcement of cash buffers, created favorable conditions for the strengthening of the unhindered access of the Hellenic Republic to the markets. This year's financing needs, as outlined in the P.D.M.A.'s borrowing program, were fully met by three successful fixed-rate bond issuances that further enriched the Greek government's bonds yield curve. In addition, they marked the first time that the Hellenic Republic accomplished three syndicated bond issuances in a year, since 2010, demonstrating the normalization of Greece's access to international capital markets, with a ten-year bond issuance, also, for the first time since 2010.

Indicative of the increased investor confidence in Greek bonds was the large participation in the book building procedure of the syndications, with the percentage of the so-called end-investors increasing steadily. The secondary market performance of Greek bonds was Impressive and was further assisted by the international economic downturn in interest rates, which is reflected in their current, historically low yields, corresponding to a reduction in Greek borrowing costs, with direct positive impact to the cost of funding to corporates and credit institutions. The recent achievements of both the historical low 10-year GGB yield of 1.5% and the first time ever negative yield of -0.02% regarding the last 3-month T-bill auction should also be stressed.

At the end of August 2019 the total amount of European loans of the first, second and third program (GLF, EFSF, ESM) amounted to €243,682.3 million, while the outstanding debt to the IMF was €8,496.0 million.

General Government Debt development		
(% of GDP)	**2019**	**2020**
Gross debt	173,3	167,8
Change in gross debt ratio	-7,8	-5,6
Contributions to changes in gross debt		
Primary balance	4,3	3,7
Interest expenditure	-3,0	-2,7
Stock-flow adjustment	6,5	4,5
of which:		
- Differences between cash and accruals	0,0	0,0
- Net accumulation of financial assets	6,5	4,5
of which:		
- privatisation proceeds	-0,2	-1,4
- Valuation effects and other	6,7	5,9
p.m.: Implicit interest rate on debt	1,7	1,6
Other relevant variables		
Debt amortization (existing bonds) since the end of the previous year	4,6	0,7
Percentage of debt denominated in foreign currency	1,9	1,1
Average maturity	22,0	22,0

Distributional impact of the main revenue and expenditure measures

The aim of this section is to present the distributional effect before and after the new fiscal interventions. In order to estimate the distributional effect of the measures their impact is calculated on the equivalized disposable income of the individuals using certain inequality and poverty indices. With respect to the calculation of poverty indices results are provided using both the anchored and the floating poverty line.

Methodology

The estimation of the distributional impact has been conducted using the EUROMOD tax-benefit microsimulation model for Greece on which the new budgetary measures have been simulated. The data used as input are based on the 2017 Greek national SILC data (incomes 2016). The sample consists of 53,942 individuals, corresponding to 22,743 households. When weights are used, the figures sum up to 10,616,634 individuals and 4,162,442 households, corresponding to the Greek population.

It has to be underlined that the simulated policies concern personal income taxes, cash benefits, social security contributions and that only first-round effects have been estimated. Policies that do not directly affect households, such as changes in corporate income taxation, or secondary effects of social security contribution changes (i.e. increases in employment that will increase incomes on a second round) are not included in the analysis.

Moreover, it should be noted that the comparison is made between the 2019 scenario, which includes all policies implemented within 2019 (and is practically the 2020 baseline scenario presented in the DPB) and the 2020 scenario that includes the simulated fiscal measures of the DPB. In more detail, the simulated measures include the announced changes in personal income taxation, the decrease in social security contributions for employers and employees and the €2,000 birth grant.

Results

Table 1 presents the mean annual equivalized disposable income (in euros) by decile for 2019 and the relative and absolute changes that occur in 2020 as a result of the fiscal interventions. The disposable income is the income that individuals finally have available for consumption or savings, thus 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. The results show that the mean equivalized disposable income of individuals will increase by1.8%.

Table 1. Mean annual equivalised disposable income (EUR), relative and absolute changes

	2019	2020	
Decile	**Mean (EUR)**	**Absolute change (EUR)**	**Relative change (%)**
1	2,909	72	2.5
2	4,655	106	2.3
3	5,868	95	1.6
4	6,896	122	1.8
5	7,843	143	1.8
6	8,863	148	1.7
7	10,167	197	1.9
8	11,848	234	2.0
9	14,123	270	1.9
10	22,715	353	1.6
All	**9,587**	**174**	**1.8**

* *Changes are calculated with respect to 2019 mean equivalized income per decile.*

* *The equivalized 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 2** the main inequality indices are presented, calculated on the income distribution of 2019 and 2020. All 2020 indices illustrate a slight decrease in inequality relative to 2019.

Table 2. Inequality indices

	2019	2020	Difference (%)
Gini index	0.3047	0.3045	-0.06
Mean Log Deviation	0.1622	0.1621	-0.07
Atkinson index 0.25	0.0414	0.0413	-0.10
Atkinson index 0.75	0.1152	0.1151	-0.08

* *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.*

* *MLD is zero when all incomes are equal and takes larger positive values as incomes become more unequal, especially at the high end.*

** 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.*

Tables 3 shows the main poverty indices that are 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 and square poverty gap). The analysis of all indices is important, since some reforms might not decrease poverty vis-à-vis the headcount ratio, but might decrease extreme poverty and improve the 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 equivalized disposable income. 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 percentage of the poverty line, and calculated only for those below the poverty line. FGT (2) is the square of poverty gap and calculates the square of 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 those below the poverty line.

The results are presented using both the anchored and the floating poverty line, always using the 60% of the median equivalized disposable income as threshold. When using the anchored poverty line (Table 3a) the absolute effect of the reforms is better assessed in comparison to the previous year. The floating poverty line (Table 3b) also takes into account the effect of changes in poverty line in the final result of the poverty level. The results indicate that when using the anchored 2019poverty line (EUR 4,978) poverty decreases by much more than when using the floating poverty line(under all three indices).

Table 3a. FGT poverty indices (anchored poverty line to 2019 level)

	2019	**2020**	**Difference (ppts)**
FGT(0)	17.58	16.67	-0.91
FGT(1)	4.90	4.64	-0.26
FGT(2)	2.14	2.02	-0.12

Table 3b. FGT poverty indices (floating poverty line)

	2019	**2020**	**Difference (ppts)**
FGT(0)	17.58	17.44	-0.14
FGT(1)	4.90	4.87	-0.03
FGT(2)	2.14	2.12	-0.02

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

** 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.*

** FGT (2) is the square of poverty gap and calculates the square of 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. Poverty line is **anchored for Table 3a** at EUR 4,978(i.e. 60% of the annual median equivalised disposable income of 2019) and **floating for Table 3b** (at EUR 4,978 for the 2019 scenario and at EUR 5,070 for the 2020 scenario).*

Union's strategy for growth and jobs targets and country specific recommendations

