HELLENIC REPUBLIC
Ministry of Finance

Draft Budgetary Plan

2023

Athens

October 2022

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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 2022 and 2023). The macroeconomic forecasts used for this year and the next have been endorsed by the Hellenic Fiscal Council (HFC) as required under article 4(4) of the Regulation.

In addition to the activation of the general escape clause of the Stability and Growth Pact as a result of the pandemic, regarding any possible temporary violations of the Greek fiscal rules and the Greek budgetary framework in general, the “extraordinary circumstances” clauses of articles 37.3 and 38.2 of L.4270/2014 will be relied on.

All data presented, are on ESA 2010 statistical basis.

Executive summary

The 2023 Budget – the first after the exit of Greece from the enhanced surveillance regime - is prepared under conditions of high uncertainty regarding the evolution of the war in Ukraine, the energy crisis, the inflationary pressures on households and businesses and the healthcare expenditure due to the covid pandemic.

The economic effects of the war are mainly expected to be channeled through inflation, with secondary effects via international trade and financial markets. The inflationary impact on energy is expected to be stronger in Europe than in other advanced economies, due to the higher dependency from Russia's energy resources.

Despite these uncertainties the Greek economy shows strong resilience, supported by fiscal interventions in order to mitigate the consequences of the energy crisis. As a result, the growth rate is estimated at 5.3% for 2022 (vs 4.5% projected in the 2022 Budget and 3.1% included in the Stability Program of last April). The HICP is expected to rise by 8.8% vs 5.6% in the Stability Program, while the unemployment rate is estimated at 12.9% vs 13.9% in the SP and 14.2% in the 2022 Budget. For 2022, the headline budget balance and the primary balance are estimated at -4.2% and -1.7% of GDP respectively. Compared to the previous year, both the headline and the primary deficit are expected to be lower by 3.2 p.p. and 3.3 p.p. of GDP respectively, driven by the accelerated economic recovery and prudent fiscal policy.

For 2023, the GDP growth is projected at 2.1% vs 1.4% of the Eurozone average. This rate is supported by private and general government consumption and investment, the latter being expected to increase by 16% in relation to 2022, significantly supported by the RRF resources. The unemployment rate is projected to decrease marginally vs 2022, to 12.6%. The general government deficit is expected to be reduced to -2.1% of GDP and the primary balance to return to positive ground, reaching +0.7% of GDP.

1. Macroeconomic forecast

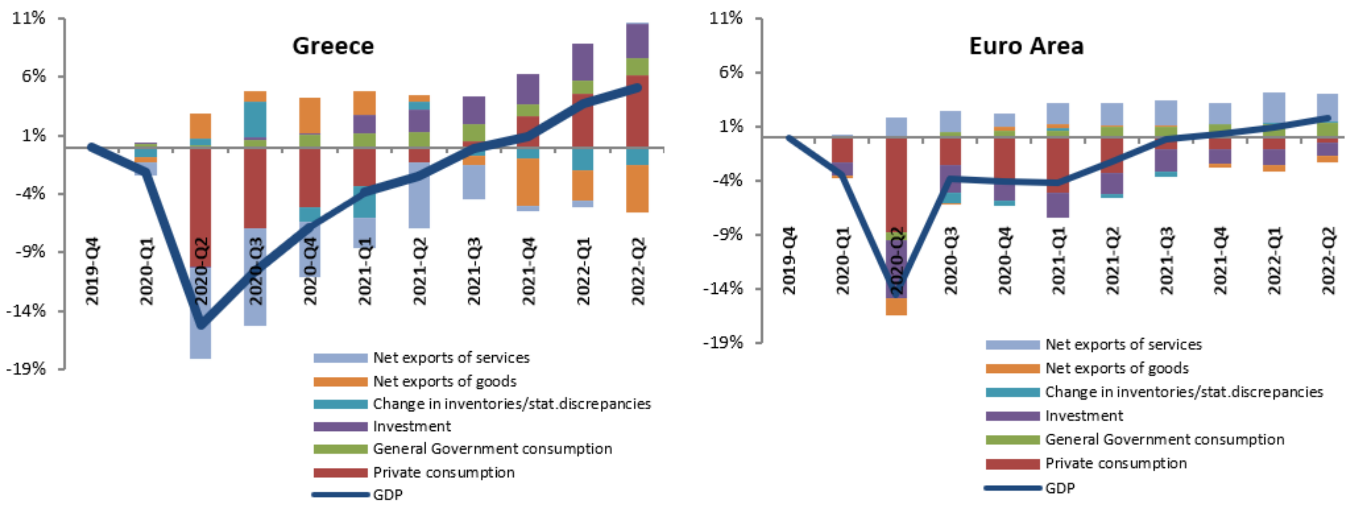
1.1 Macroeconomic developments in 2022

In 2021, the global economy recovered strongly, at a pace faster than expected thanks to the coordinated fiscal and monetary support of the economies by governments, the prompt adaptation of businesses and households to pandemic-induced market conditions and successful vaccination programs. However, robust economic outlook was inhibited by gradually emerging international factors such as accelerating inflation in energy and basic commodities, reflecting the stronger-than-expected recovery of demand.

In early 2022, global economy was on track to fully recover the economic losses suffered in 2020 during the Covid-19 pandemic. In both Greece and the Euro Area, quarterly real GDP had returned to pre-pandemic levels as early as the fourth quarter of 2021, recording further increases in first and second quarters of 2022. GDP increase stemmed from different growth drivers between Greece and the Euro Area (figure 1).

In the Euro Area, general government consumption and net exports of services were consistently contributing to growth since the fourth quarter of 2019. In contrast, the negative deviation of private consumption and investment spending compared with the level of the fourth quarter of 2019, widened amid rising inflationary pressures, before improving in the second quarter of 2022.

Figure 1: Deviation of quarterly GDP and GDP components from the pre-pandemic level
(constant prices, seasonally adjusted data, as % of GDP of Q4 2019)

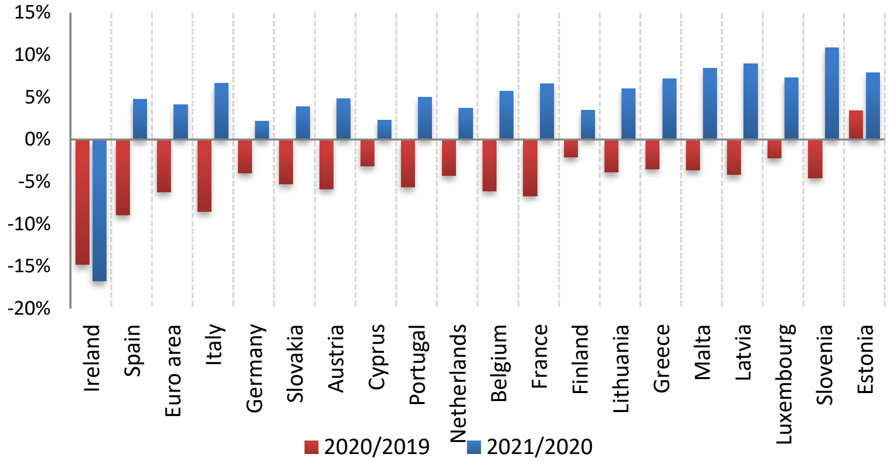


Source: Quarterly National Accounts (Hellenic Statistical Authority, Eurostat), calculated by the Ministry of Finance

In Greece, private consumption and investment spending had a positive contribution to GDP growth in the second quarter of 2022, for the fifth and eighth consecutive quarters respectively. External sector's contribution to quarterly GDP growth was also positive during the second quarter, reflecting the fact that the increase in net exports of services offset the increase in net imports of goods. The dynamics of domestic demand in 2022 also reflect positive developments deriving from the previous year.

For the Euro Area, external demand in 2021 increased by 10.5% with respect to 2020, while real domestic demand had almost recovered to the 2019 level (97.7%). The increase of domestic demand in Greece, compared with other member states, ranked the country as the sixth best performer in the Euro Area for 2021 (+7.2% year-on-year vs. -3.5% in 2020), placing it among the overall eight-member states with a volume of domestic demand higher than the 2019 volume (figure 2).

Figure 2: Real domestic demand in Eurozone member countries
(annual rates of change %, incl. change in stocks)



Source: Annual National Accounts (Hellenic Statistical Authority, Eurostat/ AMECO)

A corresponding recovery was marked in 2021 in terms of employment and volume of production, however at rates that fell short of the 2019 level. For both Greece and the Euro Area, recovery to 2019 levels was more pronounced for employment than for real Gross Value Added (GVA), reflecting an only partial return of labour productivity to pre-pandemic level. At the same time, the nominal average wage which suffered marginal losses during the first period of the pandemic[1], was followed by a sufficient increase in 2021[2], keeping unit labour costs above the 2019 level.

The increasing trend of wages in 2021 was more a result of the increasing utilization of labour market resources within the second half of the year (reduction in labour market slack[3]) amid excess labour demand. According to latest available data for the first quarter of 2022, labour slack in Greece was lower than the pre-pandemic level by 6.8 percentage points, at 19.5% of the labour force aged 15-74, reaching the lowest rate since the fourth quarter of 2010, and overshooting the corresponding decrease in the Euro Area by 5.2 percentage points. Meanwhile, employment (on a national accounts-basis) had already recovered to 2019 levels, both in the Euro Area and in Greece, before the end of 2021 (as of the second quarter of 2021 in Greece/ as of the third quarter of 2021 in the Euro Area).

Labour market improvement reflects the effectiveness of the expansionary economic policy in response to pandemic crisis, as both fiscal[4] and monetary[5] policy limited the depth of recession in 2020 and prevented permanent scarring of economy's productive base, allowing for a V-shaped economic recovery in 2021. Simultaneously wage increases compensated households for rising international prices, which accelerated in the course of the year due to supply and demand imbalances.

Supply and demand imbalances in 2021 were mainly driven by a stronger-than-expected recovery in global demand for goods and services, which was mismatched on the supply side, causing supply chain bottleneck and underscoring residual disruptions from the pandemic era. Excess demand globally began to exert upward pressure on prices, with a stronger impact on the energy sector, to be followed by tense geopolitical developments which brought about rapid price increases in energy markets and internationally tradable goods.

[1] -0.7% in both Greece and the Euro Area in 2020 year-on-year.
[2] +1.4% in Greece and +4.1% in the Euro Area year-on-year.
[3] According to EUROSTAT labour market slack refers to the sum of all unmet employment demands and includes four groups: (1) unemployed people as defined by the International Labour Organisation (ILO), (2) underemployed part-time workers (i.e. part-time workers who want to work more), (3) people who are available to work but are not looking for work and (4) people who are looking for work but are not available for work.
[4] Economic measures to support household and business incomes due to the pandemic, incentives to maintain employment, transitional support measures.
[5] ECB Interventions in bond market and implementation of a zero-interest rate policy.

In Europe, energy disruptions in 2021 were also enhanced by the decline in natural gas reserves due to the severe winter that had preceded and a reduction in Russia's natural gas distribution to Europe.

A post-pandemic normality which was evident in early 2022 for the global economy, was soon interrupted with a new crisis of energy and inflation, which worsened before the end of the first quarter of the year, due to the unexpected factor of Russia's war against Ukraine, putting western countries under the urgency of taking cooperative economic and energy policy decisions.

European Union responded to the outbreak of war by imposing a series of economic sanctions against Russia, the most important of which was the approval of a partial embargo on Russian oil (June 3, 2022 Council decision). This decision falls under the wider design of the REPowerEU Plan[6] to diversify Europe's energy mix and end its reliance on Russian fossil fuels, while accelerating the green transition.

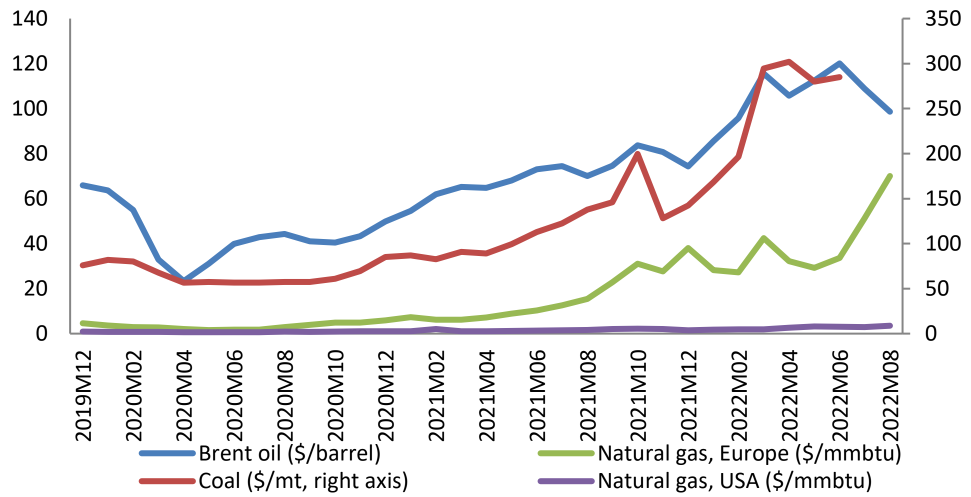
Meanwhile, the disruption to supply chains due to the Russian invasion in Ukraine and the impact of sanctions caused further tightness in international trade of fossil energy products and other commodities, such as grains, base metals and fertilizers, where Russia and Ukraine held large export shares until 2021. As a result, energy and commodity inflation escalated in 2022, following increasing uncertainty about energy and food efficiency and revising fears about the prolongation of the war.

The economic effects of the war are mainly expected to be channeled through inflation, with secondary effects via international trade and financial markets (depending on the degree of financial ties with Russia). The inflationary impact on energy is expected to be stronger in Europe than in other advanced economies, due to the higher dependency from Russia's energy resources. This is reflected by comparing the evolution of natural gas prices between US and Europe in figure 3.

The average Brent oil monthly price rose to record high of over 100 dollars per barrel between March 2022 and July 2022, peaking in June 2022 at 120.1 dollars per barrel. However, in the second half of 2022, a gradual normalization is expected to take shape amid growing signs of weakening global demand. This was first signaled in August 2022, when the international Brent oil price averaged 9.5% lower than in the previous month, at 98.6 dollars per barrel. However, in the European market, the decline in the price of Brent is partially offset by a significant decline in euro-dollar exchange rate of around 10.0% from March to the end of August 2022.

Figure 3: Evolution of international energy prices

(in dollars)



** For the coal price, data are available until June 2022*
Source: World Bank, Commodity Markets, monthly prices, September 2022

6 The REPowerEU plan was approved on 18 May 2022 as a follow-up to the March 2022 preliminary plan with the overall goal of weaning Europe off Russian fossil fuels well before 2030.

