HELLENIC REPUBLIC
Ministry of Finance

Draft Budgetary Plan 2022

Athens

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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 2021 and 2022). The macroeconomic forecasts used for this year and next were endorsed by the Hellenic Fiscal Council (HFC) as required under article 4(4) of the Regulation.

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

Even though the 2022 budget is prepared under major uncertainties due to the global health crisis and the current international price increases, the first positive macroeconomic results after the gradual reduction of the direct fiscal effects of the COVID-19 pandemic are recorded. Therefore the growth rate for 2021 is significantly revised upwards from 3.6% included in the 2022-2025 MTFS to 6.1%. This means that compared to the 8.2% recession of 2020, the economy has regained more than two thirds of the loss in the domestic product within one year, despite the containment measures that were still in place during the first semester of 2021.

The macroeconomic rebound is to be attributed not only to the gradual lift of the containment measures, but to a large extent to the unprecedented economic support of households and businesses, with measures costing more than 42 bn € on cash basis and 30 bn € on fiscal basis during the period 2020-2022.

For the current year, real domestic demand is expected to contribute to 68% of the annual GDP growth amid favorable trends in all its components.

Real private consumption is expected to increase by 2.9% year on year, as disposable income gains is estimated to continue in 2021 and total employment should remain resilient on an annual basis.

Real investment is estimated to grow by 11.1% against 2020, on the back of investment in equipment resuming (and even exceeding) its pre-pandemic level (+17.7% year on year), and investment in construction increasing for the second consecutive year (+7.2%).

Real public consumption is expected to increase by 4.1% year on year in 2021, less sharply than its 7.1% average rate in the first half of the year, due to the gradually weakened impact from the government support measures and the high base of the second half of 2020.

The external sector's contribution to GDP growth of 2021 is also estimated positive at 2 percentage points and attributed solely to net exports of services (2.7 pp), as opposed to the worsening of the real trade deficit by €1.05 billion.

Currently, the inflation rate in Greece has turned positive, contrary to the negative inflation rate up until May 2021. In August 2021, the inflation rate based on the National CPI reached 1.9% compared to August 2020 (albeit lower than the 3.0% in the Euro area), due to the observed international price increases of commodities, raw materials, and transportation costs, for the time being perceived to be temporary.

For the Greek economy, 2022 is expected to be a year of returning to normality. Real GDP is expected to increase by 4.5% year on year, driven by the steady growth of private consumption (2.9% on an annual basis), the significant boost of investment by 23.4%, and the further recovery of exports of services by 21% backed by the strengthened external tourism activity.

Rising real private consumption in 2022 relies on the expected increase in employment by 2.7%, with 80.9% of new job positions concerning dependent employment, and also on the increase in the nominal average wage by 1.1%, which is expected to boost compensation of employees to a 4.1% year on year rise.

For 2021, the headline budget balance and the primary balance are more or less at the same levels as included in the Stability Program (SP) in April 2021, i.e. estimated at -9.9% and -7.3% of GDP respectively. The fiscal developments of the current year were decisively influenced by the extended duration of the pandemic crisis, the related containment measures and the necessary targeted measures adopted to mitigate its consequences and to support households and businesses.

For 2022, the headline budget balance and the primary balance are expected to be substantially improved based on the accelerated economic recovery and are estimated at -3.7% and -1.2% of GDP respectively. In comparison to the projections of the SP in April 2021, there is a downward revision of the headline budget balance by -0.8 pp of GDP, mainly attributed to the extension of interventions to address the consequences of the pandemic and to the increased estimated spending on defense (physical deliveries).

1. Macroeconomic forecasts

1.1 Macroeconomic developments in 2021

At the end of 2020, Greece's short term economic prospects for recovering from the Covid-19 pandemic crisis were being observed from a conservative standpoint, due to a new round of restrictions on mobility and the operation of economic sectors as part of addressing the continuing pandemic wave (second lockdown).

At that point, the State Budget Report 2021 was referring to the pandemic crisis as a crucial factor for the economic recovery of 2021. This reference remains valid up to this day, as the duration of the pandemic still holds the leading position among the increased uncertainties surrounding the macroeconomic forecast.