Table 6a: Country-Specific Recommendations

CSR	Description	List of measures	Description of direct relevance
1	**Achieve a sustainable economic recovery and tackle the excessive macroeconomic imbalances by continuing and completing reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018.**	The post-programme commitments that were agreed at the Eurogroup of 22 June 2018 are being monitored in detail in the context of the enhanced surveillance. The current table provides with a short and indicative description of the most important measures related to the six categories that were explicitly referred to in the Annex to the Eurogroup statement.	
1.1	Fiscal and fiscal structural	The primary surplus monitored under enhanced surveillance reached 4.3% of GDP in 2018, well above the target of 3.5% of GDP. Execution of the 2019 budget shows that the 3.5% target will be surpassed, the primary balanced being estimated at 3.7% of GDP. According to the 2020 Draft Budgetary Plan, the primary balance for 2020 is projected at 3.6% in line with the agreed fiscal target. New expenditure ceilings will be used, based on the expected payments and payables, while spending reviews will be implemented for the entire General Government on a permanent basis. A new arrears clearance plan has been prepared by the Ministry of Finance. In order to achieve the objective of clearing the stock and of avoiding the accumulation of new arrears, Greek authorities have also taken several lines of action, including the regular collection of data on arrears	New budget ceilings will address the problem of under-execution, hence leading to more realistic projections. Along with the regular performance of spending reviews, this reform will improve the budget preparation process, establish a unified approach to budgetary planning and ensure that budget execution will be in line with fiscal targets. The HCA has completed the follow-up audit on the implementation of its recommendations. According to the findings on the audited sub-domains that have become available, progress has been made with regards to the majority of the recommendations. Based on these findings, the Ministry of Finance has updated the relevant action plan and will continue to monitor the progress of the respective ongoing reforms. The amendments of the property valuation legal framework

CSR	Description	List of measures	Description of direct relevance
		adjustments and the monitoring of structural reforms in arrears management arising out of the Hellenic Court of Audit (HCA) recommendations. The performance of ex ante audits by the HCA has been successfully phased out across the General Government. With respect to property valuation, a working group has been established on the modernization of the objective zone system.	will allow for the setting of fairer property tax rates and thresholds.
1.2	Social welfare	The roll-out of primary health care is proceeding and the target of opening at least 120 primary health care units has been exceeded with the support of the European Social Fund. The health care centralised procurement agency (EKAPY) has been established and centralised procurements have resumed. A new housing benefit for renters has been introduced. The first two pillars of the Social Solidarity Income (SSI) have been completed, while the third pillar is being tested in a pilot phase that will precede national roll-out.	The roll-out of the primary health care system is expected to significantly increase the efficiency of social protection, while the full operation of EKAPY and the increase in the part of health procurement under centralized processes will have substantial benefits in terms of cost and standardization of relevant procedures. The housing benefit further enhances the effectiveness of the Greek social welfare system. The third pillar of the SSI will complement the first two pillars of income support and social inclusion with a system for the re-integration of beneficiaries into the labour market.
1.3	Financial stability	The Hercules Asset Protection Scheme will be implemented in order to facilitate swift reduction in banks' Non-Performing Exposures. The operation of the new platform for the submission of applications to the Primary Protection Residence Scheme has started on Monday July 1st. A working group has been established in order to assess the implementation of overall reform of the Code of Civil Procedure (CCP), while a consultation with all relevant stakeholders is taking place in order to improve the current procedure of e-auctions. On the personal insolvency framework harmonization, a law	The Government is aiming to dynamically address the long-term problems of the Greek banking system. The government's strategy includes, as a first step, the immediate adoption of state guarantees for securitised assets, based on the Hercules Asset Protection Scheme. The European Commission (DG Competition) has approved the scheme and the Government will proceed rapidly with its implementation via the necessary legislative initiatives, paving the way for banks to adjust their respective plans. The implementation of this model will contribute to the faster reduction of bad loans from bank assets, allowing Banks to pick up the pace of lending to the real economy.

CSR	Description	List of measures	Description of direct relevance
		drafting committee will be established, including key stakeholders such as Hellenic Bank Association, in order to prepare draft legislation. On the out-of-court workout, an assessment has been made and several aspects were identified which require improvement, in order to ensure continued effectiveness of the scheme in tackling NPL. The relevant draft legislation is being prepared. On the stock of called guarantees, several drastic actions are currently in progress to improve the pace of clearance of state guarantees in a reasonable timeline. On capital controls, legislation was passed on 16/8/2019 abolishing all remaining capital controls, effective as from 1 September 2019.	Reforms related to the Code of Civil Procedure and to the harmonization of the insolvency framework are expected to further strengthen financial stability. The actions undertaken with respect to the management of state guarantees can lead to a faster clearance of the existing stock, while the total abolition of capital controls constitutes a crucial development that reflects the normalization of the financial sector and is expected to further contribute to financial stability by significantly reducing uncertainty.
1.4	Labour and product markets	The minimum wage has been updated on February 1st, 2019 following the procedure laid down in Article 103 of Law 4172/2013, while the labour market and wage developments are being monitored in order to assess the impact of the recent increase. All enabling legislation on investment licensing has been adopted. The preparation of the forest maps is ongoing. With respect to lignite divestment, the Greek government will re-evaluate the decision for the sale of lignite units on a new basis and will come up with a new strategic and business plan, considering the above along with a review of PPC's viability policy.	The update of the minimum wage according to the procedures laid down in Law 4172/2013, as well as the adoption of enabling legislation for investment licensing refer directly to commitments made to the Eurogroup. The obligation of PPC to sell lignite mines and units came as a result of a European Court decision in order to give to private investors access to cheap and highly competitive lignite production. However, the new Government has announced • Decision of progressive but rapid decarbonisation by the retirement of all PPC lignite plants by 2028. • Increased RES penetration percentage in the energy mix by improving licensing procedures and establishing RES participation in the market. • Accelerate operation of Forward Energy Derivatives market. • Improvement in regulatory framework regarding Suppliers operation on the retail market.