However, even more intense was the increase in the international price of natural gas, which also affects electricity prices. Natural gas TTF price increased from €29 per MWh in June 2021, to €115 per MWh in December 2021 and further to historical highs of €236 per MWh on average in August 2022, i.e. more than 700% increase. Indicative of the extreme variation in prices is that within of August the price reached up to 339 euro per MWh, marking an increase of more than 1000% compared to pre-crisis levels.

In the medium to long term period, inflationary pressures in Europe will be easing through the planned diversification of EU energy suppliers and the European Green Deal which includes an adjustment package towards the 55%[7] target, based on the general approaches which were adopted by the Council on June 29, 2022.

Since March 2022, as a consequence of the war, monthly headline inflation rates reached historical high levels, in both the Euro Area and Greece, with a corresponding similar pattern in the subgroups of energy prices (natural gas, oil, electricity, heating oil), food and core inflation.

In the Euro Area, from the beginning of the year, the monthly increase of HICP (compared with the corresponding month in 2021) is accelerating, with the latest inflation release at 10.0% in September 2022, which is registered as the highest inflation rate ever recorded in the Euro Area, with corresponding sub-group increases of 11.8% in food, 40.8% in energy and 4.8% in core inflation. In the nine-month period (January-September) of 2022, inflation increased on average, by 7.8% compared to 1.9% in the corresponding period of 2021.

In Greece, inflation (as measured by HICP) turned from negative to positive in June 2021 and is increasing since then, recording its highest price in September 2022 (12.1%). Nevertheless, due to government subsidies in electricity bills and containment of the sub index of oil (remaining at 65.1% since April 2022), the annual change rate of HICP in energy in September (53.3%) is lower than the average rate of the previous six-month average (from March to August) by more than two percentage points (55.9%).

The upward trend of core inflation that reached 7.0% in September 2022, reflects the pass-through of high energy prices to the prices of other goods and services (such as clothing and foot wear, transport, passenger transport by air and by sea, education, restaurants-cafes, hotels-motels-inns). Overall, during the first nine months of 2022, average inflation measured by HICP was 9.5% in Greece, as against a negative rate of 0.5% in the same period of 2021, with the corresponding rate of sub-indices energy and core inflation at 52.5% and 4.0%, respectively.

High core inflation, which has been recorded globally, has caused monetary policy tightening by central banks. More specifically, during March and July, FED raised the base rate five times (by 0.25% in March, by 0.50% in May and by 0.75% in June, July and September), while ECB raised its base rate for the first time in 11 years in July by 0.5% and by 0.75% in September. These monetary policy actions are comparable to some of the highest tightening monetary decisions since 1999.

Based on weaker growth outlook and high inflation, fiscal policy in EU was decided to remain accommodative by extending the application of the general escape clause of SGP to 2023. In Greece, the overall and primary deficit of the general government balance is expected to reach 4.2% and 1.7% of GDP, respectively for 2022, from 7.4% and 5.0% in 2021. This outcome includes support measures taken in order to tackle the energy crisis, estimated to around 2% of GDP for 2022. Another part of subsidies given for electricity bills utilized resources from the Energy Transition Fund which are gathered through the mechanism of revenue recuperation from the wholesale energy market.

[7] As part of the European Green Deal, with European Law on climate, EU has set a binding goal of achieving climate neutrality by 2050. This requires significantly reducing current levels of greenhouse gas emissions over the coming decades. As an intermediate step towards climate neutrality, EU has increased its 2030 climate ambition, pledging to reduce emissions by at least 55% by 2030.

In particular, the main support measures for the energy crisis implemented in 2022 includes: subsidies of electricity and natural gas prices for households and enterprises, a retroactive 60% reimbursement for the increase of electricity prices during the period from December 2021 to May 2022, reduction of VAT for animal feed and fertilizers, prepaid card of fuel price compensation for households, the income support to vulnerable households, subsidy of diesel oil price, refund of the excise tax of diesel oil to farmers and subsidy to cover the increased cost for animal feed.

Many of the above mentioned supporting measures were extended in amount or/and duration, according to the economic policy planning announced at Thessaloniki International Fair, such as, an additional lump-sum support to vulnerable households in December, the increase in the amount and the duration of the heating allowance, the subsidy for heating oil, the extension of the energy cost subsidy for enterprises and households, as well as the maintenance of reduced VAT for transport, coffee, non-alcoholic beverages and other services throughout the first semester of 2023.

Besides implementing targeted measures for handling the energy crisis, government policy supported households income, by increasing the minimum wage by 9.7% in 2022 (in two installments to €713 in May 2022 from €650 in 2021), by imposing a substantial permanent cut of the real estate Property Tax (ENFIA), by extending the reduction of social security contributions, and the special solidarity tax, by abolishing the tax on parental benefits-donations, introducing the 'first time insured' program for newly hired employees, reducing the tax rate for raising capital and introducing business incentives to increase employment.

During 2022, government fiscal measures supported household and businesses as inflationary pressures intensified, however short-term sentiment indicators reflected the effects of inflation and uncertainty on the economy. Business expectations fell gradually in industry (98.2 points in September from 116.8 in January 2022), in construction (97.9 from 127,4) and in retail trade (86.9 from 110.3), while consumer confidence deteriorated significantly (-51.2 from -40.5). The Economic sentiment Index (ESI) fell to 105.1 points in September from 114.1 points in January. Despite the sentiment's index decline in successive quarters, it is still above the 100-point optimism threshold, during the first eight months of 2022, whereas in the Euro Area it is below 100 points since July, indicating the resilience of Greek economy and reflecting expectations for economic activity that are above the long- term average.

Despite, the international consequences of the war and inflationary pressures, GDP grew by 7.7% in the second quarter of 2022 compared to the same quarter of 2021, amounting to 48.2 billion euro, the highest level since the third quarter of 2011.

Real GDP in Greece grew faster than the average EA GDP growth (4.1%) in the second quarter of the year, recording the fourth best performance among Member States, after Ireland (10.8%), Malta (8.9%) and Slovenia (8.3%).

In the first semester of 2022 real GDP grew by 7.8%, which is higher by 5 percentage points compared to the earlier corresponding estimate (April) of the Stability Program's macroeconomic projections.

On the part of the GDP components contribution to growth, real private consumption had the biggest contribution not only during the second quarter but also in the first semester of 2022, by 7.7% and 7.9%, respectively, stemming from the government's support measures, accumulated savings during the pandemic period and robust labour market developments.

Employment, on a national accounts basis, increased by 6.7% in the first semester of 2022 and by 5.0% in the second quarter of 2022. During the second quarter the number of persons employed was higher than the corresponding pre-pandemic quarter, for seven out of the ten sectors[8] of economic activity, compared to six out of ten in the EA[9]. The increase in the number of wage earners was even higher in the second quarter and in the

[8] Primary sector, industry, trade/transport/accommodation, information and communication, real estate management, professional/scientific activities, public administration.

[9] Construction, information and communication, real estate management, professional/scientific activities, public administration.

first semester (6.6% and 8.0% respectively). Finally, compensation of employees increased by 7.8% on an annual basis in both periods.

Other components of domestic demand had also a positive contribution to GDP in the first two quarters of 2022. Real investment increased by 8.7% in the second quarter and by 10.9% in the first semester. The marginal reduction of 1% between the first and second quarter is attributed to the uncertainty of the war, the rise of world prices and the subsequent impact on enterprises operating costs, which reduced demand of investment in ‘construction except dwellings’ (-2.3% against the first quarter of 2022), in machinery equipment (-0.9%) and ‘agricultural and other products’ (-0.8%). However, an upward trend was recorded between consecutive quarters in the investment for ‘transport equipment’ (5.8%) and ‘technological equipment’ (27.4%), while investment in dwellings remained unchanged.

Real public consumption increased by 0.8% in the second quarter compared to the same quarter of 2021 and by 1.4% against the previous quarter of 2022, mainly due to the increased general government health expenditure to tackle the pandemic.

Exports of services had a positive contribution to GDP growth for the fifth consecutive quarter, increasing by more than double in the second quarter against the first quarter (5.7% and 2.2% respectively). On an annual basis, real exports of services increased by 47.4% (compared to the same quarter in 2021), as against an increase of imports of services by 9.3% (compared to the same quarter in 2021). These developments were due to increased tourist receipts which were four times higher with respect to the second quarter of 2021 and even exceeding marginally the second quarter of 2019, which was considered the best performing quarter since 2002.

The contribution of the balance of goods to growth remains negative since the second quarter of 2021, due to the substantial increase of imports of goods (17.5% annually in the second quarter of 2022), stemming from the rise of domestic demand and the increasing prices of imported energy products. However, real exports of goods are recording a stable upward trend (on an annual basis) since the third quarter of 2020 increasing by 3.3% and reaching the level of €9.1 billion in the second quarter of 2022, which is a historical record high, exceeding by 75% the quarterly average volume of the pre-pandemic period since 1995.

The current account balance, according to Bank of Greece data, showed an improvement in the second quarter of 2022 by €2.2 billion compared with the previous quarter, thanks to the increase of the balance of services by more than €4 billion. The contribution of seasonal tourism was the most important factor for the current account balance improvement, as illustrated by the shift to positive territory during the summer months of 2021[10] (figure 4). This trend has also been recorded in the first three months of the current year's summer period (May, June, July). In fact, in July 2022 the current account surplus exceeded that of July 2021 by 93.6%, in line with the increase in tourism receipts by 62.7% on an annual basis.

This summer’s strong tourism momentum, is expected to almost recover the 2019 pre-pandemic record travel receipts, with annual receipts close to the 2019 level. The increased tourism receipts are in turn expected to offset a significant part of the deterioration in balance of goods, as a result of faster growth in imports of goods than exports of goods.

The balance of goods worsening since July 2021 is due, first, to the deterioration of the balance of fuels, which increased its contribution to the balance of goods deficit to 28% in the twelve-month period July 2021 – June 2022 from 14.0% in the previous twelve-month period, and to 37.5% in July 2022 from 30.1% in July 2021. Second, to the worsening of the deficit in the balance of ‘goods excluding fuel and ships’ by 36.7% compared to the period July 2020-June 2021, to €23.3 billion from €17.1 billion respectively, and by 22.8% in July 2022 on an annual basis.

In the second half of 2022, the rate of inflation is expected to average marginally above the level of the first half of the year, due to the current external assumption of increasing wholesale energy prices (mainly natural gas and electricity) as a result of war-related pressures, despite partially counterbalancing base effects of the high prices of the second half of 2021. The higher price level and the increased uncertainty due to the war in Ukraine

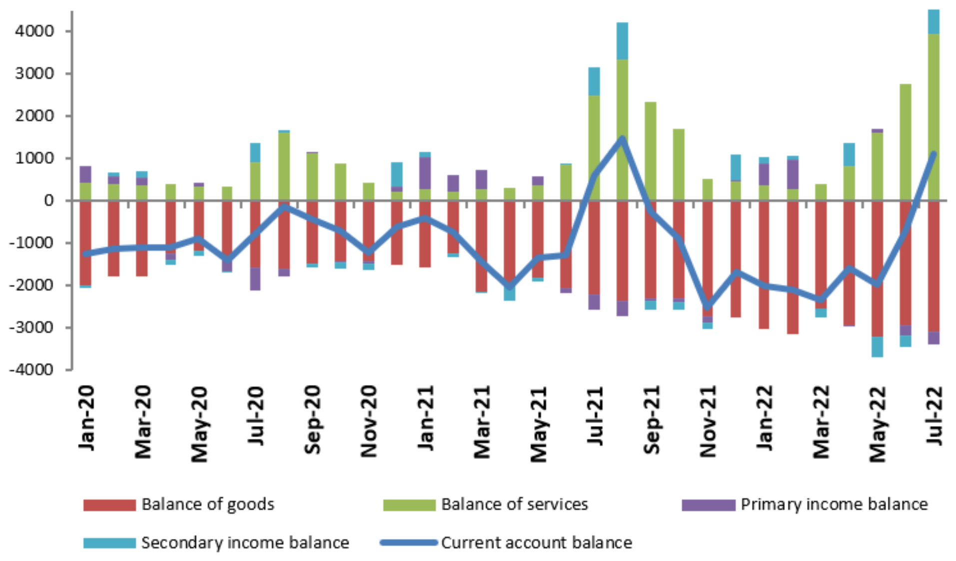
[10] A year in which travel balance receipts recovered 44.6% of 2020 losses due to the pandemic, reaching 57.8% of the 2019 level.

are estimated to weigh on private consumption and the labour market in the second half of the year, while the deficit of goods and services will worsen due to higher growth in imports of goods relative to exports of goods.

Positive developments are expected in the second semester of 2022 in addition to the dynamic increase of tourism, thanks to the estimated acceleration in the absorption of the Recovery and Resilience Facility (RRF) funds. Furthermore, a significant landmark event for the Greek economy is the exit from the enhanced surveillance framework, as from June 21 of this year, which was decided at the Eurogroup of the 16 June 2022, following a proposal from the European Commission, on the basis of the positive 14th enhanced surveillance evaluation report.

Figure 4: Greece's Current Account Balance

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



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

The end of the enhanced surveillance framework marks the completion of specific commitments and key structural reforms, including the lifting of capital controls, the early repayment of International Monetary Fund, reduction of the volume of non-performing loans kept in the portfolio of the banking system, gradual return to fiscal sustainability and accumulation of a cash buffer. These developments were rewarded by eleven sovereign upgrades by international credit rating agencies during the last three years amidst successive external crises. The last upgrading was on June 20, 2022 by the Japanese rating agency R&I, increasing the number of credit agencies that have awarded the Greek Government a credit rating equivalent to BB+, just one step before investment grade, to four (R&I, Standard & Poor's, DBRS and SCOPE Ratings).

In the context of the above developments, real GDP growth for 2022 is estimated at 5.3%, higher than in the Stability Program 2022 and the State Budget 2022 by 2.2 and 0.8 percentage points, respectively. Upward revision with respect to the Stability Program is related to the better-than-expected performance of the Greek economy in the first half of the year, together with the upwardly revised estimate for annual tourism receipts and the specified increased amount of energy support measures.

In nominal terms, economic growth in 2022 is estimated to be even higher, at 14.8%, due to the increase of the GDP deflator by 9.1% for the whole year (which has been recorded at 8.4% in the first half of the year) mostly stemming from the increase of the domestic demand deflator (which breaks down to 9.2% increase for private consumption, 4.4% for public consumption and 5.9% for investment). The rate of inflation based on the HICP is estimated at 8.8% for 2022, slightly above the rate of the first half of 2022 (8.5%), amid high uncertainty and volatility in the European gas market prices.