In this context, the further deterioration of the global epidemiological situation at the dawn of 2021, led many countries, including Greece, to maintain restrictions on mobility and economic activity for a longer period than originally planned. In the case of Greece, this period covered the entire first quarter of 2021. As a result, in the first months of 2021 the forecast for real GDP recovery was revised downwards, from 4.8% in the State Budget to 3.6% in the Stability Program 2021 (April 2021) and the Medium Term Fiscal Strategy 2022-2025 (MTFS, June 2021).

However, the gradual resumption of activity in the Greek economy in April 2021, after the second lockdown had ended, was accompanied by a progressive easing of the Covid19-related pressure on the national public health system, on the back of the effective planning of the country's vaccination program. Likewise, despite the challenging fourth pandemic wave that the global community has been facing since August 2021, a new outbreak of Covid-19 is set to have restricted impact on the Greek economy: the Greek vaccination program and other public health measures act to guaranteeing smooth economic activity, alleviating the contingency of new horizontal containment measures.

Moreover, the way the Greek economy has adjusted both to the exceptional conditions of the first quarter of 2021, and to the resumption of affected activities as of the second quarter, was timely and dynamic enough to render the annual GDP growth estimate of the MTFS 2022-2025 for 2021 notably conservative, necessitating its upward revision.

In the first quarter of 2021, the Greek economy exhibited high resilience against the restrictive measures in sectors that require physical presence (mainly services, such as retail, recreation, transportation, food services and tourism). This was due to the lower impact of the second lockdown on the community's mobility[1], as both businesses and households gradually adjusted their behavior to new ways of trading (e-commerce, click-away/ click-in-shop transactions, online entertainment services, and extended home delivery in food services). Overall, the acceleration of digital transition is pinned down as one of the side-benefits of the pandemic, notwithstanding the challenges it also poses in terms of bridging possible gaps in the diffusion of digital technologies and skills among industries, business sizes and workforce groups.

Another factor of resilience of the Greek economy during the first quarter of 2021, was the rise in economic confidence, on the back of the continued implementation of government support measures compensating for the economic impact of the pandemic.

[1] Based on Google's COVID-19 Community Mobility Reports.

During the second lockdown, national economic support measures continued to take the form of economic support[2], suspension of liability payments[3], and liquidity enhancement[4], while they were intensified compared to the first lockdown, in recognition of the risks that prolonged restrictions imply for the real economy. Out of the sum of measures for 2020, 43.1% materialized in the fourth quarter of the year (November-December lockdown), while in the first quarter of 2021 measure implementation sustained a high share of the total amount scheduled for the year (30.7%), bearing a positive economic impact of €4.1 billion (8.9% of quarterly GDP).

The effectiveness of the support measures is mirrored in their assisting the mitigation of secondary effects in sectors of the economy not directly affected by Covid-19, as illustrated by the real Gross Value Added (GVA) data for the first quarter of 2021. Six of the ten sectors of the economy, including the primary and the secondary sector, information and communication services, real estate, and public administration, recorded a positive or zero year on year GVA change within the first quarter, cumulatively contributing to GVA growth by 1.8%. At the same time, the directly affected industries continued to progressively regain their GVA losses of the first lockdown during the quarter, reaching recovery rates as high as 61.8% for the sectors of retail and wholesale trade, transportation, accommodation and food services, 84.1% for the sectors of professional, scientific and administrative activities, and 38.2% for art services, entertainment and recreation.

In consequence, the economic impact of the second lockdown on the first quarter of 2021 was smaller than in the previous quarter, despite its comparatively longer duration. Real GDP grew by 4.5% between the two quarters, restricting the recession to 2.3% on a year on year basis, versus 6.8% in the fourth quarter of 2020. Meanwhile, the impact on the real economy was channeled consistently through private consumption and exports of services, whereas investment and exports of goods kept increasing their volume despite the unfavorable economic conjuncture.

Private consumption was progressively more resilient during the second lockdown. In the first quarter of 2021, its contribution to quarterly GDP growth was less negative than in the previous quarter (-2.6 percentage points vs. -2.9 pp, respectively), with its volume sustaining a higher level than in the first lockdown by 13.6%. Dependent employment decreased by 6.3% year on year, but the rise in average wage by 1.5% confined the losses of the total wage bill to 4.9%, and in accordance with increases in net property income (+2.6%) and social benefits and current transfers received (+5.5%), household disposable income was boosted by 5.1%, leading gross savings to turn positive by nearly €3 billion, in contrast with respective savings of the first quarter of 2020.