CSR	Description	List of measures	Description of direct relevance
			• PPC/Electricity Separation and DSO monetization
1.5	HCAP and privatisation	The Strategic Plan of the Hellenic Corporation of Assets and Participations (HACP) has been approved by the General Assembly and the Asset Development Plan of the Hellenic Republic Asset Development Fund (HRADF) has been updated and endorsed, while the restructuring of ETAD has been completed. On Hellinikon, progress has been achieved i) issue all required Joint Ministerial Decisions ii) submission of binding offers for the Casino license. On the Marina of Alimos, the preferred investor was selected on 16 April 2019 and the Hellenic Court of Audit has approved the tender procedure. On Egnatia, the construction of all remaining frontal and lateral toll stations has already begun. On DEPA, privatisation will follow the restructuring. With respect to regional ports, separate feasibility studies have already been assigned by HRADF.	On the basis of the HCAP's Strategic Plan, the non-listed subsidiaries submitted updated Business Plans to HCAP. Furthermore, HCAP prepared the Business Plan of the Corporation for the period 2019-2021 implementing the Strategic Plan and setting key performance indicators for the non-listed subsidiaries. On DEPA, preparation of amendment of Law 4602/2019 is in progress. Amendments envisage full unbundling of Supply and Trading business from Networks and Distribution business Feasibility studies on regional ports will be further evaluated with a view to selecting the most efficient privatization model.
1.6	Public administration	All appointments (90 posts) of Director-Generals have been completed. The 3rd cycle of the mobility scheme was launched in August 2018. The performance assessment has been completed. Law 4622/2019 (A 133) has been voted, establishing the government's cohesive and integrated reform plan for human resources in public sector. The establishment of a Human Resources Management System (HRMS), a single human resources registration and a management platform for all public sectors, is accelerated. The procedure concerning the integration of public entities	Following the election process, the third mobility cycle has been resumed by a new Central Mobility Committee. The establishment of the position of the Permanent Secretary in each Ministry ensures the continuity of the administration and the proper functioning of the support services. The Permanent Secretary will be in charge of the coordination services, with a responsibility to monitor and implement the action plans of each Ministry, including their financial and administrative services. The human resources management platform marks a new model of operation and administration and supports strategy implementation and policy planning, providing

CSR	Description	List of measures	Description of direct relevance
		to the digital organigram platform is ongoing. Actions are being considered in order to speed up the procedure.	critical information for the HRMS.
2	**Focus investment-related economic policy on sustainable transport and logistics, environmental protection, energy efficiency, renewable energy and interconnection projects, digital technologies, research and development, education, skills, employability, health, and the renewal of urban areas, taking into account regional disparities and the need to ensure social inclusion.**		
2.1	Sustainable transport and logistics	35 projects with a budget of EUR 2,855.5 mn. These investments concern smart transport systems including monitoring, toll road, check and information systems, as well as infrastructure for clean urban transport. There are six significant projects with a budget of EUR 1,135.7mn which include i) the ongoing construction of the Thessaloniki Metro system, ii) the expansion of the Athens Metro line 4, iii) electrification of the new rail line section "Kiato-Rododafni", iv) electrification and signalling of the existing line "Palaiofarsalos-Kalambaka", v) installation of modern signalling system and ETCS-Level 1 in the railway section "Thessaloniki-Idomeni" and vi) the southern expansion of the cruise terminal at the port	Policies with direct correlation with the CSR action point on Sustainable Transport and Logistics. Major projects relate to the upgrade of railroad and road networks, interventions for improving transport safety, upgrade of airport and port infrastructure.

CSR	Description	List of measures	Description of direct relevance
		of Piraeus. Projects (v) and (vi) have not yet been incorporated into Operational Programmes	
2.2	Environmental protection	712 projects budgeted at EUR 2,970.1 mn. Regarding waste management projects include Management of household waste including measures for mechanical biological and thermal process, incineration and landfill; Management of commercial, industrial and dangerous waste; Drinking water saving and process of wet sewage; Contributing to environmental protection and combating climate change through the development and promotion of companies specialising in services that contribute to low carbon emissions; Protection and enhancement of biodiversity, nature protection, green infrastructure, sustainable usage of Natura 2000 areas. There are three significant projects with a budget of EUR 404.7 mn that are on track for incorporation in Operational Programmes. These are i) integrated waste management of the Peloponnese, ii) sewage networks and wastewater management in the municipality of Marathonas iii) wastewater treatment and management in Western Attica. The national Cadastre deployment is ongoing.	Policies with direct correlation with the CSR action point on Environmental Protection. The majority of projects relates to rainwater drainage, flood protection, torrents' arrangement, sewage treatment, solid waste management and other works on prevention and risk management.
2.3	Energy efficiency	256 projects budgeted at EUR 1,347.4 mn. Investments focus in three areas with core themes being: i) Energy distribution: Smart systems and networks of energy distribution for medium and low voltage. ii) Energy efficiency: Promotion of energy efficiency in large companies. iii) Energy production: Combined production of energy and heat including district heating.	List of projects directly related to Energy Efficiency. There is some overlap on project description with renewable energy and interconnection projects as expected, but the projects are distinct between the two categories.

CSR	Description	List of measures	Description of direct relevance
		There is one significant project incorporated in an operational programme and is currently ongoing - "Energy Efficiency at Household Buildings" Programme II.	
2.4	Renewable energy and interconnection projects	9 projects budgeted at EUR 33.6mn. The projects are about improving infrastructure stock of solar, wind, biomass, geothermic, hydroelectric and marine energy generation sources. Two significant projects are ongoing and form part of operational programmes: i) the interconnection of the Cyclades with the high voltage electricity network ii) Phase 1 of the interconnection of Crete: development and modernisation of the transfer and distribution of electricity systems by connecting Crete with the mainland electrical grid.	Renewable energy projects related to solar, wind, biomass, hydroelectric, geothermic and marine power sources in order to transition to greener energy production.
2.5	Digital technologies	111 projects with a budget of EUR 227.9mn focusing on: i) High-speed internet deployment (broadband network of high and ultra-high speed). ii)Electronic governance - services and application of electronic governance supporting the restructuring of public administration. iii) Access to public sector data including open data of electronic culture, digital libraries and electronic tourism.	The interventions currently in progress support the upgrade of operations related to providing services to citizens, development or upgrade of basic public sector services, creation or upgrade of systems for the support of horizontal operations of the public sector applications for urban transport and access to new generation broadband networks.
2.6	Research and development	944 projects budgeted at EUR 735.1mn. These investments concern: i) infrastructure, capacity and equipment of SME's and large enterprises that are R&D intensive. ii) R&D capacity and infrastructure development in public sector. iii) R&D capacity and infrastructure development in private sector incl. science parks. iv) R&D activity building in public and private research and	The majority of projects focuses on upgrade of research infrastructure, enhancement of cooperation of the research community with companies, support of firms' research activities and implementation of transnational and European cooperation projects

CSR	Description	List of measures	Description of direct relevance
		skill centres. v) technology transfer improvements and building links between academic institutions and private sector, mainly focusing on SME's. vi) Developing business clusters and entrepreneurship networks mainly focusing on SME's. vii) Infrastructure, technology transfer incentivising and cooperative networks for empowering R&D within firms that specialize in low carbon emissions production and climate resilience.	
2.7	Education	767 projects budgeted at EUR 2,439.9 mn with focus on i) Reduction and prevention of early school abandonment and promotion of equivalent access to good quality education; ii) Improvement in the quality, efficiency and access to under-graduate education especially for disadvantaged persons; iii) Improvement in the equivalent access to lifelong education for all age groups, upgrade of knowledge, skills and capabilities of labour force.	Direct correlation with CSR action point on Education.
2.8	Skills	103 projects budgeted at EUR 174.9mn that promote sustainable and high quality employment, supporting labour force mobility.	Direct correlation with CSR action point on Skills.
2.9	Employability	484 projects budgeted at EUR 660mn. These concern investments in i) active inclusion, promotion of equal opportunities and active participation and improving employability. ii) Initiatives to promote socio-economic integration of marginalised communities, such as the Roma. iii) Combating all forms of discrimination and promotion of equal opportunities. iv) Promoting social entrepreneurship and professional	Direct correlation with CSR action point on Employability. Key projects involve the promotion of public benefit programmes, harmonisation of family and professional life, enhancement of self-employment for under-graduate qualified, start-up entrepreneurship.