Real domestic demand is estimated to be the primary driver of growth for 2022, based mainly on private consumption. A significant part of GDP growth will come from the positive contribution of net exports of services, which offset by 76.0% the negative contribution of net exports of goods (estimated to decrease by 3.1% of GDP, due to the larger increase in volume of imports against exports).

Real private consumption is estimated to grow by 7.2% in 2022 (against 11.4% in the first half of the year), with the gradual impact of inflation on households' savings and expectations being apparent in the second semester of 2022.

In the labour market, a temporary reversal of the favorable trend is expected in the last quarter of 2022 and the first quarter of 2023, due to increased costs of production and operation of enterprises, and downward adjustment of demand to the energy costs during the winter. The growth rate of employment is expected to increase by 4.6% in 2022 (from 6.7% in the first half of the year), with the corresponding rates for employees and the average wage at 5.9% and 1.0%, respectively (vs. 8.0% and -0.2% in the first half of the year). The positive rate of average wage growth for the full year is associated with the second minimum wage increase in May 2022, as well as the tighter labour market through 2022 and upward pressure on wages due to soaring prices.

Real investment is estimated to accelerate q-o-q in the second half of 2022, despite unfavorable international conditions. The annual growth rate of real investment is expected to reach a double-digit rate compared to 2021 (10.0%), amid an increase in construction investment for the third consecutive year (17.5% for total construction investment, 13.2% for dwellings and 19.3% for the 'rest of construction'). An increase of 2.5% is estimated for the category of other products (such as Research & Development), while investments in equipment are also estimated to increase by 8.8% on an annual basis, following the significant increase in their volume by 33.2% in 2021. Real public consumption is estimated to remain close to the 2021 level (+0.2%), given the need for increased spending for the health sector.

The short-term risks for growth in 2022 can be summarized to factors such as a larger-than-expected slowdown in the global economy in the second half of the year, mainly in the United States economy (due to imbalances in the product and labour markets), the European Union economy (due to the ongoing war) and China (due to Covid-19 zero policy). Finally, a new outbreak of the pandemic in the coming winter cannot be ruled out, although with lesser implications for growth.

1.2 Macroeconomic developments in 2023

Global economy prospects are predicted to deteriorate as persistently high inflation, more stringent financial conditions and supply-side disturbances affect economic activity. Since the Russian invasion in Ukraine in late February 2022, global real GDP is revised downwards with asymmetrical consequences among different countries.

Global GDP growth is estimated to slow down to 3.2% and 2.9% in 2022 and 2023 respectively, as opposed to 6.1% in 2021, according to IMF[11] forecasts, which have been revised downwards for the third consecutive time. As stated by the European Commission[12], world GDP growth (excluding EU) has been revised downwards by 0.3 and 0.4 percentage points and is expected to reach 3.0% and 3.3% in 2022 and 2023 respectively.

[11] IMF, World Economic Outlook, July 2022.

[12] European Commission, European Economic Forecast, July *2022*.

European Commission's economic forecasts (July 2022) anticipate GDP growth of 2.7% and 1.5% for the EU and 2.6% and 1.4% for the Euro Area in 2022 and 2023 respectively (Table 1). Prospects for the Euro Area and EU economies are particularly affected by the consequences of the war, which are spread mainly through the increase of international prices of energy, food and basic products, stricter financial conditions and also second round effects from demand slowdown. Specifically, economic consequences due to the war are expected to be stronger for Member States of the EU, as a result of its geographical proximity to the war zone and its high reliance on Russian energy sources. Average annual inflation is expected to rise to 8.3% in the EU and 7.6% in the Euro Area in 2022, before it withdraws to 4.6% and 4.0% respectively in 2023 (Table 1).

Table 1.: Key indicators for the world economy (% annual changes, constant prices)

	2021	2022*	2023*
World GDP	6.1	3.2	2.9
GDP of the European Union**	5.4	2.7	1.5
GDP of the Euro Area**	5.3	2.6	1.4
GDP of the USA	5.7	2.3	1.0
World trade (goods and services)	10.1	4.1	3.2
Inflation			
a. Developed countries	3.1	6.6	3.3
b. Emerging markets and developing economies	5.9	9.5	7.3
c. Euro Area**	2.6	7.6	4.0
Oil prices (Brent, USD/barrel)**	70.7	108.2	95.6

Sources: IMF, World Economic Outlook, July 2022.
* Estimates/projections.
** EC Summer interim European Economic Forecast, July 2022.

In advanced economies real GDP growth is forecast by the IMF to reach 2.5% in 2022 and 1.4% in 2023. Amongst advanced economies, in 2022, Spain and Canada are expected to reach the highest growth rates, while Germany and Japan are expected to register the lowest. Growth in the United States is revised downwards to 2.3% in 2022 and 1.0% in 2023, in part reflecting lower household purchasing power and the impact of tighter monetary policy.

In emerging markets and developing economies, according to the IMF, real GDP growth is expected to reach 3.6% in 2022 and 3.9% in 2023. The effects of Russia's invasion in Ukraine are predicted to be more significant for emerging and developing economies in the medium term, as they have less room for countercyclical policy. China's and India's output is projected to grow by 3.3% (vs. 8.1% in 2021) and 7.4% (vs. 8.7% in 2021) in 2022 and 4.6% and 6.1% respectively in 2023.

After the recovery in the volume of global trade in goods and services in 2021, a slowdown is projected in 2022 and 2023, reflecting the decline in global demand and global supply chain disruptions. IMF in its July 2022 report, revising its forecasts downward compared to spring, estimates that the increase in the volume of global trade will slow to 4.1% in 2022 and 3.2% in 2023.

According to the IMF, global inflation is revised upwards due to rising food and energy prices as well as supply-demand imbalances and is expected to reach 6.6% in advanced economies and 9.5% in emerging markets and developing economies in 2022 and also 3.3% and 7.3%, respectively, in 2023. The factors driving the upward revision of world inflation differ across economies. As referred in the European Commission's summer report, in advanced economies, tight labour markets are set to push wage growth higher and thus keep inflation elevated and above central banks' policy targets. In a number of developing economies, the exposure to high commodity prices compounded by currency depreciation versus the dollar exacerbates inflationary pressures.

Geopolitical tensions continue to increase energy price volatility, while low storage oil levels and limited commitments among several producers to increase production weigh further on energy market stability. The average price of crude oil, according to European Commission estimates, is expected to rise to 108.2 dollars per barrel in 2022 from 70.7 dollars per barrel in 2021, before falling back to 95.6 dollars in 2023.

World economy prospects are overshadowed by a series of risks, the most important of which is the course of the war and its repercussions on commodity and especially energy prices. As developed economies' central banks raise interest rates to counteract inflationary pressures, financial conditions will deteriorate worldwide, increasing the risk for a debt crisis, particularly in emerging markets and developing economies. Under tight monetary policy conditions, fiscal policy has a special role to play, by cushioning the most vulnerable from the slowdown of economic activity. Increasing food and energy prices are likely to cause shortages, while the war in Ukraine will probably contribute to further geopolitical risk, in the medium term, with negative consequences for world trade and climate change policies. Moreover, the pandemic should also be added to the risks mentioned above, as it has not yet been eradicated. Furthermore, the uncertainty surrounding both short-term and medium-term prospects remains at high level.

For the Greek economy, 2023 will be the first year since 2010 that policymaking will not be subject to strict fiscal surveillance. However, the need to return to a balanced fiscal path requires a prudent fiscal policy, compared to the fiscal expansion policy implemented during the twin pandemic and energy crises in 2020-2022.

With the energy crisis still ongoing, the importance of the automatic stabilizers in order to avoid another big slowdown in GDP growth is once again highlighted. Automatic stabilizers are further enhanced by growth friendly policies, in particular with the extension of the reduction by three percentage points of the social security contributions rate and the abolition of the solidarity tax. These policies are complemented with government's measures to strengthen the economy in 2023, as announced at this year's Thessaloniki International Fair, including a further increase of the minimum wage, the reform of the special wage bill for National Health System's doctors, the settlement of the Armed Forces compensation issues, the abolition of the 1% special levy in favor of Public Employees' Welfare Fund (TPDY), the increase of the student allowance, the extension of the maternity allowance in the private sector, important incentives to increase full-time employment, the extension of the suspension of VAT for new buildings and the overall framework of housing support measures focused mainly on young people.

Greek economy growth is expected to strengthen after spring 2023, based on the implementation of the aforementioned policy measures and the easing of the rate of increase of consumer prices. The expected gradual normalization of world oil prices in conjunction with the continuation of subsidizing energy costs for households and businesses and supply chain restoration, imply a lower estimated inflation rate for 2023 compared to 2022. Inflation for 2023 is currently estimated at 3.0% on a yearly average, an estimate which however can be updated the following months, driven by the global uncertainty and high volatility on world and EA inflation trends.

Furthermore, focusing on implementing the Greek RRP "Greece 2.0" is expected to contribute 1.9 percentage points to GDP growth. This is expected to be the main driving force for investment spending in 2023, increasing the level of investment by 16.0% relatively to 2022. Investment spending is also expected to significantly support the labour market, leading to the reduction of unemployment by 0.3% to 12.6% based on the Labour Force Survey (LFS) definition.

The total number of employees is expected to reach 4.9 million, a record high since 1995. However, on an annual basis, the forecast for total employment in 2023 is expected to be only slightly higher (by 9.7 thousand or 0.2% higher than its 2022 level) because of the deceleration in external demand and the higher operating costs faced by firms.
Real private consumption, is expected to increase by 1.3% compared with 2022 (however at a level still 7.8% higher than the pre-pandemic level). Similarly, general government consumption is expected to remain above pre-pandemic levels in 2023, although it is projected to decline by 1.5% gradually adjusting to medium-term fiscal targets (Table 2).

The external sector is expected to contribute negatively to real GDP growth in 2023 by 0.7 percentage points, but with the negative contribution of the trade deficit shrinking to one fifth of its 2022 level, as exports are expected to increase annually by 3.5% in volume terms. Real balance of services is expected to contribute marginally negatively to GDP growth by 0.1%, since the energy crisis is expected to affect negatively foreign tourist income and the deceleration of global trade is going to negatively affect revenues from shipping services. On a national account basis, nominal trade balance in goods and services is expected to deteriorate by €1 billion euro in 2023, increasing to 7.1% of GDP from 6.9% in 2022.

In this environment, real GDP growth is expected to decelerate relatively to 2022 to reach 2.1% in 2023, which nevertheless is stronger than the Euro Area average (1.4% according to the summer forecast of EU Commission and 0.9% according to the September forecast of ECB).

Table 2.: Key indicators of the Greek economy (% annual changes, constant prices)

	2021	2022**	2023**
GDP	8.3	5.3	2.1
Private consumption	7.8	7.2	1.3
Public consumption	3.7	0.2	-1.5
Gross fixed capital formation	19.6	10.0	16.0
Exports of goods and services	21.9	9.0	1.8
Imports of goods and services	16.1	10.3	3.1
GDP deflator	2.1	9.1	3.1
HICP	0.6	8.8	3.0
Employment*	0.5	4.6	0.2
Unemployment rate*	12.8	11.0	10.8
Unemployment rate (Labour Force Survey)	14.7	12.9	12.6

Source: Annual National Accounts (Hellenic Statistical Authority), estimates/projections of the Ministry of Finance.
*On a national accounts basis.
** Estimates/ projections.

It is evident that the current forecast for 2023 is highly uncertain, mainly because of the risks associated with the war (its duration, the severity of the sanctions, the conditions under which natural gas is supplied to the EU). A complete shut-down of natural gas supply from Russia will lead to higher natural gas prices in Europe for a longer period, which could drive the EU economy into recession.

Meanwhile, the surge in inflation could lead to a stricter monetary policy, which would slow global and domestic growth. Moreover, the uncertainty surrounding the wider geopolitical developments is perhaps the most important factor to be taken into account in producing reliable macroeconomic forecasts both at national and global level.

In this context, the Greek economy will be able to cope with the multidimensional challenges by following a prudent fiscal management, directing the available resources to mitigate the social repercussions of the energy crisis and enhance its productive base. At the same time, the compliance with realistic fiscal targets will support Greece's accessibility to financial markets and ensure debt sustainability, in order to maintain positive economic outlook in the coming years.

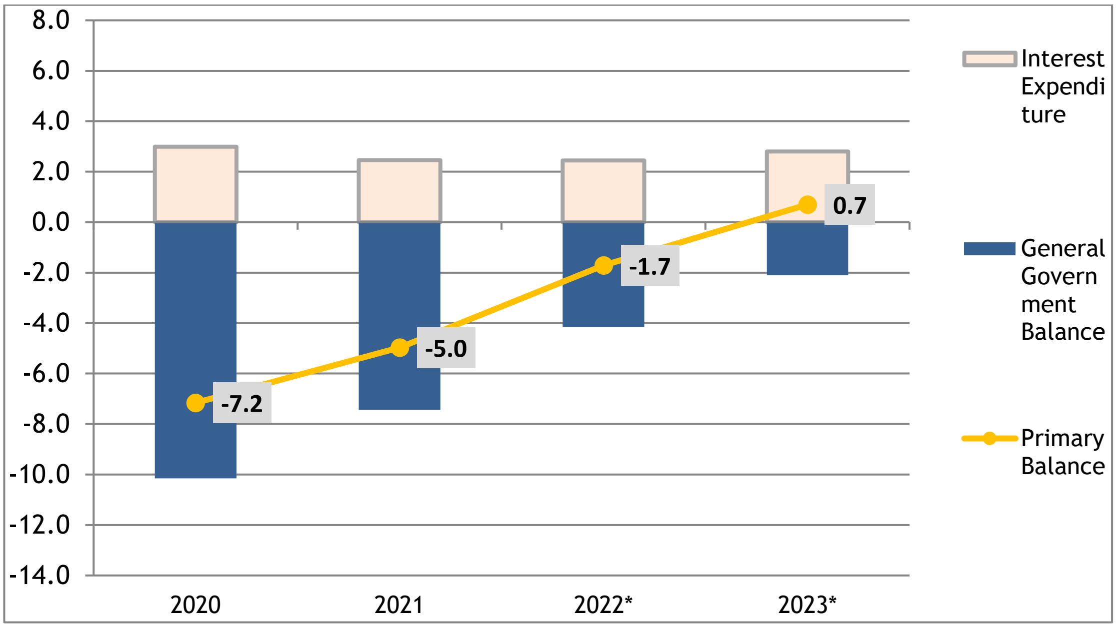
2. Budgetary targets

2.1 Fiscal developments

Fiscal outlook 2022

For 2022, the headline budget balance and the primary balance are estimated at -4.2% and -1.7% of GDP respectively. Compared to the previous year, both the headline and the primary deficit are expected to be decreased by 3.2 p.p. and 3.3 p.p. of GDP respectively, driven by the accelerated economic recovery and the prudent fiscal policy. The adverse effects of the COVID outbreak are significantly reduced and this allowed the gradual return to normal activity. Targeted support is gradually phasing out within the current year, thus having lower negative fiscal impact on the general government balance than the previous years. On the other hand, the outbreak of the Ukrainian crisis inevitably led to the adoption of new supportive interventions in order to address the subsequent energy and inflation pressures to households and businesses. However the temporary measures adopted were cautiously planned so as not to deviate from the fiscal targets set; in fact the primary balance for 2022, is now forecasted to -1.7%, from -2.0% projected in the Stability Programme of April 2022.