Net exports of services contributed more negatively to GDP change in the first quarter of 2021 compared to the previous quarter, by 0.8 pp (at -5.9 pp of quarterly GDP), due to the larger quarter on quarter increase in imports with respect to exports. Balance of Payments data by the Bank of Greece point to a significant decrease in nominal exports of services within the quarter for the sectors of travel (-82.1% year on year), manufacturing (-48.5%), transport other than via sea (-41.4%) and recreation (-25.3%), reflecting the impact of the international Covid-19 containment measures at the beginning of 2021.

[2] These include, but are not limited to, VAT reductions in tourism and recreational services, special purpose allowances for affected workers, extension of unemployment benefits, temporary personnel hiring in the public health and transportation sectors, business financing in the form of a repayable advance, the "GEFYRA" program for subsidizing loans with a first residence mortgage and the "SYN-ERGASIA" mechanism for the financial support of short-term work schemes.

[3] Such as the suspension of VAT payments, tax liabilities including regulated installments, and insurance contributions.

[4] The working capital loan program to small and medium enterprises with a two-year interest subsidy due to the pandemic from TEPIX II, and the Covid-19 Business Guarantee Fund within the Hellenic Development Bank for guaranteed working capital loans to small, medium, and large enterprises.

However, the rest of the GDP components sustained their positive contribution to output growth in the first quarter of 2021: net exports of goods by 2.1 pp of quarterly GDP, due to increasing exports versus decreasing imports; public consumption by 1.5 pp, on the back of the ongoing public health support measures; investment by 1.1 pp, amid a front-loaded execution of the Public Investment Program that backed the real investment increase in all construction and equipment sectors for the first time since the second quarter of 2006. Finally, change in inventories and statistical differences also contributed positively by 1.5 pp according to the seasonally adjusted data of the Hellenic Statistical Authority.

In the second quarter of 2021, the gradual lift of restrictions in the economy led to a further recovery of quarterly GDP losses with respect to the pre-crisis era, which in nominal terms reached 98.9% (Figure 1). Comparing the recovery rate with that of the Euro area, the small fall below for Greece reflects the still negative GDP deflator in the second quarter of 2021 (-0.1%), compared to a positive one in the Euro area (+ 0.6%). This marks the more accelerated recovery in the Greek economy in terms of real GDP (Figure 2).

Figure 1: Nominal GDP deviation from pre-pandemic level (4th quarter 2019)

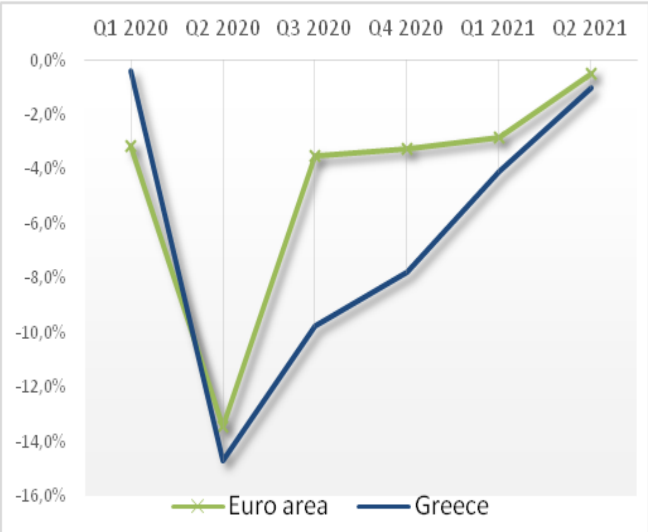
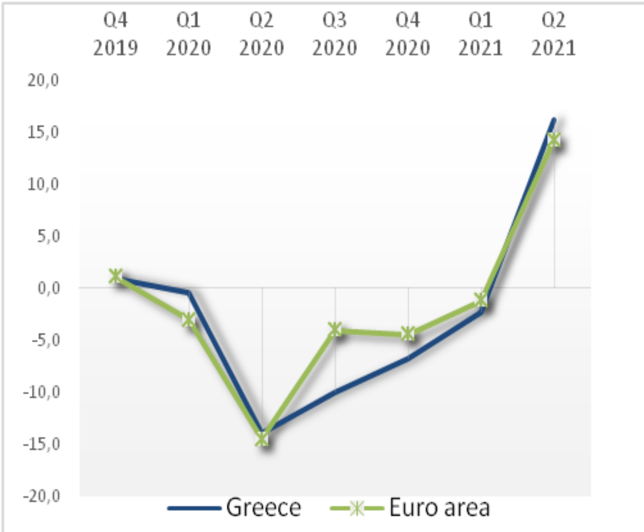