CSR	Description	List of measures	Description of direct relevance
		integration in social enterprises, facilitating access to employment. v) Access to employment for unemployed and idle including long-term unemployed and persons not in the labour force; vi) Sustainable access to labour markets for youth particularly for those who are not employed, educated or trained; vii) Self-employment, entrepreneurship and creation of companies including very small, small and medium innovative companies.	
2.10	Health	579 projects budgeted at EUR 602.9mn, focusing on healthcare infrastructure development; improving access to economically viable, sustainable and high quality services including healthcare and social services.	List of projects directly related to Health and Healthcare.
2.11	Renewal of urban areas	59 projects budgeted at EUR 67.7mn. They include initiatives for regional development focusing in cities and agricultural areas, as well as strategies for regional development under the initiatives of local municipalities.	List of projects directly related to urban regeneration. These mainly focus on promotion of social inclusion, poverty and discrimination alleviation.

Table 6b: Targets set by the Union's Strategy for growth and jobs

	National Targets	List of Measures	Description of direct relevance to address the target
1.	**Employment Target: 70% in the age group 20-64**		According to the Labour Force Survey of the Hellenic Statistical Authority (ELSTAT), in 2018 the number of the employed persons rose to 3,828,021 persons from 3,752,674 persons in 2017, showing an increase of 2%. The number of unemployed dropped to 915,007 persons from 1,027,048 persons in 2017 recording a decrease of 10.9%. The employment rate (aged 20 to 64 years) for the year 2018 stood at 59.5%, higher by 1.7 percentage points compared to the previous year. For men, the employment rate rose to 70.1% from 67.7% in 2017 and for women to 49.1% (from 48.0% in 2017). Based on the latest quarterly data available, in the 2nd quarter of 2019 the employment rate was 61.9%, 2.0 percentage points higher compared to the second quarter of 2018. The corresponding rate for men was 72.0% in the 2nd quarter of 2019 from 70.2% in the 2nd quarter of 2018 and 52.0% for women compared to 49.8% in the second quarter of the previous year. The unemployment rate also shows a declining trend (people aged over 15 years). In 2018 the unemployment rate was 19.3%, decreased by 8.2 percentage points compared to 2013 and by 2.2 percentage points compared to the previous year, while the female unemployment rate is still higher than for men (24.2% vs. 15.4%). For the 2nd quarter of 2019, total unemployment rate stood at 16.9%, 2.1 percentage points down from the 2nd quarter of 2018. For the 2nd quarter 2019, the unemployment rate for men was 13.7% (15.3% in the 2nd quarter of 2018) while for women it was 20.9% (23.7% during the 2nd quarter of 2018).

	National Targets	List of Measures	Description of direct relevance to address the target
		A. Redesign of the Active Labour Market Policies (ALMPs) delivery model A.1. A major reform modelled in the field Active Labour Market Policies (ALMPs), towards the implementation of "open framework" programs, which are being designed in the direction of a continuous and permanent availability and delivery of employment and training options towards the unemployed, in cooperation with the employers' organizations and businesses. The role of the job counsellor of the Manpower Organization (OAED) is crucial in this new type of programs since he/she is responsible to take record of the unemployed person's skills, to support and to guide him/her to choose the most appropriate measure. The new ALMP delivery model has already been launched and since November 2018 is being tested, with regard to its design and service delivery, in a pilot project in three municipalities (Elefsina, Aspropyrgos, Mandra) covered by the Elefsina Employment Promotion Centre towards the future expansion of the reform. A.2. Also an important policy initiative, is the major connectivity of the National Mechanism for Labour Market Needs' Diagnosis, with the Businesses and the Ministry of Education, Research and Religious Affairs and the National Organisation for the Certification of Qualifications & Vocational Guidance (EOPPEP) combining the encouragement of policies regarding Technical professions and Apprenticeships.	The project is addressed to unemployed persons over 45, registered with the Elefsina Employment Promotion Centre for a period over six months. According to the project the jobseeker receives personalized services, including profiling, individual action plans and counselling and is given an employment/training offer out of a four ALMP options' menu as priority interventions: 1. Business subsidies for hiring unemployed in new jobs, 2. Self-employment promotion programmes, 3. Vocational Training, 4. Public benefit work schemes. But so far, only the three first interventions are active.
		B. Measures / policies to combat unemployment and promote employment i) subsidy programmes to create new jobs in the private sector, ii) programmes of guaranteed employment in the public sector (mainly through public benefit programmes, that is, by redesigning, connecting with the labour market), iii) training programmes in the private sector, iv) programmes to promote self-employment through financial support of business initiatives.	Measures that are being implemented under co-financed and national resources aim at supporting all the unemployed persons and facilitating their reintegration into the labour market. In addition, based on the group of the unemployed beneficiaries to whom they are addressed, programmes are divided into programmes for: long-term unemployed, young people, older people, vulnerable groups, people with disabilities and, last but not least programmes of broader targeting.

	National Targets	List of Measures	Description of direct relevance to address the target
		C. Youth Guarantee (YG) Action Plan Since 2013 a coherent employment policy in order to tackle high youth unemployment rate and to facilitate the integration of young people into the labour is being implemented under the National Youth Guarantee Implementation Plan. The National Youth Guarantee Action Plan based on the EU Council Recommendation towards EU Member States concerning the establishment of a "Youth Guarantee" program (Youth Guarantee) aims to increase youth employment through creation of targeted policies, to facilitate access and active integration into the labour market and to improve the quality of education and vocational training system. Since the launch of the Greek YG Action Plan, some of the actions have been completed, some are ongoing, and others are redesigned to be more responsive to the needs of young unemployed people. The Ministry of Labour and Social Affairs is in charge of the strategic planning and implementation of the Youth Guarantee Action Plan, with the Ministry's Labour Market Integration Directorate appointed as the YG National Coordinator and responsible for fostering dialogue and cooperation with all institutions involved. In the current period, the Greek YG Action Plan has been revised by extending the implementation period up to 2020, with additional resources, new measures and the expansion of the target group of young people up to 29 years.	Projects delivered under the revised YG Action Plan are linked to national priorities and combine education, on the job training and certification, having an integrated approach concerning economy's strong competitive sectors. Thus, the Greek YG Action Plan includes programmes to facilitate the entry of young people into the labour market and refers also to reforms that contribute directly or indirectly to the integration of young people into the labour market. Moreover, the revised Action Plan aims at addressing the brain-drain effect. To this end, the Ministry of Labour and Social Affairs plans and implements programs aimed at highly skilled young workforce ensuring earnings significantly above the minimum wage, to act as a buffer tool or reversing the brain drain. What should finally be emphasized, is that the Ministry of Labour and Social Affairs, to more effectively and faster confrontation of youth unemployment and always in the framework of Y.G., is planning integrated intervention actions that include training, certification, acquisition of work experience, also a small innovative entrepreneurship, placement in the labour market and apprenticeships.
		D. Upgrading and expansion of the Greek Vocational Education and Training (VET) and Apprenticeship system In the framework of the Initial Vocational Education and Training system, OAED runs Apprenticeship Schools (EPAS)-with a two-year attendance- and Vocational Training Institutes (IEK). OAED is also a member of the European Alliance for Apprenticeships and participates along with the Ministry of Education and Religious Affairs in partnerships with the Central Union of Chambers, to attract businesses in order to generate more apprenticeships.	A series of actions are in progress in order a. to strengthen the link between Vocational Education and Training (VET) and the labour market and economy, b. to inform young people about vocational training and apprenticeship, c. to improve quality of the vocational training and apprenticeship and d. to create a more stable link between the initial and continuing vocational training.