Figure 5: General Government Primary Balance (% GDP)



** projections*

Fiscal outlook 2023

In 2023, the general government deficit is expected to be reduced to -2.1% of GDP and the primary balance to return to positive ground, reaching +0.7% of GDP. This positive fiscal development is based on the expected strengthening of economic growth and on the prudent fiscal policy followed. The policy measures taken to mitigate the consequences of the energy crisis are more fiscally balanced compared to the previous years' expansion policy measures taken during the pandemic crisis, allowing the return to a primary budget surplus.

The table below summarizes the current fiscal estimations for the period 2022-2023.

Table 3: General government budgetary prospects

	ESA Code	2022 (% of GDP)	2023 (% of GDP)
Net lending (EDP B.9) by sub-sector			
1. Net lending/net borrowing: General government	S.13	-4.2	-2.1
2. Net lending/net borrowing: Central government	S.1311	-4.9	-2.6
3. Net lending/net borrowing: State government	S.1312		
4. Net lending/net borrowing: Local government	S.1313	-0.1	-0.1
5.Social security funds	S.1314	0.8	0.6
6. Interest expenditure	EDP D.41	2.4	2.8
7. Primary balance		-1.7	0.7
8. One-off and other temporary measures		0.4	0.0
8.a Of which one-offs on the revenue side: general government		0.4	0.0
8.b Of which one-offs on the expenditure side: general government		0.0	0.0
9.Real GDP Growth(%) (=1 in Table 1a)		5.3	2.1
10.Potential GDP Growth(%) (=2 in Table 1a)		0.3	0.9
Contributions			
-Labour		-0.2	0
-Capital		0	0.1
-Total factor productivity		0.5	0.7
11. Output gap (% of potential GDP)		-0.6	0.5
12. Cyclical budgetary Component (% of potential GDP)		-0.3	0.3
13. Cyclically adjusted balance (1-12) (% of potential GDP)		-3.8	-2.3
14. Cyclically adjusted primary balance (13+6) (% of potential GDP)		-1.4	0.5
15. Structural balance (13-8) (% of potential GDP)		-4.2	-2.3

2.2 Debt developments

The general government debt is estimated at €355,000 million or 169.1% of GDP at the end of 2022, vs €353,389 million or 193.3% of GDP in 2021. For the end of 2023, the general government debt is forecasted at €357,000 million or 161.6% of GDP, i.e. reduced by 7.5 p.p. compared to 2022.

The war in Ukraine combined with the increasing energy costs worldwide created an environment of intense inflationary pressures with constant turbulence in international markets. The Hellenic Republic's financing through the capital markets was limited in 2022, mainly due to low financing needs and the maintenance of the total cash reserves of the Greek State at the high levels of previous years. The issuances carried out through syndication had a significant percentage of their offer book covered and continued to be allocated to end investors as a priority, while in the secondary market the trading of Greek bonds is now carried out at increased levels of yields compared to the previous year.

The final early repayment of the total balance of the IMF loan at the beginning of April 2022, amounting to approximately €1,1867 million, had a positive impact on the international markets, while the early repayment of part of the European GLF loans, amounting to €2,645 million, is expected to take place by the end of this year after the necessary legal procedures of the eurozone member states.

Greece's long-term credit rating, despite the difficult international environment, was further upgraded in 2022 by the rating agencies Standard & Poor's, DBRS and R&I, which now evaluate the Greek economy just one notch before the investment grade, the achievement of which will be an important message of confidence to international investors for their placement in Greek bonds.

At the end of August 2022, the total sum of loans granted by the Support Mechanism amounted to €239,538.4 million, which, after the full repayment of the International Monetary Fund, consist exclusively of European loans of the member states of the Eurozone.

Table 4: General government debt developments

	ESA Code	2022 (% of GDP)	2023 (% of GDP)
1. Gross debt		169.1	161.6
2. Change in gross debt ratio		-24.2	-7.5
Contributions to changes in gross debt			
3. Primary balance		-1.7	0.7
4. Interest expenditure	EDP D.41	-2.4	-2.8
5. Stock-flow adjustment		28.4	9.6
of which:			
- Differences between cash and accruals		0.1	0.6
- Net accumulation of financial assets		3.5	2.3
of which:			
- privatisation proceeds		0.3	0.5
- Valuation effects and other		24.7	6.8
p.m.: Implicit interest rate on debt		1.4	1.7
Other relevant variables			
6. Liquid financial assets			
7. Net financial debt (7=1-6)			
8. Debt amortization (existing bonds) since the end of the previous year		2.1	2.0
9. Percentage of debt denominated in foreign currency		0.02	0.01
10. Average maturity		19.4	19.0

2.3 Comparison with latest Stability Programme

For 2022, the estimation for the headline general government balance is upwards revised by +0.2 p.p. of GDP compared to the Stability Programme submitted last April. This improvement is attributed to the strong performance of tax receipts and social security contributions revenues, driven by the faster than expected economic growth. On the other hand, in order to mitigate the severe energy and inflation pressures on households and businesses, additional fiscal interventions were adopted.

For 2023, there is a downward revision of the estimated headline and primary general government balance by -0.7% of GDP and -0.4% respectively, compared to the Stability Programme. The revision is mainly attributed to the new fiscal interventions that will be implemented in 2023 aiming at strengthening the economy, as presented in the following chapter and to the inflationary pressure on general government consumption. These negative effects on the balance are partly offset by the strong yield of tax and social security contribution revenues, despite the deceleration of real growth relatively to the April estimations.

In the table below, the update of the general government net lending/borrowing compared to the latest Stability Programme is presented.

Table 5: Divergence from latest SP

	ESA Code	2021 (% of GDP)	2022 (% of GDP)	2023 (% of GDP)
Target general government net lending/borrowing				
Stability plan	EDP B.9	-7.4	-4.4	-1.4
Draft budgetary plan	EDP B.9	-7.4	-4.2	-2.1
Difference		0.0	0.2	-0.7
General government net Lending projection at unchanged policies				
Stability plan	EDP B.9	-7.4	-4.5	-0.8
Draft budgetary Plan	EDP B.9	-7.4	-3.7	-1.5
Difference		0.0	0.8	-0.7

3. Expenditure and revenue projections

3.1 Discretionary measures

3.1.1 Fiscal interventions to address the consequences of the energy crisis

The war operations in Ukraine led to an unprecedented energy crisis that sharply accelerated the inflationary pressures. In this context, interventions to mitigate the energy and inflation pressures to households and businesses were adopted.

A new electricity subsidy scheme was introduced that, along with the natural gas consumption subsidy, is currently expected to reach the amount of €9.5 billion for 2022, the largest part covered by revenues of the Green Transition Fund, mainly stemming from the mechanism of collecting windfall revenues in the wholesale electricity market. The scheme covers a significant part of the energy increases of households and enterprises and is closely monitored and recalibrated regularly when needed. It is mainly financed by the revenues of the Green Transition Fund deriving from the renewable sources (prompted by the increase in electricity prices), from the newly established -in July- price cap mechanism on wholesale energy market and from the emissions trading system allowances that totally amount to €7.5 billion for 2022.

To alleviate the impact of the increased inflation on the vulnerable households, targeted financial support was granted in April 2022 and is also planned for December 2022 to the elderly uninsured, the low income pensioners, the beneficiaries of disability allowances, of the minimum guaranteed income and of child benefits. The fiscal cost of these one-off payments is estimated at €816 million.

Additional interventions were adopted for 2022 including, inter alia, the increase of the heating benefit and subsidies for heating oil and diesel fuel (€454 million), fuel compensation to households via prepaid card (€300 million), return of 60% of increased electricity cost for the households' bills which were issued between 01/12/2021 and 30/06/2022 (€296 million) and other subsidies to farmers and breeders.

For 2023, the electricity and natural gas subsidy scheme is estimated to reach €12.9 billion. The cost is almost offset by the revenues of the Green Transition Fund estimated at €12.5 billion. Apart from the increased amount for heating oil benefit (€250 million), the Draft Budgetary Plan projections include additional appropriations (€1 billion) as a reserve to cover the fiscal cost of energy interventions and a possible additional inflation impact on general government spending.

Table 6: Discretionary measures to address the consequences of energy crisis

Description	2022	
	Amounts in mil €	GDP %
Subsidies for electricity consumption of households	-3,585	-1.9%
Subsidies for electricity consumption of enterprises	-5,480	-2.6%
Subidies for natural gas consumption for households and enterprises	-440	-0.2%
Subsidies to farmers and breeders for energy and inflation pressures	-150	-0.1%
Return of the special levy on Diesel for farmers	-72	0.0%
Increased allowances to vulnerable citizens	-816	-0.4%
Subsidy on heating oil price and increase of the heating benefit allowance	-244	-0.1%
Subsidize diesel fuels	-210	-0.1%
Prepaid card for fuels to households	-300	-0.1%
Return of 60% of increased electricity cost for first residence for households with income up to 45.000	-296	-0.1%
Other	-35	0.0%
Total cost of interventions	**-11,628**	**-5.5%**
Total revenues of the Green transition Fund	**7,464**	**3.6%**
Direct (net) Budget impact of the energy interventions	**-4,164**	**-2.0%**

3.1.2 Fiscal interventions to address the consequences of COVID-19 pandemic

In 2022, the Covid-19 measures supporting income and employment were still in place, though gradually phasing out, having significantly lower negative impact on the general government balance than the previous years. The abolition of covid related measures is projected for 2023, reflecting enhanced adaptability to the pandemic conditions.

The total fiscal cost of COVID related interventions in 2022 is estimated at €4.3 billion, almost balanced between the revenue and the expenditure sides.

The main interventions include, inter alia, the reduction of the social security contributions of wage earners in the private sector by 3 p.p., the suspension of the solidarity tax in the private sector, the reduction of VAT in various categories of products and services, the non-refundable grant to small & micro enterprises via Local Governments, the hirings subsidy program and other.

3.1.3 Other fiscal interventions

For 2023, the fiscal projections include the permanent adoption of two of the growth friendly fiscal policy measures taken during the pandemic crisis, namely the reduction of social security contributions by 3 p.p. and the solidarity tax abolition in the private sector, amounting to €1.6 billion.

In addition to the above interventions, the fiscal projections for 2023 include new measures intended to strengthen the economy and support income, that were announced the previous month at the Thessaloniki International Fair. They are already gradually being adopted and amount to €1.1 billion. They include the permanent abolition of the solidarity tax not only for the private sector, but also for the employees of the public sector and the pensioners (€476 million) and the prolongation of reduced VAT on several goods and services until June 2023 (€246 million). Moreover, they include -inter alia- the reform of doctors' special wage regime, increased compensation to the Armed Forces personnel, the abolition of the 1% special levy in favor of Public Employees' Welfare Fund (TPDY), the increase of the student allowance, the extension of the maternity allowance in the private sector, the suspension of VAT for new buildings.

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

3.2 GG revenue and expenditure

The table below summarizes the current fiscal estimations for 2022 and the forecast for 2023, broken down by main components of revenues and expenditures. The estimations incorporate the effect of the policies adopted in response to the energy crisis outbreak, the covid related measures as well as other interventions described in the previous section. The increase of the levels of revenues and expenditures compared to the Stability Programme is mainly attributed to the increased revenues of the Green Transition Fund that finance the energy related measures and the relevant effect is reflected in taxes on the revenue side and in subsidies on the expenditure side.

Table 7: General government expenditure and revenue targets broken down by main components

	ESA Code	2022 (% of GDP)	2023 (% of GDP)
General governement (S13)			
1. Total revenue target	TR	**50.3**	**50.6**
Of which			
1.1 Taxes on production and imports	D.2	19.8	21.5
1.2 Current taxes on income, wealth, etc	D.5	8.8	8.8
1.3 Capital taxes	D.91	0.1	0.1
1.4 social contributions	D.61	13.1	12.4
1.5 Property income	D.4	0.2	0.2
1.6 Other		8.4	7.5
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		41.7	42.9
Total expenditure target	TE	**54.5**	**52.7**
Of which			
2.1 Compensation of employees	D.1	10.8	10.4
2.2 Intermediate consumption	P.2	5.9	5.2
2.3 Social payments	D.62,D.63	20.4	19.5
Of which unemployment benefits		0.6	0.6
2.4 Interest expenditure(=9 in table 2.a)	EDP D.41	2.4	2.8
2.5 Subsidies	D.3	6.3	6.9
2.6 Gross fixed capital formation	P.51	5.3	4.8
2.7 Capital transfers	D.9	1.6	1.2
2.8 Other		1.8	1.8

The general government expenditure and revenue projections at unchanged policies are presented in the following table and they do not include the policy measures announced recently at the Thessaloniki International Fair which amount to €0.8 billion for 2022 (almost entirely energy measures, namely allowances to vulnerable households, heating oil subsidy and heating benefit) and to €1.4 billion for 2023 (€0.3 billion energy measures for heating oil - heating benefit and €1.1 billion for other measures, as described in the previous section).

Table 8: General government expenditure and revenue at unchanged policies

	ESA Code	2022 (% of GDP)	2023 (% of GDP)
General governement (S13)			
1. Total revenue at unchanged policies	TR	**50.3**	**50.9**
Of which			
1.1 Taxes on production and imports	D.2	19.8	21.6
1.2 Current taxes on income, wealth, etc	D.5	8.8	9.1
1.3 Capital taxes	D.91	0.1	0.1
1.4 social contributions	D.61	13.1	12.4
1.5 Property income	D.4	0.2	0.2
1.6 Other		8.4	7.5
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		41.7	43.2
Total expenditure at unchanged policies	TE	**54.1**	**52.4**
Of which			
2.1 Compensation of employees	D.1	10.8	10.4
2.2 Intermediate consumption	P.2	5.9	5.2
2.3 Social payments	D.62,D.63	20.1	19.4
Of which unemployment benefits		0.6	0.6
2.4 Interest expenditure	EDP D.41	2.4	2.8
2.5 Subsidies	D.3	6.2	6.9
2.6 Gross fixed capital formation	P.51	5.3	4.8
2.7 Capital transfers	D.9	1.6	1.2
2.8 Other		1.8	1.8

3.3 National Recovery and Resilience Plan

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

The resources included in "Greece 2.0" for the period 2021 - 2026 amount to €30.1 billion, of which grants are estimated at €17.4 billion and loans up to €12.7 billion to support investments and reforms.