Figure 2: Real GDP in Greece and the Euro area (% annual changes)



Source: Quarterly Non-Financial Sector Accounts (Hellenic Statistical Authority, Eurostat).

In particular, Greek GDP volume continued increasing on a quarter on quarter basis by 3.4%, while on a year on year basis it increased for the first time since the beginning of the pandemic, at a significant 16.2% rate (amid base effects), which is above the corresponding Euro area average by 1.9 percentage points. As a result, in the second quarter of 2021 the level of real GDP already exceeds the pre-crisis level by 0.7%, while in the whole of the first half of 2021, output recovery amounts to 6.3% year on year.

The recovery momentum in the second quarter of 2021 stems from the re-opening of economic activities, which further improved domestic demand expectations, while sustaining investment, exports and industry production on an upward path and raising inventories.

Following its gradual adjustment in the previous quarters, real private consumption slightly decreased in the second quarter of 2021 (-0.4% q-o-q), owing to stagnation in dependent employment and in the wage bill. However, on a year on year basis, private consumption turned from representing the main determinant of the recession to being the main driver of the recovery, amid low base effects from the first lockdown of the second quarter of 2020. Its contribution to GDP growth reached 9 pp, explaining 55.5% of the quarterly output recovery. This is in line with the quarterly double-digit increases in the retail volume index (39.8% in April and 20.7% in the whole of the second quarter), and in new car licenses (93.7% in the second quarter).

Adding to this, net exports of services, as the other determinant of the pandemic recession, also improved their contribution to quarterly GDP, from negative to zero. The international lift of containment measures boosted real exports in travel (at a level seven times higher than in the second quarter of 2020) as well as in transport and other services (by 26.0% and 29.6% year on year, respectively). Nevertheless, the external tourism's weak performance in the whole of the first half of 2021 kept the volume of total services exports of the second quarter of 2021 lower than the corresponding level of 2019 by 39.2%.

Economic recovery of the second quarter was also enhanced by the ongoing government support measures, which amounted to 25.3% of the total amount projected for 2021, bearing an estimated positive impact on the economy of €2.3 billion (5.7% of quarterly GDP). Part of the positive impact is reflected in real investment of the second quarter, which remained on an upward path for the fifth consecutive quarter, recording a double-digit year on year growth rate (12.9%) and an accelerating quarter on quarter growth rate for the third consecutive quarter (4.3%). Positive contributions stemmed from all categories of investment except housing, with a significant increase in investment in transport and mechanical equipment by 134.2% on an annual basis. Moreover, the significant amount of pandemic expenditure within the quarter sustained public consumption's increased volume (6.1% over the corresponding quarter of 2020), notwithstanding its slight decline between consecutive quarters (-0.7%) that was due to the high level base of previous quarters.

Net exports of goods were the only component with a negative contribution to GDP growth within the second quarter of 2021 (by 2.3 pp), due to the faster recovery of imports against exports by around €1 billion. The accelerated growth of imports of goods (+3.8% quarter on quarter and +19.7% year on year, amid a low base effect) is associated with the recovery of domestic demand, more importantly private consumption, and investment in equipment. All in all, real exports of goods also continued to move upwards for the fourth consecutive quarter (+2.9% quarter on quarter and +17.1% year on year), marking the historically highest level in the entire period of available data (1995-2021). This relates to the expanded extroversion of the Greek economy during the pandemic and suggests potentially sustainable benefits for the post-pandemic era.