	National Targets	List of Measures	Description of direct relevance to address the target
		E. National Mechanism for Labour Market Needs' Diagnosis A major reform which aims to improve the targeting of employment and training policies is the setting up of the National Mechanism for Labour Market Needs' Diagnosis that was enacted by Law 4368/2016 (articles 85 and 86) which has been started in 2014. In this context, the collaboration with various institutions, social partners, regional bodies, Chambers, the Ministry of Education and Religious Affairs and Greek Manpower Organization (OAED), so other stakeholders is considered to be essential for the Mechanism's effective operation and further development.	The planning and further development of the Mechanism contributes decisively to the design of targeted active labour market policies and vocational education and training policies, by providing reliable data about the actual labour market needs on dynamic sectors and occupations.
		F. Employment of persons belonging to special groups The legal framework of the Law 2643/1998, as currently in force, takes care for the integration into the employment for persons from special categories, including people with disabilities.	Legislation provides for the obligatory recruitment of people with disabilities and their relatives (parents, siblings and spouses of people with disabilities), after announcements, in both the public and private sector. Recent amendments introduced by Law 4611/2019 (Articles 73 and 74) further simplify the recruitment process of the unemployed and shorten the time until their final appointment.
		G. Re-engineering of the Greek Manpower Organisation (OAED) business model During the last years the Greek Manpower Organisation (OAED) is under a continuous upgrading through "The PES reengineering process" project. The digital leap of Greek Manpower Organization (OAED) is placed in the same framework taking into consideration GDPR terms and Cyber Core Security.	Indicative actions of the project are the upgrading of information systems and the interoperability, as well as the creation of new administrative processes with the aim to simplify the procedures and contribute to a faster and more effective provision of services to the unemployed.
2.	**R&D Target: 1.2% of GDP**	Implementation of Smart Specialization Strategies (RIS3) at both national and regional level	The main aim of the RIS3 strategies is to assist the economic and social development of the country through strengthening of research, innovation and interconnectivity with entrepreneurship
		Increased funding provided for RTDI from NSRF 2014-2020 compared to NSRF 2007-2013. Funds for Thematic Objective 1 (Research & Innovation) are estimated to reach 1.25 B€ and when coupled with the national contribution will reach 1.5 B€, which means an increase of 50% compared to the amount that was	Increase of funding for R&D

	National Targets	List of Measures	Description of direct relevance to address the target
		earmarked for R&D in the framework of NSRF 2007-2013	
		Reinforcement of Research with additional resources of 240 M€ for the period 2017-2019 on the basis of an agreement signed with the European Investment Bank that led to the creation of Hellenic Foundation for Research and Innovation (in Greek ELIDEK)	Increase of funding for R&D
		Implementation of flagship initiatives with strong social impact with purely allocated national funding of 25 M€	Increase of funding for R&D
		Securing funds of € 10 M€ for Greece's participation in the Euro-Mediterranean PRIMA Initiative and 5 M € for participation in the EuroHPC JU (Joint Undertaking for High Performance Computing)	Increase of funding for R&D
		Stabilization of salaries and annual budgets of PRCs and HEIs with the simultaneous creation of approximately 1,000 new scientific staff positions at universities, 100 in PRCs as well as 152 Specialized Scientific and Administrative Staff positions	Increase of funding for R&D
		Promotion of legislative interventions for tax incentives to stimulate research expenditure by enterprises (Law 4485/2017 and Joint Ministerial Decision 100335/21.06.2019)	Increase of interest shown by the enterprises for R&D activities and leverage of private investments
		Support Greek research teams to successfully participate in H2020	Increase funding of Greek research teams under the H2020 program
3.	**Greenhouse Gas (GHG) Emmissions Target: -4% in relation to 2005**	Improvements to the conventional energy production system	11700ktCO2
		Promoting natural gas in the domestic sector	304ktCO2
		Promoting natural gas in the tertiary sector	250ktCO2
		Promoting natural gas in the industry	671ktCO2
		Promotion natural gas industry in transport	17ktCO2

	National Targets	List of Measures	Description of direct relevance to address the target
		Promotion of RES in Electricity production	15000ktCO2
		Use of biofuels in transport	650ktCO2
		Implement energy efficiency measures in the industry	300ktCO2
		Implementing energy efficiency measures in domestic and tertiary sector	2930ktCO2
		Measures for road transport	340ktCO2
		Recovery of organic waste	800ktCO2
		Biogas recovery	500ktCO2
		Reduction of emissions of fluorinated gases	460ktCO2
		Common Agricultural Policy (CAP)-Green state aids	430ktCO2
4.	**Renewable Energy Sources Target: 20% of gross final energy consumption**	Regulatory framework for the licensing of RES projects	Increase electricity production by RES
		Special framework for spatial Planning and sustainable development for RES	Increase electricity production by RES
		Fee for OTA (art. 25 of law 3468/2006, as in force)	Increase electricity production by RES
		Maintenance of entitlement to possession of production license (art. 27 N. 4342/2015 As applicable)	Increase electricity production by RES
		Letters of guarantee for the issuance of binding offers of connection	Increase electricity production by RES
		Operating aid support scheme of RES units with competitive procedures for commercially mature RES technologies	Increase electricity production by RES
		Guaranteed liquidity mechanism of operating aid RES units with optimum structure of inflows mechanisms	Increase electricity production by RES
		Regulatory framework for energy and virtual energy offsetting in auto-producers	Increase electricity production by RES
		Regulatory framework for the establishment and operation of energy communities	Increase electricity production by RES
		Aid for Energy infrastructure for the treatment of saturation phenomena	Increase electricity production by RES