The Greek plan comprises of four main pillars: Green Transition, Digital Transition, Employment – Skills - Social Cohesion (Health, Education, Social Protection) and Private investment and transformation of the economy.

By the end of August 2022, 454 projects and reforms, with a total budget of €11.5 billion (VAT excluded), have already been approved and included in the RRF grants programmes. For 2023, the expenditures financed by RRF grants are estimated at €3.5 billion.

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

In April, Greece received the first payment for 2022 from the Recovery and Resilience Fund amounting to €3.6 billion, after the fulfillment of the fifteen (15) milestones. At the 30th of September the second payment request was made by the Greek government and is currently examined by the European Commission.

Table 9: RRF impact on programme's projections - GRANTS

	ESA Code	2021 (% of GDP)	2022 (% of GDP)	2023 (% of GDP)	2024 (% of GDP)	2025 (% of GDP)	2026 (% of GDP)	2027 (% of GDP)
Revenue from RRF grants								
1. RRF GRANTS as included in the revenue projections		0.2	1.5	1.6	1.5	1.4	1.4	0
2. Cash disbursements of RRF GRANTS from EU		1.3	0.8	2.3	1.4	1.4	0.7	0
Expenditure financed by RRF grants								
3.TOTAL CURRENT EXPENDITURE		**0.1**	**0.3**	**0.3**	**0.2**	**0.1**	**0.0**	**0**
of which:								
- Compensation of employees	D.1	0.0	0.0	0.0	0.0	0.0	0.00	0
- Intermediate consumption	P.2	0.0	0.0	0.1	0.1	0.0	0.0	0
- Social Payments	D.62+D.632	0.1	0.2	0.2	0.1	0.0	0.0	0
- Interest expenditure	D.41	0.0	0.0	0.0	0.0	0.0	0.0	0
- Subsidies, payable	D.3	0.0	0.1	0.0	0.0	0.0	0.0	0
- Current transfers	D.7	0.0	0.0	0.0	0.0	0.0	0.0	0
4. TOTAL CAPITAL EXPENDITURE		**0.1**	**1.2**	**1.3**	**1.3**	**1.4**	**1.4**	**0**
of which:								
- Gross fixed capital formation	P.51g	0.1	0.6	0.9	1.0	0.9	0.8	0
- Capital transfers	D.9	0.1	0.7	0.4	0.4	0.4	0.5	0
Other costs financed by RRF grants								
5. Reduction in tax revenue		0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other costs with impact on revenue								
7. Financial transactions								

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

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

Table 10: RRF impact on programme's projections – LOANS

	ESA Code	2021 (% of GDP)	2022 (% of GDP)	2023 (% of GDP)	2024 (% of GDP)	2025 (% of GDP)	2026 (% of GDP)	2027 (% of GDP)
Cash flow from RRF loans projected in the programme								
1. Disbursements of RRF LOANS from EU		0.9	1.8	0.8	0.8	0.8	0.7	0.0
2. Repayments of RRF LOANS to EU		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure financed by RRF loans								
3.TOTAL CURRENT EXPENDITURE								
of which:								
- Compensation of employees	D.1							
- Intermediate consumption	P.2							
- Social Payments	D.62+D.632							
- Interest expenditure	D.41							
- Subsidies, payable	D.3							
- Current transfers	D.7							
4. TOTAL CAPITAL EXPENDITURE								
of which:								
- Gross fixed capital formation	P.51g							
- Capital transfers	D.9							
Other costs financed by RRF loans								
5. Reduction in tax revenue								
6. Other costs with impact on revenue								
7. Financial transactions		0.0	1.1	1.0	0.9	0.8	0.8	0.8

4. Distributional impact of the main expenditure and revenue measures

Methodology

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

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

The scenarios simulated are presented in Table 11 as follows:

Table 11: Scenarios simulated for distributional analysis

Scenario	Measures
2022_base	Tax/benefit policies as applicable in 2022 Stability Programme including subsidy to vulnerable households on December
2023	1. Extension of the social security contributions reduction and abolishing solidarity tax in the private sector 2. Abolishing of the solidarity tax for pensioners 3. Abolishing the solidarity tax for public sector employees 4. Abolishing a special fee of 1% on social security contributions on the salary of public employees that was non-contributory (TPDY) *Note: For the context of DIA, we assume that the energy measures from the contingency reserve will have the same form as 2022 one-off measures*

Results

Table 12 presents the mean annual equivalised disposable income (in euros) by decile for the 2022_base scenario and the relative and absolute changes that occur in the rest simulated scenarios as a result of the fiscal interventions. The disposable income is the income that individuals finally have available for consumption or savings, i.e. after deducting direct taxes and social security contributions and after adding possible social transfers (i.e. pensions and benefits). Assuming that all households pool their resources and distribute them “equally” among the household members, the equivalized income is calculated using the OECD equivalent scales which give weights 1 to the first adult, 0.5 to other adults in the household and 0.3 to children under 14. Note that in 2023 mean equivalised income increases in all categories, but more to the categories that used to pay the solidarity tax.

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

	2022_base	2023	
Decile	Mean (EUR)	Absolute change (EUR)	Relative change (%)
1	3,456	1	0.03
2	5,426	3	0.06
3	6,739	5	0.08
4	7,867	10	0.13
5	8,943	17	0.19
6	10,152	20	0.20
7	11,582	24	0.21
8	13,381	50	0.38
9	15,761	60	0.38
10	26,924	119	0.44
All	**11,020**	**31**	**0.28**

- *Changes are calculated with respect to the 2022_base mean equivalised income per decile.*

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

In Table 13 the main inequality indices are presented, calculated on the income distribution of the 2022_base and the respective absolute differences that occur for the 2023

Table 13: Inequality indices

		Absolute difference with respect to 2023_base
	2022_base	**2023**
Gini	0.3065	0.0008
S80/S20	4.7915	0.0240
S90/S10	7.7539	0.0392
Atkinson 0.25	0.0433	0.0002
Atkinson 0.75	0.1206	0.0005

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

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

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

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

		Absolute difference with respect to 2022_base
	2022_base	**2023**
Total Population	16.8	0.0
By age group		
Children (<18)	18.7	0.0
Working Age (18-64)	17.2	0.0
Elderly (65+)	14.4	0.0
By household type		0.0
One adult <65, no children	17.7	0.0
One adult ≥65, no children	21.7	0.0
One adult with children	18.5	0.0
Two adults, <65, no children	13.5	0.0
Two adults, at least one ≥65, no children	11.2	0.0
Two adults with one child	13.1	0.0
Two adults with two children	14.2	0.0
Two adults with three or more children	19.8	0.0
Three or more adults, no children	15.9	0.0
Three or more adults with children	29.5	0.0

- *Poverty line is anchored to the base scenario: € 5,695.43 per year*

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

		Absolute difference with respect to 2022_base
	2022_base	**2023**
Total Population	4.5	0.0

- *Poverty line is anchored to the base scenario: € 5,695.43 per year*

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

		Absolute difference with respect to 2022_base
	2022_base	**2023**
Total Population	16.8	0.1

- *Poverty line in floating: € 5,695.43 for 2022 and 5,709.38 for 2023*
- *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.*

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

Table 17: Country-Specific Recommendations

CSR number	Description	List of measures	Description of direct relevance
1.1	In 2023, ensure prudent fiscal policy, in particular by limiting the growth of nationally-financed primary current expenditure below medium-term potential output growth, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transition, and for energy security taking into account the REPowerEU initiative, including by making use of the RRF and other EU funds.	The DBP for 2023 foresees the phasing out of practically all fiscal support measures that were implemented in 2020-2022 in response to the pandemic. The net fiscal impact of measures taken in response to the high energy prices reached 2% of GDP in 2022, but is also projected to decline significantly in 2023. The initial expenditure ceilings for public investment in the 2022 Budget stood at €6.5 billion for expenditure co-financed by the EU Budget and at €1.3 billion for nationally financed expenditure, not including expenditure of €3.2 billion for the implementation of projects financed through RRF non-repayable support. In the course of the year, these ceilings were revised upwards, to €7.3 billion and €1.5 billion respectively as a result of the need to respond to high energy prices. For 2023, the DBP foresees expenditure ceilings of €6.8 billion for co-financed investment and of €1.5 billion for nationally financed investment, these ceilings not including appropriations of approximately €3.5 billion for the implementation of projects financed from RRF non-repayable support.	The DBP foresees a significant reduction in the general government deficit in 2023. Specifically, the fiscal deficit is projected to decline from 7.4% in 2021 and 4.2% in 2022 to 2.1% of GDP in 2023. The primary deficit of the general government is expected to be reduced to 1.7% of GDP in 2022 and to turn into a surplus of 0.7% in 2023. The debt ratio is estimated to be reduced from 193.3% of GDP in 2021 to 169.1% in 2022 and further to 161.6% in 2023. The projections of the DBP 2023 are in line with the recommendation to limit the growth of nationally financed primary current expenditure below medium-term potential growth. The DBP figures imply only a small decline of investment spending in both the co-financed and national arm of the Public Investment Budget. However, the 2022 ceilings increased beyond the original budgetary plans in order to account for the necessary response to the increase of energy prices.
1.2	For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring credible and gradual debt reduction and fiscal sustainability in the medium term through gradual consolidation, investment and reforms.	The Stability Programme that was submitted in April 2022 projects the return to a balanced budget by 2025, which implies a primary surplus rising to 2.3% of GDP.	The reference is made to projections of the Stability Programme since this recommendation refers to the medium term, rather than to 2023. The official medium-term scenario of the Ministry of Finance will be updated in the spring of 2023. However, the general direction of fiscal policy towards achieving prudent medium term fiscal positions and ensuring medium term sustainability is not going to be altered.

CSR number	Description	List of measures	Description of direct relevance
1.3	Building on reforms undertaken as part of the recovery and resilience plan, improve the investment-friendliness of the taxation system by introducing a wider advance tax ruling system and review the structure of the tax burden on the self-employed.	1. Abolition of the annual lump-sum tax for self-employed and SMEs with an annual gross revenue of up to €2 million, provided that they will increase the average annual number of full-time employees for a period of at least three months per year (article 180 of Law 4972/2022). 2. Abolition of the annual lump-sum tax for artists and craftspersons (article 58 of Law 4949/2022). 3. Exemption from the annual lump-sum tax for farmers and coastal fishermen for the tax year 2022, aiming at reducing the tax burden on these self-employed categories (article 179 of Law 4972/2022). 4. A 50% income tax exemption in the case of collaboration of individual farmers, aiming at improving the structure of the tax burden on the self-employed (article 15 of Law 4935/2022).	The measures that have been adopted aim at reducing the tax wedge on the self-employed. Moreover, in order to boost investment and address the investment gap, tax incentives have been introduced for expenses targeting the green economy, energy and digitization (article 86 Law 4941/2022).
1.4	Safeguard the efficiency of the public administration while ensuring it can attract the right skills and preserving consistency with the unified wage grid.	1. Law 4765/2021 "Modernization of recruitment procedures through the Supreme Council for Civil Personnel Selection (ASEP)" 2. Law 4940/2022 "Goal-setting, performance assessment and Reward System for Enhancing the Efficiency of Public Administration" 3. The authorities are currently in the process of elaborating the Code of Civil Servants through the establishment of a law-making committee.	The Common Skills Framework has been established through Law 4940/2022 and is utilized in the critical functions of human resource management. This legislation introduces a new staff evaluation system based on the skills that evolve and improve through targeted and personalized development plans. With respect to personnel selection procedures, Law 4765/2021 has introduced the concept of skills through a written competition conducted by the Supreme Council for Civil Personnel Selection in order to ensure the quality of the candidates entering the public sector. The main elements of the reform are: 1. The creation of a Common Skills Framework for the public sector, including nine 9 skills that are considered necessary for public servants. 2. The cancelation of rating, with emphasis being given to the development of skills, supported by a new Employee Career and Development Plan. This includes a specific action plan for the development of personal and technical skills, through customized learning paths and a

CSR number	Description	List of measures	Description of direct relevance
			variety of learning methods. 3. The empowerment of managers through the provision of tools to manage and motivate their staff. 4. The introduction of the role of adviser of human resources, a contact person for the Ministries on issues related to human resource management. 5. The introduction of professional mentoring and coaching in the public sector. The work on the Code of Civil Servants includes, inter alia: 1. The revision and streamlining of the managers selection system, taking into account leadership characteristics and management skills. 2. The redesign the on-boarding process for new entrants in order to provide them with the necessary tools to perform their duties effectively. 3. The establishment of a special training program to prepare executives on the basis of best practices. 4. The development of career paths through adapted learning paths, with a view to create a mechanism for the continuous improvement of employees' skills and knowledge.
2.1	Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021. Swiftly finalise the negotiations with the Commission of the 2021-2027 cohesion policy programming documents with a view to starting their implementation.	On July 29th 2021, the Partnership Agreement for Greece was adopted by the European Commission. Between June and September 2022, European Commission issued the approval Decisions for all sectoral and regional Programs of the PA 2021-2027.	Ministry of Development and Investments has already proceeded with the required procedures (legal framework - Law 4914/2022, Ministerial Decisions for restructuring the Managing Authorities, Decisions on the formation of the Monitoring Committees, Management and Control System, adjustments of the Monitoring Information System - OPS). From mid-October to end of November 2022, the Monitoring Committees for sectoral and regional Programs are scheduled to take place, in order to approve the first calls and put the programs on track for full activation until the end of 2022.