On the production side, increased expectations in industry and construction were reflected in the strengthening of the index of turnover in industry by 36.7% in the second quarter of 2021 compared to 30% in the European Union. Real GVA increased in total by 14.2% year on year, with corresponding increases in all sectors except financial and insurance activities. The largest GVA increases occurred in the sectors of retail and wholesale trade, transportation, food services and accommodation (+37.5%) and arts, entertainment, and recreation (+36.2%), marking their resumption of activity.

Experimental statistics by the Hellenic Statistical Authority confirms the recovery of business activity within the second quarter, as there was an increase in commencement of operations across sectors of the economy by 71.0% year on year, the largest being in transportation and storage services (95.8%) and information and communication (87.5%), and the smallest in manufacturing (48.1%) and accommodation and food services (46.3%).

As of the third quarter of the year, the international lift of economic support measures poses transitional risks for the financing of the economic recovery in the short term, to the extent that the lift is implemented swiftly (cliff-effects). To avoid these risks, as soon as early 2021 the Greek government has designed and is currently implementing a package of new measures to facilitate the transition of businesses and households to the post-

Covid era without job losses or exits of viable businesses from the market. From the support measures for 2021 which amount to 9.4 pp of annual GDP, 43.9% is scheduled to be disbursed in the second half of the year in a relatively frontloaded manner (3 to 2 ratio between the third and fourth quarter). On this basis, the continuing impact of support measures in the third and fourth quarters of the year is expected to support the semester's real GDP by 1.9%.

The focus of the response measures for the transitional period is to support small and medium enterprises, given their high concentration of total employment and their estimated fourfold annual GVA decline during 2020 compared to large enterprises. The measures include the non-refundable grants to small enterprises through Local Governments, the new guarantee financing program for micro-enterprises from the Covid-19 Loan Guarantee Fund of the Hellenic Development Bank, and the "GEFYRA 2" loan program for small and medium-sized enterprises affected by the pandemic.

Additional support measures that commenced in 2021 are the suspension of the solidarity tax in the private sector and the reduction of the social security contributions of private sector employees by 3 percentage points for the period 2021-2022, the new compensation scheme for fixed expenses of affected companies, the non-repayment of part of the refundable advance (in connection with turnover loss), the working capital program for food services and tourism, the provision of liquidity in the form of grants for hotels, gyms and playgrounds, and the reduction of VAT in gyms and dance schools.

Regarding support measures at the central European level, the extension of the general escape clause of the Stability and Growth Pact (SGP) until 2022 ensures that economic recovery will not be halted by a sharp reduction of expansionary fiscal policy in the Member States. In addition, the €750 billion European recovery package from Covid-19 "Next Generation EU" (NGEU) guarantees the medium-term growth prospects of the Member States, with the main contribution deriving from the Recovery and Resilience Facility (RRF).

In parallel, the quantitative easing monetary policy by the European Central Bank (ECB), through the Pandemic Emergency Purchase Program, is expected to continue at least until March 2022. Even after the end of the program, the ECB intends to reinvest sovereign bonds in its portfolio at least until the end of 2023. This extends the benefit of the current monetary policy for Greece, keeping its borrowing costs low for a period which at its end approaches the estimated time point of investment grade regain and Greek bond inclusion in the regular asset purchase program of the ECB (Asset Purchase Program).

Also indicative of the ECB's orientation to supporting the recovery of the European economy is its inflation target change to symmetrical, as of July 2021, amid rising inflation in the Euro area and worldwide (more pronouncedly in the USA). The ECB now considers negative and positive deviations of inflation from the target as equally undesirable, which implies ECB's reading of current inflationary pressures as temporary and renders the possibility of an early tightening of monetary policy remote as long as uncertainties about the solidness of economic recovery are present.

On technical grounds, during the second half of 2021 a high-base effect is expected to affect economic growth, due to the "frontloaded" recovery of 2020's economic losses in the first half of 2021 and the progressive fadeout of economic support measures henceforth. Moreover, a source of potential slowdown in the recovery stems from the current international developments in prices. Currently, the inflation rate in Greece has turned positive, contrary to the negative inflation rate up until May 2021. In August 2021, the inflation rate based on the National CPI reached 1.9% compared to August 2020 (albeit lower than the 3.0% in the Euro area), due to the observed international price increases of commodities, raw materials, and transportation costs, but also due to the phase out of the downward pressure on domestic prices by the June 2020 VAT reduction in several categories of goods and services. Combined with rising international oil and energy prices, this trend is a mark of temporary suppression for real disposable income of households and real exports of goods towards the end of the year.