	National Targets	List of Measures	Description of direct relevance to address the target
		New interconnections of the Greek transmission system with neighboring systems and upgrading of existing interconnections	Increase electricity production by RES
		Financial tools such as Development Law and NSRF (saving at home I & II, economizing I & II etc)	Increase RES in heating - cooling
		Regulatory framework for the promotion of RES in buildings (No. 6 par. 4 of N. 4122/2013 sets the obligation for new buildings or building units Coverage of a part of the needs in ZNHS to be of solar thermal systems. The minimum percentage of the solar share on an annual basis is set at sixty per cent (60%), the number 9 of N. 4122/2013 sets the obligation by 1.1.2021, all new buildings must be buildings of almost zero energy consumption, while for the new buildings that Housing services of the public and broader public sector, this obligation comes into force from 1.1.2019	Increase electricity production by RES - Increase RES in heating & cooling
		Regulatory framework of the obligation to regulate biodiesel and the obligation to mix petrol with bioethanol or bioaitheres (No. 15A of Law 3054/2002)	Increase RES in transportation

	National Targets	List of Measures	Description of direct relevance to address the target
5.	**Energy Efficiency Target: reduction by 2.85 Mtoe**	M1 Program "Energy Saving at Home" M2 Program "EnergySave" in local authorities M3 Program "Energy Saving II" in organizations local government M4 Energy upgrade residential M5 Energy upgrade of public buildings M6 Energy efficiency and demonstration projects in SMES and support measures M7 Implementation of the ISO 50001 Energy Management system to public and broader public sector bodies M8 Energy upgrade to commercial buildings through ESCOs M10 Development of Intelligent Energy metering systems M11 Replacement of old light trucks of public and private sector M12 Replacement of old privately owned passenger vehicles M14 Actions of EPPERAA M16 Extension Athens Metro M17 Offsetting fines arbitrary M18 Energy Managers M19 EEC - Other reasons for issuing EEC M20 Energy upgrading M21 Energy upgrading of pumping stations M22 enforcement regimes	0,24MToe 0,011MToe 0,0012MToe 0,13MToe 0,042MToe 0,018MToe 0,006MToe 0,002MToe 0,024MToe 0,075MToe 0,46MToe 0,096MToe 0,2MToe 0,003MToe 0,44MToe 0,037MToe 0,03MToe 0,006MToe 0,33MToe

	National Targets	List of Measures	Description of direct relevance to address the target
6.	**Early School Leaving Target: 9,7%**	• Reinforcing the education system's social character through the universal implementation of compulsory two-year pre-primary school attendance. • Optimum use of knowledge and increasing the adaptability of young people to a constantly changing environment. Measures for the development of soft and digital skills. • New curricula, adapting the syllabus including new teaching subject areas, such as entrepreneurship, volunteering, traffic education, natural disasters. • Extending the institution of model and experimental schools across the country. • Digital technology exploitation for the improvement of daily school life through measures enhancing the possibilities of digital educational material and support mechanisms enhancing evaluation tools. Reinforcing myschool network. • Substantive career guidance at school in order to highlight all children's inclinations and skills. Introduction of the "traineeship" institution in companies. • Investing on teachers and heads of schools, through in-service or further Continuing Professional Development training with emphasis on digital skills as well. • Recruitment of teachers in permanent teaching positions on the basis of the existing budgetary margin and after having assessed the real needs. • Recruitment of substitute teachers. • Evaluation of all stakeholders in the education system by the Authority for Quality Assurance in Primary and Secondary Education. • Setting school free from the ministry's administrative, financial and pedagogic supervision, creating a school unit open to society, strengthening the role of the head of school and cooperation of schools in neighbouring areas.	Early School Leaving (ESL) or school drop-out rates is currently considered one of the most important and persistent problems in education worldwide. ESL in Greece for 2018 is at 4.7%, among the lowest in EU, and far below the 10% target of the "Europe 2020" Strategy. ESL is both a sensitive and critical issue of greek educational policy. The universal implementation of compulsory two-year pre-primary school attendance will constitute an important measure further reducing ESL. Focusing on prevention and timely intervention, a successful response requires long-term commitment and cross-sectoral cooperation. School strategies to address early school leaving should include synergies, partnerships with external stakeholders and the community, as well as the improvement of learning outcomes for all learners. In addition, measures for the improvement of teachers' training are important. Teachers should be trained to address the increasing diversity of learners, to prevent early school leaving and use innovative pedagogies and ICT tools in an optimal manner.

	National Targets	List of Measures	Description of direct relevance to address the target
7.	**Tertiary Education Target: 32% in the 30-34 age group**	• Greek universities will become a pole of creative innovation and openness. • Universities may determine their own entry scores and admission quotas based on their capacity. • Universities may cooperate with private entities in research projects enjoying benefits from the results. Support measures for the creation of knowledge-intensive entrepreneurship hubs. • Efficient use of own and other resources as a result of Public Private Partnership (PPP) schemes to cover the Institutions' needs. • Interconnection with the labour market, strengthening the institution of internships and networking universities, students and local companies. • The Hellenic Quality Assurance and Accreditation Agency (HQA) for higher education will be supported so as to become the principal evaluation authority of curricula, professors and academic institutions. • Strengthening the technological sector of higher education. • Creating undergraduate curricula in foreign languages. • Liberalisation and best use of postgraduate study programmes. • Establishment of a maximum time limit to complete undergraduate studies, maximum number of years+2 (subject to exceptions).	In 2018, tertiary educational attainment percentage in Greece was 44.3% that is higher than the benchmark of 40%. The country is progressing towards designing for the near future a series of strategic reform actions regarding tertiary education. The measures aim at solving problems emerging from quality, administration and management of institutions, teaching structure and quality, student services shortage as well as due to the particular circumstances of each institution (e.g. institutions in remote areas) etc. A key objective at this point is the orientation of education according to the labour market needs, taking into account the required knowledge, skills and abilities a graduate should have for a particular profession, but also for one's career in general. Prioritising the promotion of cutting edge sectors based on the productivity and growth capacity of greek economy and the international trends and developments, the creation and best use of connections and partnerships between universities and companies, as well as the general link between academic teaching and research and the international business environment are considered as the main priorities to improve the greek universities' openness and their better connection with the labour market.

	National Targets	List of Measures	Description of direct relevance to address the target
8.	**Poverty Target: Reduction of population at risk of poverty or social exclusion by 450,000**	A. The National Mechanism for the Monitoring, Coordination and Evaluation of Social Inclusion and Cohesion Policies. The National Mechanism for the Monitoring, Coordination and Evaluation of Social Inclusion and Cohesion Policies (Law 4445/2016) is structured at central and self-government level, and all the bodies involved in it are linked to three electronic registries of a single Geographic Information System: a register of beneficiaries, a register of social programs and a register of public and private social service providers. In this context, 242 Community Centres (including the Roma Branches and Migrant Integration Centres) are currently operating, with the task of welcoming, serving and linking citizens to programs and services, and registering them in the EU registers. Regional Observatories have also been set up in 11 of the country's 13 Regions. To date Community Centres have received 1,132,287 visits and enrolled 380,544 beneficiaries. The Register of Entities has 1,552 NPDs and 608 NPDs.	The population at risk of poverty or social exclusion in 2018 declined both in percentage and in absolute terms compared to the previous year, reaching 3,348,500 or 31.8% in 2018 (compared to 3,701,800 persons and 34.8% of the population in 2017).