CSR number	Description	List of measures	Description of direct relevance
2.2	Complete outstanding reforms that have been pursued under enhanced surveillance, including the cadastre reform.	Arrears: Since May 2022, several measures regarding arrears have been implemented. These include a provision for accelerating pension awards, as well as a provision to allow the state to pay the arrears of transport organizations created due to high energy costs.	These measures, have resulted in the reduction of the stock of arrears and especially contributed to the significant decrease in the stock of pension arrears during the past months. Next steps include the transfer of grants to transport authorities for the reduction of their arrears, as well as mitigation actions concerning the arrears of hospitals.
		State guarantees: All actions of the April 2022 action plan have been implemented. Moreover, in order to increase the payment rate, an explanatory legal provision has been adopted, allowing the payment of guarantees on loans that were transferred to another legal entity without prior approval by the guarantor. Also, the hiring process of the new personnel for the acceleration of payment of state guarantees has been completed for 28 candidates, while seven candidates have rejected the position and will be replaced through the candidates' shortlist. The hiring of these remaining candidates is expected to be completed by November 2022.	According to the updated clearance plan report (September 2022 data) for the second and third quarter of 2022, a total of 122,355 claims have been examined, with a total value of €476.9 million, surpassing the target of 109,710 claims of a value of €470 million euro set in April's plan.

CSR number	Description	List of measures	Description of direct relevance
		Insolvency code fine-tuning: The platforms under the new insolvency framework continue to gradually bear better results, particularly with respect to out-of-court settlements, while further improvements are continuously being developed. Two reports on improving the OCW procedure and dealing with technical impediments and legal enhancements have been finalized. The first report of the Working Group on mapping the key OCW platform deficiencies was shared with the European Institutions on 20 May, whereas the final report on "Supporting Greece to strengthen the framework governing insolvency and restructuring" will be shared in mid-October. Moreover, legislation has been adopted for the simplification of the OCW procedure (concerning the mandatory data submitted with the debtor's application within OCW), as well as for the interconnection of electronic platforms concerning pending applications of businesses in the OCW with substantial positive results in the field. The on-line support system for the OCW is expected to go live on 15th October.	There is increasing interest of debtors in the OCW platform, with a positive trend both for initial applications and for final submissions. Out of €4.4 billion of submitted applications, 38% (€1.7 billion) has been assessed out of which 67% (€1.1 billion) has been approved. Out of €635 million assessed by the State, 86% (€547 million) has been approved, while out of €1.1 billion assessed by financial institutions 56% (€579 million) has been approved by September 2022.
		SLBO - interim scheme: A new programme has been voted concerning the State support of the main residence loans of vulnerable households, as an interim scheme until the creation of the Sale and Lease Back Organization (SLBO) of the new insolvency law. The tender for the SLBO was launched in the summer of 2022 and six investors have expressed interest in the first phase. The second phase (competitive dialogue) is expected to be launched in the second half of October.	The program provides a state subsidy for the mortgage instalment of vulnerable debtors in the amount of €70 to €210 per month, depending on the composition of the household. The duration of the program will be 15 months. Several provisions have been adopted for the fine tuning of the scheme, including in relation to the limitation of the eligibility criteria for participation. The activation of this program's platform took place on 13 September.

CSR number	Description	List of measures	Description of direct relevance
		NLPs: The guarantees granted to securitisations submitted during the first phase of the scheme (Hercules I) amount to €11.7 billion, while the guarantees granted to securitisations submitted under the second phase of the scheme amount to approximately €7 billion.	In the second quarter of 2022, NPLs have reduced to €14.8 billion from their peak of €107.2 billion in March 2016. The NPL ratio has fallen to 10% from 20.4% in June 2021 and from a peak of 49.1% in June 2017.
		Hellenic Financial Stability Fund (HFSF): The law for the HFSF reform has been published (Law 4941/2022) on 16 June.	The duration of the Fund was extended until the end of 2025 to allow the Fund to fulfil its dual objective of contributing to the stability of the Greek banking system, while effectively disposing of its assets. The reform streamlines the Fund's governance by creating a board of Directors as its sole governing body. The law includes a set of principles that will guide the Fund's divestment strategy, while the Fund's special rights have also been streamlined.
		Tax administration: The new IT collection system for the Independent Authority for Public Revenue (IAPR) has partially been put in place, with the full operationalisation of the complete IT system expected by mid-October 2022. Concerning IAPR governance, the decision on the appointment of the new management board was issued on 20 May 2022, while the 2022 performance contract of the IAPR Governor has been approved by Board of Directors.	

CSR number	Description	List of measures	Description of direct relevance
		HCAP: Legislation to modernize the legal framework for state-owned enterprises was adopted in September 2022 (Law 4972/2022). Moreover, Law 4964/2022 has addressed the issue that arose from the Council of State decisions on the transfer of the shares of water utilities companies. The new strategic plan of HCAP was published in June 2022, foreseeing direct investments of €50 million in the Greek economy until 2024. The draft strategy for the public real estate was delivered at the end of June and the finalization of the strategy is expected by the end of October 2022. Concerning the package of 10,119 real estate assets that are to be transferred to Public Real Estate Company (ETAD), the proceedings of the evaluation committee were completed and the final list of the eligible assets was formulated based on the criteria of the law. Based on this list, the transfer of the eligible properties has been achieved, with the total number of properties currently assessed as eligible and transferred to ETAD amounting to a few hundred. The majority of the properties were excluded based on cultural and archaeological criteria.	Law 4972/2022 which incorporates international and European standards of corporate governance by the OECD and aims at the effective distribution of state resources and the transparent and efficient operation and management of public companies. The new strategic plan of HCAP aims at increasing dividend payments to the Greek State by 60% during 2022-2024 and achieve a 15% increase in net asset value until 2024. At the same time, it aims at rationalizing the operating expenses and stabilizing the overall Group profitability at over 30%.

CSR number	Description	List of measures	Description of direct relevance
		Privatisations: 1. The transaction on DEPA Infrastructure has been completed. 2. On Egnatia Odos, three more lateral toll stations have been put in operation by end September 2022 and the last frontal one is expected by end October 2022. 3. On Attiki Odos, eight interested parties have been pre-qualified on 8th of July and the submission of binding offers will follow. 4. On the Regional Port of Alexandroupolis, two binding offers have been submitted on the 22 September. The preferred bidder is expected to be selected by end October 2022. 5. On the Regional Port of Igoumenitsa, the preferred bidder has been selected on 6 October 2022. 6. On the Regional Port of Heraklion, the submission of binding orders has been rescheduled for early 2023. 7. Athens International Airport is expected to be listed in the stock market by early spring 2023. 8. On OAKA, priority was given to the timely completion/submission of the application to DG COMP, which is considered a pre-requisite for release of RRF funds.	Good progress has been achieved on the energy privatizations with DEPA Infrastructure closing of transaction, while developments on Regional ports concessions have been accelerated. The Egnatia Odos concession is at its final stages. With regard to OAKA, the launch of the tender for the feasibility study is expected by the end of October or early November.

CSR number	Description	List of measures	Description of direct relevance
		Cadastre reform: With the purpose of expanding the staffing of new Land Registry Offices, a competition was launched to fill 27 vacant manager positions. This competition is running and expected to be completed by February 2023. In addition, about sixty (60) of the seventy-seven (77) new employees who will be part of the "Task Force Migration" team have already been appointed. Law 4934/2022 has been passed to regulate the process of recording legal, spatial and technical information, the provision of registrant rights in the Land Registry that are not registered in the National Land Registry and the establishment of provisions for the temporary staffing of some Land Registry Offices. The tender for digitalizing mortgages archives has been completed successfully. The contract for the first lot has already been signed (concerning software), while contracts for the remaining four lots (concerning digitalization of archives in different areas) have been prepared to be submitted to the Court of Audit for their final approval in early November.	The objectives of the measures taken were to pave the way to the new organizational structure of cadastre and its full operation. With the establishment of the cadastre, the country obtains an effective system of information in which the real estate properties and the rights on them are recorded completely. As a consequence, the operation of the Hellenic Cadastre enhances transparency and promotes the security of transactions of the involved parties. At country level, 85% of total rights have been collected by the Hellenic Cadastre while rights in operation and uploaded were at 67% on the 1st of October. On the basis of the Project Management Information System, the completion rate of the whole cadastre project stands at 76%. Furthermore, one hundred and thirty-seven (137) mortgage offices have terminated their operation and incorporated into the Hellenic Cadastre, out of a total of three hundred and ninety-two (392).

CSR number	Description	List of measures	Description of direct relevance
3	With a view to ensuring adequate and equal access to health care, complete the rollout of the primary health-care reform in line with the framework amended under enhanced surveillance, including staffing of all primary healthcare units, implementing population registration and introducing effective gatekeeping by general practitioners.	1. Legislation for the establishment of the institution of personal doctor for the provision of primary health care services. 2. Determination of the procedure and terms for the registration of the population to personal doctor. 3. Establishment and implementation of a referral system for access to medical specialists of HCs, public secondary and tertiary health care settings and health service providers contracted with the National Organization for Health Care Services Provision (EOPYY). 4. Introduction of incentives/ disincentives to encourage citizens to register to a Personal Doctor. Incentives/ disincentives for adherence to the referral system process. 5. Determination of the reimbursement for personal doctors. 6. Determination of the procedure for contracting private doctors with the EOPYY and other matters of contractual cooperation. 7. Determination of the manner and process of registering citizens with a personal doctor through private pharmacies as well as the compensation and settlement of pharmacists' fees for their participation in the process of registering and informing citizens. 8. Entry into force of the institution of the personal doctor. 9. Determination of physicians of other specialties as personal doctors that have basic education in intern medicine (heamatology, gastroenterology, endocrinology, diabetes, and metabolism, cardiology, neurology, nephrology, rheumatology, medical oncology, pulmonology-tuberculology and physical medicine and rehabilitation), in order to increase the number of doctors enrolled in the system. Call for the enrolment of medical specialties with basic education	Ensuring equal and universal health coverage of the population is a fundamental priority of the Ministry of Health, and the primary healthcare (PHC) is a cornerstone for this reform. The adoption and implementation of the Law 4931/2022 establishes a new role for the PHC in addressing social inequalities in health and ensuring the accessibility of the entire population to quality health services and attempts to strengthen the governance and efficiency of the system. The main feature of the law is the establishment of the institution of personal doctor who will provide comprehensive and continuous care to the patients, enhancing prevention and promoting public health. All citizens are obliged to select a personal doctor enrolled in the system, who will be reimbursed by the state, with no financial burden for the patient. Services will be provided either in the public PHC units of the local networks of PHC, in the private doctors' office or at home. The implementing secondary legislation defined key elements of the functioning of the system such as the incentives for both citizens and providers to join as well as accessibility. Moreover, a coherent planning on the upgrading of existing PHC units and the creation of new ones is implemented in order to expand the PHC network and the population coverage while at the same time quality, holistic and community-oriented PHC services are provided for all. Through funding from the RRF, the building infrastructure and facilities of 156 Health Centres will be upgraded while Chronic Diseases Management Clinics will also be developed within the PHC structures in most of the 312 Health Centres. Last but not least, the retraining of health professionals in modern practices aims, among other things, at improving the quality of provided services, at increasing the resilience of the system and incite active participation in dealing with health crises and at reducing social

CSR number	Description	List of measures	Description of direct relevance
		in intern medicine to the personal doctor system 10. Circular of EOPYY regarding the obligation of personal doctors to schedule their appointments. The appointment system is operational since 1st October. 11. Exceptions to the prescription of medicines, therapeutic procedures and diagnostic tests to the uninsured and vulnerable social groups. 12. A call for the staffing of TOMYs has been published in 19 March 2021 for 1,935 health professionals (doctors, nurses etc.) and other staff. The final recruiting lists have been published.	inequalities in health (for uninsured citizens, vulnerable social groups, residents of remote areas/islands).

CSR number	Description	List of measures	Description of direct relevance
4	Reduce overall reliance on fossil fuels, and diversify imports of fossil fuels by accelerating deployment of renewable energy and the development of infrastructure that would enable renewable hydrogen. Also address dependency through ensuring sufficient capacity of electricity networks and interconnections as well as gas interconnections and diversifying gas supply routes. Strengthen the energy services market framework and step up energy efficiency-enhancing measures through reforms and market incentives to support the decarbonisation of the building sector and the transport sector, particularly by promoting electric mobility.	1. Ratification of the Memorandum of Understanding between the Ministry of Environment and Energy of the Hellenic Republic and the Ministry of New and Renewable Energy of the Republic of India for cooperation in the field of renewable energy. 2. Ratification of the Memorandum of Understanding in the field of Energy between the Ministry of Environment and Energy of the Hellenic Republic and the Ministry of Energy of the United Arab Emirates. 3. Ratification of the Framework agreement for the establishment of the Solar Alliance. 4. Development of the legal framework for energy storage. 5. Transposition of the European Directive 2018/2001 for the promotion of the use of energy from renewable sources. 6. National Climate Law for the transition to climate neutrality and adaptation to climate change, emergency provisions to address the energy crisis and environmental protection. 7. Operation Approval of "High Pressure Natural Gas Pipeline, Interconnection Greece - Bulgaria and Accompanying Facilities - Greek Section" in the Rhodope Regional Unit of the Eastern Macedonia - Thrace Region. 8. Setting of the temporary tariff for the use of the Liquefied Natural Gas (LNG) Truck Loading Station in Revithoussa for the years 2022 and 2023. 9. Launch of Competitive Bidding Process for the selection of a contractor for the implementation of the Special Pilot Project in the Astypalea Island Electrical System 10. Approval by RAE of the National Natural Gas System's Development Plan 2022-2031 (Including Alexandroupolis FSRU). 11. Approval by RAE of the Emergency Preparedness	Measures taken are expected to lead, along with RRF projects, to faster and more secure deployment of renewable energy sources. Especially, provisions for energy storage as well as the conclusion of important interconnection projects with islands and neighbouring countries reduce the energy dependency on fossil fuels, support the goal of diversification of energy supply and contribute to the energy price containment due to reduction of PSO charges.

CSR number	Description	List of measures	Description of direct relevance
		Plan for the electricity sector. 12. Approval by RAE of a Preventive Action Plan, in accordance with the provisions of Regulation (EU) 2017/1938, aiming to ensure the security of gas supply and repealing Regulation (EU) No 994/2010. 13. Approval by RAE of the Ten-Year Development Plan (DDP) of the National Electricity Transmission System (ESMIE), 2021 - 2030 (includes New International Interconnection projects 9 and Phase II of the Crete interconnection). 14. Evia - Skiathos submarine interconnection. Design, supply and installation of a submarine cable with a length of 30m km between Skiathos and Evia, at a maximum depth of 400 meters. The project is implemented by ADMIE. 15. Announcement (on 11 September) of the development and implementation of an “Energy saving plan” in the public sector. 16. Announcement (on 11 September) of the new "Saving at home- Exoikonomo'' Program for 20,000 young people. The beneficiaries will receive financial support for increasing energy efficiency of their properties, as well as low interest loans. 17. Announcement (on 11 September) of a new “Renovate Rent” program. The program will provide subsidies for the renovation of empty and closed houses, which subsequently will be offered for rental.	