Even so, important factors point to continuing rapid output growth in the second half of the 2021, averaging near 6.0% year on year. Among them, the robust external tourism receipts in July-August 2021 (set to be sustained in September), the onset of investment implementation under the Recovery and Resilience Plan and the fostering of confidence in the Greek economy, on the back of the Greek government's transitional support measures.

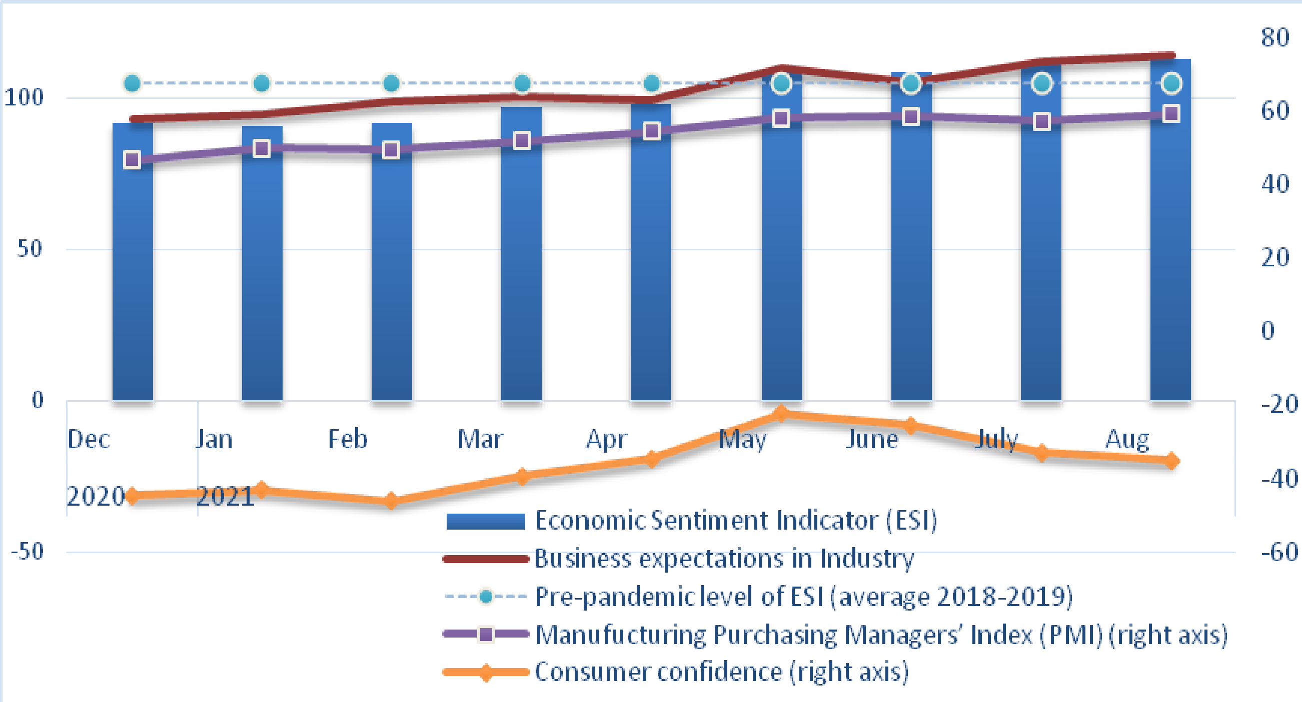
Regarding the tourism sector, international flight arrivals in July-August 2021 exceeded 60% of the corresponding arrivals of 2019, while according to the Balance of Payments data (Bank of Greece) for July, monthly travel receipts from abroad increased by 235.6% compared to July 2020, reaching 61.4% of the level of July 2019. This sets the basis for achieving annual travel receipts from abroad of at least 50% of the level of 2019, compared to the previous assumed rate of 45%.