	National Targets	List of Measures	Description of direct relevance to address the target
		B. The Social Solidarity Welfare Organization (OPECA). The OPECA is now the sole body implementing the welfare programs and actions (Law 4520/2018) - Law 4455/2017 is implemented consisting of a program of daily hot meals catering 153,000 elementary school students in 2018. - Law 4512/2018 introduces a child allowance (which reforms the family allowance). It increases the number of beneficiary families from 800 to 926,000, covering 1,560,000 children and the corresponding budget by 66%. - Free childcare facilities increased by 60% compared to 2015 (80,000 children in 2015 vs. 127,000 vouchers in 2018). - Law 4538/2018 speeds up adoption and fostering procedures, on the one hand, and provides for financial support for foster families. - Law 4472/2017 establishes a housing allowance for rented housing and households with difficulties in repaying the mortgage. Housing allowance for households living in rented housing has been implemented since March 2019 and to date 232,693 applications (households) corresponding to 602,141 persons have been approved. - According to article 235 of Law 4389/2016, as amended and implemented, the Social Solidarity Income is implemented for 228,428 households, which corresponds to 418,786 beneficiaries. Since June 2019, a pilot program has been implemented in cooperation with OAED aiming at linking KEA beneficiaries with OAED services (KAP2) with a view to their activation. The program is targeted at 2,674 KEA beneficiaries and is implemented in 32 municipalities. - According to article 45 of Law 4314/2014, the actions of the European Fund for persons in need are implemented for 178,129 households, corresponding to 342,783 beneficiaries.	Child poverty fell 1.8% to 22.7% in 2018, lower than in 2017. There is an improvement in key indicators compared to 2017, namely the risk of poverty, the risk of poverty or social exclusion, child poverty, the depth of poverty, material deprivation and material deprivation of children. In particular, child poverty and material deprivation of children decreased more than the corresponding decrease in the general population and more than in the previous year. In addition, the risk of poverty for part-time workers and income inequality has decreased.

ANNEX

External Assumptions			
	2018	**2019**	**2020**
Short-term interest rate (annual average)	-0,3	-0,4	-0,6
Long-term interest rate (annual average)	1,1	0,4	0,1
USD/€ exchange rate (annual average)	1,18	1,12	1,12
Nominal effective exchange rate	2,1	-0,1	0,0
World excluding EU, GDP growth	3,8	3,4	3,6
EU GDP growth	2,0	1,4	1,6
Growth of relevant foreign markets	3,7	1,0	1,9
World import volumes, excluding EU	4,7	1,6	3,1
Oil prices (Brent, USD/barrel)	71,5	64,7	61,5

Main assumptions			
	2018 (Levels)	2019 (Levels)	2020 (Levels)
1. External environment			
a. Prices of commodities	1,6	-0,6	0,5
b. Spreads of german Bond	3,7	3,15	1,7
2. Fiscal policy			
a. General Government net lending/ net borrowing	1.991	2.590	2.004
b. General gross debt	334.573	329.300	331.000
3. Monetary policy / Financial sector / Interest rates assumptions			
a. interest rates			
i. Euribor	-0,3	-0,4	-0,6
ii. Deposit rates	0,3	0,3	0,2
iii. Interest rates for loans	4,6	4,7	4,2
iv. Yelds to maturity of 10 year government bonds	4,2	2,98	1,3
b. Evolution of deposits	134,5	139,7	149,8
c. Evolution of loans	170,3	159,9	167,5
d. NPL Trends	81,8	75,4	46,0
Demographic trends			
a. Evolution of working age population	6.844.185	6.803.120	6.741.554
b. Dependency ratios	35,0	35,0	36,0

Contingent liabilities		
(% of GDP)	**2019**	**2020**
Public guarantees	4	3,6
Public guarantees: linked to the financial sector	0,8	0,8

Amounts to be excluded from the expenditure benchmark				
	2018 (Levels)	2018 (% of GDP)	2019 (% of GDP)	2020 (% of GDP)
1. Expenditure on EU programmes fully matched by EU funds revenue	2.097,0	1,1	1,8	1,8
1a. Investment expenditure fully matched by EU funds revenue	2.097,0	1,1	1,8	1,8
2. Cyclical unemployment benefit expenditure	319,2	0,17	0,15	0,10
3. Effect of discretionary revenue measures	516	0,28	-0,55	-0,22
4. Revenues increased mandated by law	M	M	M	M

Macroeconomic Prospects	2018 (Levels)	2018 (rate of change)	2019 (rate of change)	2020 (rate of change)
1. Real GDP	190.817	1,9	2	2,8
of which				
Attributable to the estimated impact of aggregated budgetary measures on economic growth	190,8	0,1	0,4	0,5
2. Potential GDP	203.900	-0,8	-0,3	0
Contributions				
Potential GDP contributions:Labour		-0,4	-0,3	-0,2
Potential GDP contributions:capital		-0,4	-0,3	-0,2
Potential GDP contributions: total factor productivity		-0,1	0,1	0,3
3. Nominal GDP	184.714	2,5	2,9	3,8
Components Of real GDP				
4. Private consumption expenditure	129.856	1,1	0,6	1,8
5. Government consumption expenditure	39.635	-2,5	1,6	0,6
6. Gross fixed capital formation	21.292	-12,2	8,8	13,4
7. Changes in inventories and net acquisition of valuables (% of GDP)	2.537	1,3	1,3	1,3
8. Exports of goods and services	64.949	8,7	4,9	5,1
9. Imports of goods and services	67.452	4,2	4,1	5,2
Contribution to real GDP growth				
10. Final domestic demand	-2.572	-1,37	1,75	2,92
11. Changes in inventories and net acquisition of valu	3.690	1,97	-0,02	0,01
12. External balance of goods and services	2.503	1,34	0,23	-0,09

Price Developments	2018 (Levels)	2018 (rate of change)	2019 (rate of change)	2020 (rate of change)
1. GDP deflator	96,8	0,5	0,9	1
2. Private consumption deflator	96,7	0,3	0,7	0,8
3. HICP	101,9	0,8	0,6	0,7
4. Public consumption deflator	89,2	1,6	1,3	1,3
5. Investment deflator	96,1	0,3	0,8	1,4
6. Export price deflator (goods and services)	102,8	3,3	0,8	0,8
7. Import price deflator (goods and services)	99,7	5,3	0,9	0,8