Annex

DBP tables

Table 1: Basic assumptions

	2021	2022	2023
Short-term interest rate (annual average)	-0.5	0.2	2.0
Long-term interest rate (annual average)	0.1	1.6	2.1
USD/€ exchange rate (annual average)	1.18	1.06	1.05
Nominal effective exchange rate	1.2	-3.9	-0.4
World excluding EU, GDP growth	5.9	3.0	3.3
EU GDP growth	5.4	2.7	1.5
Growth of relevant foreign markets	10.5	4.5	1.8
World import volumes, excluding EU	10.9	4.1	3.6
Oil prices (Brent, USD/barrel)	70.7	108.2	95.6

Table 2: Main assumptions

	2021 (Levels)	2022 (Levels)	2023 (Levels)
1. External environment			
a. Prices of commodities	42.1	7.1	-9.8
b. Spreads of german Bond	150	260	230
2. Fiscal policy			
a. General Government net lending/ net borrowing	-7.4	-4.2	-2.1
b. General gross debt	193.3	169.1	161.6
3. Monetary policy / Financial sector / Interest rates assumptions			
a. interest rates			
i. Euribor	-0.5	0.2	2.0
ii. Deposit rates	0.1	0.0	0.1
iii. Interest rates for loans	3.9	3.9	4.5
iv. Yelds to maturity of 10 year government bonds	1.3	4.4	4.4
b. Evolution of deposits	180	183.1	194
c. Evolution of loans	109.6	113.3	117.9
d. NPL Trends	12	9	8
Demographic trends			
a. Evolution of working age population	6,759.6	6,719.0	6,692.1
b. Dependency ratios	35.6	36.2	36.6
Structural dependencies			

Table 3: Macroeconomic prospects

	ESA Code	2021 (Levels)	2021 (rate of change)	2022 (rate of change)	2023 (rate of change)
1. Real GDP	B1*g	181,005	8.3	5.3	2.1
of which					
Attributable to the estimated impact of aggregated budgetary measures on economic growth		8,720	4.8	1.9	1.5
2. Potential GDP		191,231	-0.1	0.3	0.9
Contributions					
Potential GDP contributions:Labour			-0.6	-0.2	0.0
Potential GDP contributions:capital			-0.2	0.0	0.1
Potential GDP contributions: total factor productivity			0.6	0.5	0.7
3. Nominal GDP	B1*g	182,830	10.6	14.8	5.3
Components Of real GDP					
4. Private consumption expenditure	P.3	126,238	7.8	7.2	1.3
5. Government consumption expenditure	P.3	37,604	3.7	0.2	-1.5
6. Gross fixed capital formation	P.51	23,256	19.6	10.0	16.0
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	3,460	1.9	1.8	1.8
8. Exports of goods and services	P.6	67,040	21.9	9.0	1.8
9. Imports of goods and services	P.7	76,593	16.1	10.3	3.1
Contribution to real GDP growth					
10. Final domestic demand		14,291	8.6	6.3	2.8
11. Changes in inventories and net acquisition of valu	P.52 + P.53	-1,822	-1.1	0.0	0.0
12. External balance of goods and services	B.11	1,459	0.9	-1.0	-0.7

Table 4: Price developments

	ESA Code	2021 (Levels)	2021 (rate of change)	2022 (rate of change)	2023 (rate of change)
1. GDP deflator		101	2.1	9.1	3.1
2. Private consumption deflator		100	1.0	9.2	3.0
3. HICP		101.8	0.6	8.8	3.0
4. Public consumption deflator		104	-0.3	4.4	3.0
5. Investment deflator		101	2.3	5.9	3.0
6. Export price deflator (goods and services)		111	15.2	32.1	-4.1
7. Import price deflator (goods and services)		116	16.8	24.0	-4.1

Table 5: Labour market developments

	ESA Code	2021 (Levels)	2021 (rate of change)	2022 (rate of change)	2023 (rate of change)
1. Employment, persons		4,654	0.5	4.6	0.2
2. Employment, hours worked		10,007,759	-0.5	3.1	-0.5
3. Unemployment rate (%)		14.7	-9.8	-12.3	-2.2
4. Labour productivity, persons		39	7.8	0.7	1.8
5. Labour productivity, hours worked		0	8.9	2.2	2.5
6. Compensation of employees	D.1	66,898	1.7	7.0	1.6
7. Compensation per employee		19,774	1.4	1.0	1.2

Table 6: Sectoral balances

	ESA Code	2021 (% of GDP)	2022 (% of GDP)	2023 (% of GDP)
1. Net lending/borrowing vis-a-vis the rest of the world	B.9	-5.2	-3.6	-4.0
of which				
- Balance on goods and services		-7.9	-6.9	-7.1
- Balance of primary incomes and transfers		0.3	0.5	1.4
- Capital account		2.4	2.8	1.7
2. Net lending/borrowing of the private sector	B.9	1.7	0.6	-1.9
3. Net lending/borrowing of general government	EDP B.9	-7.4	-4.2	-2.1
4. Statistical discrepancy		-0.5	0.0	0.0

Table 7: Contingent liabilities

	2022 (% of GDP)	2023 (% of GDP)
Public guarantees	12.4	12.0
Public guarantees: linked to the financial sector	8.7	8.7

Table 8: Amounts to be excluded from the expenditure benchmark

	2021 (Levels)	2021 (% of GDP)	2022 (% of GDP)	2023 (% of GDP)
1. Expenditure on EU programmes fully matched by EU funds revenue	4,865	2.7	3.7	3.5
1a. Investment expenditure fully matched by EU funds revenue	2,522	1.4	2.3	2.5
2. Cyclical unemployment benefit expenditure	263	0.1	0.1	0.0
3. Effect of discretionary revenue measures	1,126	0.6	2.4	1.9
4. Revenues increased mandated by law	n.a.	n.a.	n.a.	n.a.

Table 9: General government expenditure on education, healthcare and employment

	2022 (% of GDP)	2022	2023 (% of GDP)	2023
Education	4.1	8,549	3.9	8,661
Health*	6.1	12,773	5.6	12,273
Employment	0.8	1,666	0.7	1,441

* Health spending of the year 2022 includes Covid related expenditure that amount to 0.3% of GDP.

Table 10: Stock of guarantees adopted/announced according to the Plan

	Description	Adoption year	Adoption month	Maximum amount of contingent liabilities (% of GDP)	Estimated take-up (% of GDP)
In response to COVID-19	Sure programme	2020	< not set >	0.2	0.2
	Paneuropean Guarantees' Fund	2020	< not set >	0.2	0.2
	Covid-19 Fund (HDB-ex. ETEAN)	2020	May	0.9	0.9
				1.2	**1.2**
Others	State Guarantees to non General Government Entities	2000	< not set >	2.4	2.4
	Enterpreneurship loans (EIB loans to greek banks)	2000	< not set >	0.8	0.8
	Hercules NPL reduction scheme	2020	< not set >	8.7	8.7
	HDB/ex.ETEAN & Enterpreneurship Fund (excl. COVID 19 Fund)	2003	< not set >	0.0	0.0
				12.0	**12.0**
			Total	**13.1**	**13.1**

Measures tables

Table 11: Discretionary measures aggregated (additional budgetary impact, % GDP)

	ESA Code	2021	2022	2023	2024	2025
Revenue						
Taxes on production and imports	D.2	0.05	2.86	2.58	-4.89	-0.01
Current taxes on income, wealth, etc	D.5	0.69	0.02	-0.21	-0.16	0.01
Capital taxes	D.91	0	-0.01	0	0	0
Social contributions	D.61	-0.34	-0.04	-0.1	0	0
Property income	D.4					
Other	P.11+P.12+P.131+ D.39+D.7+D.9 (other than D.91)	0.8	-0.45	-0.35	0	0
Total (revenue)		**1.2**	**2.38**	**1.92**	**-5.05**	**0**
Expenditure						
Compensation of employees	D.1	-0.08	0.02	0.05	0	0
Intermediate consumption	P.2	-0.34	0.11	0.45	0.01	0.01
Social payments, of which, where applicable, unemployment benefits including cash benefits and in...	D.62+D.63+D.621 +D.624+D.631	0	-0.34	0.42	0.11	0
Interest expenditure	EDP D.41					
Subsidies	D.3	-1.41	-2.07	-0.91	5.62	0
Gross fixed capital formation	P.51					
Capital transfers	D.9	-0.11	1.48	0	0	0
Other (other than D.41)	D.29+D.4+D.5+D. 7+P.52+P.53+K.2+ D.8	-0.29	0.23	0.05	0	0
Total (expenditure)		**-2.23**	**-0.56**	**0.07**	**5.74**	**0.01**
Total		**-1.03**	**1.82**	**1.99**	**0.69**	**0.01**

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

Table 12: Discretionary revenue measures taken by the General Government (additional budgetary impact, % GDP)

Title	Year of first budgetary impact	Labels	Description	ESA	One-off	One-off type	Funded by EU	EU fund	Account principle	Adoption status	2021	2022	2023	2024	2025
2019 tax arrears installment scheme	2019	< not set >	2019 tax arrears installment scheme	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0.16	-0.03	0	0	0
Reduction of CIT tax rate	2020	< not set >	Reduction of CIT tax rate from 29% to 24% in 2020	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0.16	0	0	0	0
PIT reduction	2020	< not set >	PIT reduction for low incomes (from 22% to 9%)	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0.18	0.06	0	0	0
Suspension of VAT payments due to the COVID crisis	2020	#COVID-19	Suspension of VAT payments for businesses, self-employed persons and sole proprietorships affected by the coronavirus crisis based on specific NACE codes.	D.2	No	< not set >	No	< not set >	Accrual	Already adopted	0.1	0	0	0	0
Reduction of advanced CIT and PIT payment for enterprises and self-employed hit by COVID	2020	#COVID-19	Reduction of advanced CIT and PIT payment for enterprises hit by the COVID crisis	D.5	No	< not set >	No	< not set >	Cash	Already adopted	1.05	-0.03	-0.14	0	0
Suspension of solidarity tax in the private sector	2021	#COVID-19	Suspension of solidarity tax in the private sector	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0.37	-0.02	0.31	0.02	0
Abolition of solidarity tax in all natural persons	2023	< not set >	Abolition of solidarity tax in all natural persons (employees in both public and private sector and pensioners)	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0	0	-0.56	0	0
Tax reduction part of compensation scheme for fixed expenses of COVID affected companies	2021	#COVID-19	Tax reduction part of compensation scheme for fixed expenses of COVID affected companies	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0.11	0.08	0.01	0	0
Reduction of ENFIA	2022	< not set >	Reduction of ENFIA (property tax)	D.2	No	< not set >	No	< not set >	Accrual	Already adopted	0	-0.12	0	0	-0.01
2020 ANFAs & SMPs	2020	< not set >	2020 payments received by the State corresponding to Central Banks' and EFSF profits from Hellenic Republic Government Bonds	P.11+P.12+P.131+D.39+D.7+D.9 (other than D.91)	Yes	Other	No	< not set >	Cash	Already adopted	-0.9	0	0	0	0
2021 ANFAs & SMPs	2021	< not set >	2021 payments received by the State corresponding to Central Banks' and EFSF profits from Hellenic Republic Government Bonds	P.11+P.12+P.131+D.39+D.7+D.9 (other than D.91)	Yes	Other	No	< not set >	Cash	Already adopted	0.8	-0.8	0	0	0

Title	Year of first budgetary impact	Labels	Description	ESA	One-off	One-off type	Funded by EU	EU fund	Account principle	Adoption status	2021	2022	2023	2024	2025
2022 ANFAs & SMPs	2022	< not set >	2022 payments received by the State corresponding to Central Banks' and EFSF profits from Hellenic Republic Government Bonds	P.11+P.12+P.131+D.39+D.7+D.9 (other than D.91)	Yes	Other	No	< not set >	Cash	Already adopted	0	0.35	-0.35	0	0
Reduction of social security contributions by 3pp	2021	#COVID-19	Reduction by 3 p.u. of the SSCs of wage earners in the private sector	D.61	No	< not set >	No	< not set >	Cash	Already adopted	-0.45	-0.02	0.38	0	0
3-month transfer for installments of SSCs installment schemes due to COVID shutdown	2020	#COVID-19	3-month extension of the deadline for the payment of scheduled installments of SSCs, in the context of a debt settlement scheme	D.61	No	< not set >	No	< not set >	Cash	Already adopted	0.1	0.05	0	0	0
Maintenance of SSCs reduction by 3 p.u.	2023	< not set >	Maintenance of SSCs reduction by 3 p.u.	D.61	No	< not set >	No	< not set >	Cash	Not yet adopted but credibly planned	0	0	-0.39	0	0
Increased energy revenues - price cap mechanism on renewables	2022	#ENERGY-21	Increased energy revenues - price cap mechanism on renewables	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0	1.85	1.19	-2.8	0
Price cap mechanism on wholesale energy market	2022	#ENERGY-21	Price cap mechanism on wholesale energy market (Lignitis, Hydro & Natural Gas)	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0	0.93	1.03	-1.82	0
Increased PSO revenues due to high energy prices	2022	#ENERGY-21	Increased PSO (YKO) revenues due to high energy prices (finance energy subsidies)	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0	0.28	0.11	-0.35	0
Additional permanent PSO levy on consumers	2022	< not set >	Additional permanent PSO levy on consumers	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0	0.04	0.12	0	0
Wholesale market levy on windfall profits October 21-June 22	2023	#ENERGY-21	Wholesale market levy on windfall profits October 21-June 22	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0	0	0.16	-0.15	0
Other COVID D.2 measures	2020	#COVID-19	Various other Covid - related D.2 discretionary revenue measures	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0.05	0.06	0.1	0	0

Title	Year of first budgetary impact	Labels	Description	ESA	One-off	One-off type	Funded by EU	EU fund	Account principle	Adoption status	2021	2022	2023	2024	2025
Other COVID D.5 measures	2020	#COVID-19	Various other Covid - related D.5 discretionary revenue measures	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0.09	0.03	0.06	-0.03	0
Other COVID SSCs measures	2020	#COVID-19	Other Covid - related Social Security Contributions measures	D.61	No	< not set >	No	< not set >	Cash	Already adopted	0.08	0	0	0	0
Other D.2 measures	2020	< not set >	Various other D.2 discretionary revenue measures	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0	-0.08	0	0.02	0
Other D.5 measures	2016	< not set >	Various other D.5 discretionary revenue measures	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0.05	-0.07	-0.05	0	0.01
Other D.61 measures	2016	< not set >	Various other D.61 discretionary revenue measures	D.61	No	< not set >	No	< not set >	Cash	Already adopted	-0.07	-0.07	-0.09	0	0
Other ENERGY D.2 measures	2022	#ENERGY-21	Various other Energy - related D.2 discretionary revenue measures	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0	-0.1	0.03	0.06	0
Other D.91 measures	2021	< not set >	Other D.91 discretionary revenue measures related with parental donations	D.91	No	< not set >	No	< not set >	Cash	Already adopted	0	-0.01	0	0	0