Furthermore, following European Commission's approval of Greece's national Recovery and Resilience Plan ("Greece 2.0") on June 17, 2021, the way has opened for the implementation of this crucial growth-enhancing priority. According to the plan, a total of €17.8 billion in grants and €12.7 billion in loans from the Recovery and Resilience Facility are expected to mobilize multiple investment resources for the period 2021-2026, through high value-added investment programs and reforms, in four pillars (green transition, digital transition, employment/ skills and social cohesion, private investment and economic transformation).

The above-mentioned positive trends have spurred even more upbeat business and household expectations in the third quarter of the year, with the Economic Sentiment Indicator steadily hovering above the two-year pre-pandemic average since May 2021, and expectations in manufacturing and industry soaring during July - August 2021 (Figure 3).

In September 2021, the buoyant market sentiment was amplified by two upgrades of Greece's credit rating, by Scope Ratings (from BB to BB+) and DBRS (from BB low to BB, with a positive outlook). This raises the sum of Greece's credit rating upgrades to a total of four during the pandemic, despite the high uncertainty that the crisis has imposed worldwide. The immediately preceding upgrade also took place within the current year (April 2021), by Standard and Poor's (from BB- to BB with a positive outlook).

Figure 3: Short-term economic indicators (basis points)



Source: Business and Consumers Surveys (Foundation for Economic & Industrial Research), HIS Markit.

During 2021, the positive assessments of the Greek economy, not only by credit rating agencies but also by the European Commission under the enhanced surveillance mechanism[5], facilitated the financing of a great extent of the expansionary fiscal measures through international markets, in line with the central policy orientation to preserving ample cash reserves. So far into 2021, a total of five new issuances of sovereign bonds have been successfully attempted (in January, March, May, June, and September). Of these, a total of €14 billion has been raised on terms that demonstrate the further normalization of the Greek yield curve[6] in the face of the unfavorable global economic conjuncture.

Despite the favorable terms for Greek sovereign bonds in international markets, the expanded financing of the real economy through fiscal policy measures in 2021 weighed on the general government deficit and debt[7]. However, the deterioration of fiscal figures is expected to notably ease in 2022, based on the robust output growth momentum. For the current year, the headline general government deficit is estimated at 9.9% of GDP based on ESA versus 9.7% in 2020, while in 2022 it is projected to decline to 3.7%. The primary general

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5 In the 11th Enhanced Surveillance Report (September 2021), the institutions acknowledge the recovery of the Greek economy at a faster-than-expected pace, and the progress in implementing the country's commitments and reforms, despite the adverse circumstances caused by the pandemic.

6 The March 2021 issue was the first new 30-year general government bond since 2007 and was more than ten times oversubscribed. The May 2021 five-year bond was the first benchmark ever to achieve a coupon of 0%. In June 2021, the reissuance of the January 10-year bond, worth €2.5 billion, attracted a final orderbook in excess of €30.0bn, implying a 12.0x oversubscription and marking the largest orderbook for any syndicated transaction by the Hellenic Republic. In September 2021, the re-opening of the existing five-year and thirty-year bonds, amounting to €2.5 billion, illustrated the depth of investor interest through the over 300 orders in the joint final orderbook, of which more than 80% corresponded to institutional investors.

7 To which further burden is expected by the State's compensations for the devastating wildfires of August 2021.

government deficit is expected at 7.3% of GDP in 2021 and 1.2% of GDP in 2022, subsequently turning to primary surpluses as of 2023.

In view of the above analysis, the real GDP growth estimate for 2021 has been revised upwards against the estimate of the MTFS 2022-2025, to a 6.1% rate year on year. This mirrors a 68.1% recovery rate of the losses of 2020, compared to the previous estimate of 40.3%. The faster recovery is due to the strong performance of the Greek economy in the first half of 2021 and the upgraded estimate in favor of a strong tourism activity in the third quarter.

In nominal terms, GDP growth rate for 2021 is estimated higher, at 6.6%, as the GDP deflator is expected to turn positive in the second half of the year (+0.5% in the whole of 2021), due to the current increase in prices of raw materials, basic goods and transportation costs that affect the deflators of GDP components. Regarding the general level of prices in 2021, the Harmonized CPI is expected to average at the level of 2020, due to its negative course in the first five months of 2021, whereas the National CPI is estimated to moderately increase by 0.6% year on year.