Labour market developments	2018 (Levels)	2018 (rate of change)	2019 (rate of change)	2020 (rate of change)
Employment, persons	4216,7	1,7	2	1,8
Employment, hours worked	8574004	1,7	2	1,8
Unemployment rate (%)	914,5	19,3	17,4	15,6
Labour productivity, persons	40,3	0,1	-0,5	0,9
Labour productivity, hours worked	0,0198	0,1	-0,5	0,9
Compensation of employees	61778	3,6	4,8	4,4
Compensation per employee	21723	1,3	0,6	1,2

Sectoral Balances			
(% of GDP)	**2018**	**2019**	**2020**
1. Net lending/borrowing vis-a-vis the rest of the world	-0,1	0,5	1
of which			
- Balance on goods and services	-0,3	0	0
- Balance of primary incomes and transfers	-0,1	0,1	0,2
- Capital account	0,3	0,4	0,8
2. Net lending/borrowing of the private sector	-1,2	-0,9	0
3. Net lending/borrowing of general government	1,1	1,4	1,0
4. Statistical discrepancy			

	ESA Code	2018 (% of GDP)	2019 (% of GDP)	2020 (% of GDP)
Target general government net lending/borrowing				
Stability plan	EDP B.9	1,1	1,6	1,1
Draft budgetary plan	EDP B.9		1,4	1,0
Difference			0,2	0,1
General government net Lending projection at unchanged policies				
Stability plan	EDP B.9	1,1	1,6	1,4
Draft budgetary Plan	EDP B.9		1,4	0,8
Difference			0,2	0,6

% GDP, amounts				
	2019 (% of GDP)	**2019 (mil €)**	**2020 (% of GDP)**	**2020 (mil €)**
Education	3,8	7220	3,7	7301
Health	4,9	9292	4,8	9466
Employment	0,5	1160	0,6	1190

Table Measures

a) Discretionary measures taken by the General Government

	Measure	Detailed description	ESA	Accounting principle	Adoption status	2019	2020
1	Tax evasion reduction through expansion of electronic transactions	Tax payers must conduct transactions by electronic means of payment that correspond to 30% of their income	D.2: Taxes on production and imports	Cash	Not yet adopted but credibly planned	0	0,24
2	Other Both (DRM AND DBP) D.2 permanent State Revenue measures in cash terms	Other Both (DRM AND DBP) D.2 permanent State Revenue measures in cash terms	D.2: Taxes on production and imports	Cash	Not yet adopted but credibly planned	0	-0,02
3	Other Both (DRM AND DBP) D.2 permanent General Government tax measures in accrual terms	Other Both (DRM AND DBP) D.2 permanent General Government tax measures in accrual terms	D.2: Taxes on production and imports	Accrual	Not yet adopted but credibly planned	0	0,11
4	Verification of data for real-estate related Local Governments taxes.	Verification of square meters data from the Tax Authority database, in order to recalculate real-estate related Local Governments taxes.	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	0,06
5	Reduction of CIT tax rate	Reduction of CIT tax rate from 28% to 24% in 2020	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	-0,27
6	PIT reduction	PIT reduction for low incomes (from 22% to 9%)	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	-0,14
7	Other Both (DRM AND DBP) D.5 permanent State Revenue measures	Other Both (DRM AND DBP) D.5 permanent State Revenue measures	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	0,02
8	Both DRM and DBP Social Contributions measures	Both DRM and DBP Social Contributions measures	D.61: Social contributions	Cash	Not yet adopted but credibly planned	0	-0,02
9	Spending Review	Spending Review of 2019, having fiscal impact from 2020 onwards	P.2: Intermediate consumption	Accrual	Not yet adopted but credibly planned	0	0,03
10	DBP Social Payments measures	DBP Social Payments measures, mutually offsetting.	D.62+D.63+D.621+D.624+ D.631: Social payments	Cash	Not yet adopted but credibly planned	0	0

b) Discretionary measures taken by the Central Government

	Measure	Detailed description	ESA	Accounting principle	Adoption status	2019	2020
1	Tax evasion reduction through expansion of electronic transactions	Tax payers must conduct transactions by electronic means of payment that correspond to 30% of their income	D.2: Taxes on production and imports	Cash	Not yet adopted but credibly planned	0	0,24
2	Other Both (DRM AND DBP) D.2 permanent State Revenue measures in cash terms	Other Both (DRM AND DBP) D.2 permanent State Revenue measures in cash terms	D.2: Taxes on production and imports	Cash	Not yet adopted but credibly planned	0	-0,02
3	Other Both (DRM AND DBP) D.2 permanent General Government tax measures in accrual terms *	Other Both (DRM AND DBP) D.2 permanent General Government tax measures in accrual terms	D.2: Taxes on production and imports	Accrual	Not yet adopted but credibly planned	0	0,11
4	Reduction of CIT tax rate	Reduction of CIT tax rate from 28% to 24% in 2020	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	-0,27
5	PIT reduction	PIT reduction for low incomes (from 22% to 9%)	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	-0,14
6	Other Both (DRM AND DBP) D.5 permanent State Revenue measures	Other Both (DRM AND DBP) D.5 permanent State Revenue measures	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	0,02
7	Spending Review	Spending Review of 2019, having fiscal impact from 2020 onwards	P.2: Intermediate consumption	Accrual	Not yet adopted but credibly planned	0	0,03

** Main effect on Central Government except for one measure affecting partly the Local Governments*

c) Discretionary measures taken by sub-sectors of the General Government – Social security funds

	Measure	Detailed description	ESA	Accounting principle	Adoption status	2019	2020
1	Other Both (DRM AND DBP) D.5 permanent State Revenue measures	Both DRM and DBP Social Contributions measures	D.61: Social contributions	Cash	Not yet adopted but credibly planned	0	-0,02
2	DBP Social Payments measures	DBP Social Payments measures, mutually offsetting.	D.62+D.63+D.621+D.624+ D.631: Social payments	Cash	Not yet adopted but credibly planned	0	0

** Main effect on Central Government except for one measure affecting partly the Local Governments*

d) Discretionary measures taken by sub-sectors of the General Government – Local Governments

	Measure	Detailed description	ESA	Accounting principle	Adoption status	2019	2020
1	Other Both (DRM AND DBP) D.2 permanent General Government tax measures in accrual terms *	Other Both (DRM AND DBP) D.2 permanent General Government tax measures in accrual terms	D.2: Taxes on production and imports	Accrual	Not yet adopted but credibly planned	0	0,11
2	Verification of data for real-estate related Local Governments taxes.	Verification of square meters data from the Tax Authority database, in order to recalculate real-estate related Local Governments taxes.	D.5: Current taxes on income, wealth, etc	Cash	Not yet adopted but credibly planned	0	0,06

** Main effect on Central Government except for one measure affecting partly the Local Governments*