Table 13: Discretionary expenditure measures taken by the General Government (additional budgetary impact, % GDP)

Title	Description	Source	ESA	Account principle	Adoption status	2021	2022	2023	2024	2025
Repayable advance payment.	Business financing in the form of a repayable advance payment (non-repayable part) - Partly co-funded by PIB. (COVID measure)	Central Government	D.9	Accrual	Already adopted	0.48	0.96	0.00	0.00	0.00
First residence subsidy cost.	First residence subsidy cost for borrowers hit by COVID (GEFYRA).	Sub-sectors of the General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8 - Other (other than D.41)	Cash	Already adopted	-0.12	0.11	0.00	0.00	0.00
Special allowance for employees.	Special allowance for employees of firms affected by the coronavirus crisis, whose labour contract has been suspended. (COVID measure)	Central Government	D.3	Cash	Already adopted	0.01	0.76	0.01	0.00	0.00
Christmas and Easter bonus .	Expenditure related to christmas and easter bonus, for employees on labour contract suspension. (COVID measure)	Central Government	D.3	Cash	Already adopted	0.03	0.10	0.00	0.00	0.00
Special allowance for self employed, freelancers, e.t.c..	Special allowance for self employed, freelancers, individual businesses and enterprises with up to 20 employees. (COVID measure).	Central Government	D.3	Cash	Already adopted	0.22	0.05	0.00	0.00	0.00
Extension of unemployment benefits.	Extension of the regular unemployment benefit, as well as the long-term unemployment benefit. (COVID measure)	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.11	0.07	0.00	0.00	0.00
COVID Healthcare expenditure.	COVID Healthcare expenditures, including equipment, consumables, vaccination cost, massive rapid test program, self-tests for students, network for covid-tests in houses .	General Government	P.2	Cash	Already adopted	-0.37	0.04	0.41	0.00	0.00
Employees' SSCs covered by the State.	Coverage of the SSCs of employees of firms affected by the coronavirus crisis, whose labour contracts have been suspended. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.16	0.52	0.01	0.00	0.00
Compensation to property owners.	Compensation to property owners that receive reduced rent. (COVID measure).	Central Government	D.3	Cash	Already adopted	-0.41	0.33	0.02	0.00	0.00
Non-refundable grant.	Non-refundable grant to small & micro enterpises via Local Governments. Co-funded by PIB. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.41	0.28	0.07	0.00	0.00
Subsidies to the transport sector.	Compensation to trasport companies (ships, airlines, trains, buses) for restrictions on passenger seats . (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.15	0.13	0.02	0.00	0.00
Program for SMEs borrowers	New program for SMEs borrowers hit by COVID. (GEFYRA 2). Co-funded by PIB.	Central Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8 - Other (other than D.41)	Cash	Already adopted	-0.14	0.08	0.04	0.00	0.00

Title	Description	Source	ESA	Account principle	Adoption status	2021	2022	2023	2024	2025
New Compensation scheme .	New Compensation scheme for fixed expenses on basis of the new temporary framework, coverage of SSCs. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.12	0.09	0.01	0.00	0.00
Non-repayment of a percentage of refundable advance .	Non-repayment of a percentage of refundable advance on basis of turnover reduction and loss. (COVID measure)	Central Government	D.9	Accrual	Already adopted	-0.60	0.52	0.00	0.00	0.00
Working capital grant program.	Working capital grant program for restaurants through React-EU. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.13	0.12	0.00	0.00	0.00
Grant program for hotels, gyms and playgrounds .	Grant program for hotels, gyms and playgrounds through React-EU. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.11	0.08	0.02	0.00	0.00
SSCs coverage for employees of seasonal enterprises.	SSCs coverage for employees of seasonal enterprises. (COVID measure)	Central Government	D.3	Cash	Already adopted	0.14	0.00	0.00	0.00	0.00
Subsidies for electricity consumption of households	Subsidies for electricity consumption of households. (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.34	-1.41	-1.04	2.54	0.00
Subsidies for electricity consumption of enterprises	Subsidies for electricity consumption of enterprises. (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-2.61	-0.50	2.84	0.00
Subsidies for natural gas consumption of enterprises	Subsidies for natural gas consumption of enterprises. (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-0.17	-0.01	0.16	0.00
Prepaid card for the compensation of fuels to households.	Prepaid card for the compensation of fuels to households. (ENERGY measure)	Central Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.00	-0.14	0.14	0.00	0.00
Subsidies for diesel price reduction (12 cents per litre)	Subsidies for diesel price reduction (12 cents per litre). (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-0.10	0.09	0.00	0.00
Return of 60% of increased electricity cost for first residence for households with income up to EUR 45.000 (power pass)	Return of 60% of increased electricity cost for first residence for households with income up to EUR 45.000 (power pass). (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-0.14	0.13	0.00	0.00
Support to vulnerable groups .	Support to low income pensioners, non-insured elderlies, beneficiaries of disability benefits, long-term unemployed, double installment of minimum guaranteed income, additional instalment of child benefit . (ENERGY measure)	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0.15	-0.26	0.37	0.00	0.00

Title	Description	Source	ESA	Account principle	Adoption status	2021	2022	2023	2024	2025
Other Covid measures on Subsidies.	Other Covid measures on Subsidies.	Central Government	D.3	Cash	Already adopted	0.03	0.07	0.16	0.00	0.00
Other Energy measures on Subsidies.	Other Energy measures on Subsidies.	Central Government	D.3	Cash	Already adopted	0.00	-0.16	0.08	0.07	0.00
Other measures on Subsidies.	Compensation of 1200 euro (half to them and half to the enterprise) for young people employed for the first time.	Sub-sectors of the General Government	D.3	Cash	Already adopted	0.00	-0.01	0.01	0.01	0.00
Other Covid measures on Social transfers.	Other Covid measures on Social transfers.	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.08	0.05	0.00	0.00	0.00
Other Energy measures on Social transfers.	Increase of the heating benefit and incentives for replacement of nat. Gas by alternatives forms of fuels. (ENERGY measure)	Central Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0.05	-0.03	-0.01	0.07	0.00
Other measures on Social transfers.	Other measures on Social transfers.	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.00	-0.03	-0.08	0.04	0.00
Other Covid measures on Compensation of Employees.	Other Covid measures on Compensation of Employees.	Central Government	D.1	Cash	Already adopted	-0.08	0.03	0.10	0.00	0.00
Other measures on Compensation of Employees.	Other measures on Compensation of Employees.	Central Government	D.1	Cash	Not yet adopted but credibly planned	0.00	-0.01	-0.05	0.00	0.00
Other Covid measures on Intermediate consumption.	Other Covid measures on Intermediate consumption.	General Government	P.2	Cash	Already adopted	0.04	0.08	0.04	0.00	0.01
Other measures on Intermediate consumption.	Other measures on Intermediate consumption.	Central Government	P.2	Cash	Not yet adopted but credibly planned	0.00	-0.01	0.00	0.01	0.00
Other Covid measures on other current transfers.	Other Covid measures on other current transfers.	General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8 - Other (other than D.41)	Cash	Already adopted	-0.03	0.03	0.02	0.00	0.00

Table 14: Discretionary expenditure measures by Central Government (additional budgetary impact, % GDP)

Title	Description	Source	ESA	Account principle	Adoption status	2021	2022	2023	2024	2025
Repayable advance payment.	Business financing in the form of a repayable advance payment (non-repayable part) - Partly co-funded by PIB. (COVID measure)	Central Government	D.9	Accrual	Already adopted	0.48	0.96	0.00	0.00	0.00
Special allowance for employees.	Special allowance for employees of firms affected by the coronavirus crisis, whose labour contract has been suspended. (COVID measure)	Central Government	D.3	Cash	Already adopted	0.01	0.76	0.01	0.00	0.00
Christmas and Easter bonus .	Expenditure related to christmas and easter bonus, for employees on labour contract suspension. (COVID measure)	Central Government	D.3	Cash	Already adopted	0.03	0.10	0.00	0.00	0.00
Special allowance for self employed, freelancers, e.t.c..	Special allowance for self employed, freelancers, individual businesses and enterprises with up to 20 employees. (COVID measure).	Central Government	D.3	Cash	Already adopted	0.22	0.05	0.00	0.00	0.00
Employees' SSCs covered by the State.	Coverage of the SSCs of employees of firms affected by the coronavirus crisis, whose labour contracts have been suspended. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.16	0.52	0.01	0.00	0.00
Compensation to property owners.	Compensation to property owners that receive reduced rent. (COVID measure).	Central Government	D.3	Cash	Already adopted	-0.41	0.33	0.02	0.00	0.00
Non-refundable grant.	Non-refundable grant to small & micro enterpises via Local Governments. Co-funded by PIB. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.41	0.28	0.07	0.00	0.00
Subsidies to the transport sector.	Compensation to trasport companies (ships, airlines, trains, buses) for restrictions on passenger seats . (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.15	0.13	0.02	0.00	0.00
Program for SMEs borrowers	New program for SMEs borrowers hit by COVID. (GEFYRA 2). Co-funded by PIB.	Central Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8 - Other (other than D.41)	Cash	Already adopted	-0.14	0.08	0.04	0.00	0.00
New Compensation scheme .	New Compensation scheme for fixed expenses on basis of the new temporary framework, coverage of SSCs. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.12	0.09	0.01	0.00	0.00
Non-repayment of a percentage of refundable advance .	Non-repayment of a percentage of refundable advance on basis of turnover reduction and loss. (COVID measure)	Central Government	D.9	Accrual	Already adopted	-0.60	0.52	0.00	0.00	0.00
Working capital grant program.	Working capital grant program for restaurants through React-EU. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.13	0.12	0.00	0.00	0.00
Grant program for hotels, gyms and playgrounds .	Grant program for hotels, gyms and playgrounds through React-EU. (COVID measure)	Central Government	D.3	Cash	Already adopted	-0.11	0.08	0.02	0.00	0.00
SSCs coverage for employees of seasonal enterprises.	SSCs coverage for employees of seasonal enterprises. (COVID measure)	Central Government	D.3	Cash	Already adopted	0.14	0.00	0.00	0.00	0.00

Title	Description	Source	ESA	Account principle	Adoption status	2021	2022	2023	2024	2025
Subsidies for electricity consumption of households	Subsidies for electricity consumption of households. (ENERGY measure)	Central Government	D.3	Cash	Already adopted	-0.34	-1.41	-1.04	2.54	0.00
Subsidies for electricity consumption of enterprises	Subsidies for electricity consumption of enterprises. (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-2.61	-0.50	2.84	0.00
Subsidies for natural gas consumption of enterprises	Subsidies for natural gas consumption of enterprises. (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-0.17	-0.01	0.16	0.00
Prepaid card for the compensation of fuels to households.	Prepaid card for the compensation of fuels to households. (ENERGY measure)	Central Government	D.62+D.63+D.621+ D.624+D.631	Cash	Already adopted	0.00	-0.14	0.14	0.00	0.00
Subsidies for diesel price reduction (12 cents per litre)	Subsidies for diesel price reduction (12 cents per litre). (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-0.10	0.09	0.00	0.00
Return of 60% of increased electricity cost for first residence for households with income up to EUR 45.000 (power pass)	Return of 60% of increased electricity cost for first residence for households with income up to EUR 45.000 (power pass). (ENERGY measure)	Central Government	D.3	Cash	Already adopted	0.00	-0.14	0.13	0.00	0.00
Other Covid measures on Subsidies.	Other Covid measures on Subsidies.	Central Government	D.3	Cash	Already adopted	0.03	0.07	0.16	0.00	0.00
Other Energy measures on Subsidies.	Other Energy measures on Subsidies.	Central Government	D.3	Cash	Already adopted	0.00	-0.16	0.08	0.07	0.00
Other Energy measures on Social transfers.	Increase of the heating benefit and incentives for replacement of nat. Gas by alternatives forms of fuels. (ENERGY measure)	Central Government	D.62+D.63+D.621+ D.624+D.631	Cash	Already adopted	-0.05	-0.03	-0.01	0.07	0.00
Other Covid measures on Compensation of Employees.	Other Covid measures on Compensation of Employees.	Central Government	D.1	Cash	Already adopted	-0.08	0.03	0.10	0.00	0.00
Other measures on Compensation of Employees.	Other measures on Compensation of Employees.	Central Government	D.1	Cash	Not yet adopted but credibly planned	0.00	-0.01	-0.05	0.00	0.00
Other measures on Intermediate consumption.	Other measures on Intermediate consumption.	Central Government	P.2	Cash	Not yet adopted but credibly planned	0.00	-0.01	0.00	0.01	0.00

All + and - signs correspond to the effect on the balance.

Table 15: Discretionary expenditure measures by Sub - sectors of the General Government (additional budgetary impact, % GDP)

Title	Description	Source	ESA	Account principle	Adoption status	2021	2022	2023	2024	2025
First residence subsidy cost.	First residence subsidy cost for borrowers hit by COVID (GEFYRA).	Sub-sectors of the General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8 - Other (other than D.41)	Cash	Already adopted	-0.12	0.11	0.00	0.00	0.00
Extension of unemployment benefits.	Extension of the regular unemployment benefit, as well as the long-term unemployment benefit. (COVID measure)	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.11	0.07	0.00	0.00	0.00
Support to vulnerable groups .	Support to low income pensioners, non-insured elderlies, beneficiaries of disability benefits, long-term unemployed, double installment of minimum guaranteed income, additional instalment of child benefit . (ENERGY measure)	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0.15	-0.26	0.37	0.00	0.00
Other measures on Subsidies.	Compensation of 1200 euro (half to them and half to the enterprise) for young people employed for the first time.	Sub-sectors of the General Government	D.3	Cash	Already adopted	0.00	-0.01	0.01	0.01	0.00
Other Covid measures on Social transfers.	Other Covid measures on Social transfers.	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.08	0.05	0.00	0.00	0.00
Other measures on Social transfers.	Other measures on Social transfers.	Sub-sectors of the General Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	0.00	-0.03	-0.08	0.04	0.00

All + and - signs correspond to the effect on the balance.