Real domestic demand is expected to contribute to 68% of the annual GDP growth in 2021 amid favorable trends in all its components, despite a relative normalization of its course towards the end of the year.

Real private consumption is expected to increase by 2.9% year on year, as disposable income gains are estimated to continue in 2021 and total employment should remain resilient on an annual basis. The estimates for a marginal annual decline in dependent employment and compensation of employees in 2021 stem mainly from the data for the first half of the year (-3.2% and -1.7%[8]), whereas the respective estimates for the second half are positive (2.3% and 0.8% respectively).

Real investment is estimated to grow by 11.1% against 2020, on the back of investment in equipment resuming (and even exceeding) its pre-pandemic level (+17.7% year on year), and investment in construction increasing for the second consecutive year (+7.2%).

Real public consumption is expected to increase by 4.1% year on year in 2021, less sharply than its 7.1% average rate in the first half of the year, due to the gradually weakened impact from the government support measures and the high base of the second half of 2020.

The external sector's contribution to GDP growth of 2021 is also estimated positive at 2 percentage points and attributed solely to net exports of services (2.7 pp), as opposed to the worsening of the real trade deficit by €1.05 billion, on account of rising imports of goods associated with the economic recovery.

[8] On a national accounts basis.

1.2 Macro developments in 2022

Global economic activity is recovering from the unprecedented economic turmoil caused by the Covid-19 pandemic, but in a manner that involves asymmetries across economies and sectors. After the global recession in 2020 of 3.2% year on year, an upward global GDP trend is expected in 2021 and in 2022, at 6.0% and 4.9% respectively, according to the latest IMF World Economic Outlook report of July 2021 (Table 1).

The adoption of expansionary fiscal policies and their positive spillovers, the accommodative monetary policy and the progressing vaccination programs have contributed significantly to mitigating the negative effects of the pandemic. In context, the normalization of world economic activity is threatened by risks linked with the spread of new Covid-19 mutations and the pace of withdrawing support measures (cliff effects). The pace of global GDP recovery is estimated to be asymmetric across countries, mainly due to the different degree of access to vaccination and fiscal support.

The European Commission in its Summer 2021 Economic Forecast report (July 2021) estimates a 4.5% output growth rate in 2022 for the Euro area and the European Union, versus 4.8% in 2021 (Table 1).

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

	2020	2021*	2022**
World GDP	-3.2	6.0	4.9
GDP of the European Union**	-6.0	4.8	4.5
GDP of the Euro Area**	-6.5	4.8	4.5
GDP of the USA	-3.5	7.0	4.9
World trade (goods and services)	-8.3	9.7	7.0
Inflation			
a. Developed economies	0.7	2.4	2.1
b. Emerging markets and developing economies	5.1	5.4	4.7
Oil prices (Brent, USD/barrel)**	43.4	68.7	68.3

Source: IMF, World Economic Outlook, July 2021.
* Estimates/projections.
** EC Summer Interim European Economic Forecast, July 2021.

The implementation of investment and reform plans under the Recovery & Resilience Facility is expected to support economic recovery, contributing to the mitigation of macroeconomic imbalances. In the context of the supportive role of fiscal policy, maintaining the general escape clause in force contributes to the recovery of the European economy. Monetary policy is also expected to remain accommodative in the short term, providing growth-friendly financial conditions.

The accumulation of high household savings and the deferred consumer demand during the pandemic is expected to lead to high household consumption expenditure (pent-up demand).

In advanced economies, annual GDP recovery is expected to average at 5.6% in 2021 and 4.4% in 2022. For the USA, the IMF forecasts output growth rate at 7.0% in 2021 and 4.9% for 2022, on the back of the vaccination progress and the budgetary stimulus measures.

In emerging markets and developing economies, respective estimates point to real GDP growth by 5.2% in 2022 (reflecting the robust recovery in India by 8.5% and in China by 5.7%), following a 6.3% rate in 2021. The output growth rate of 2022 is estimated to average higher than in developed economies by 0.8 percentage points.

After its collapse in 2020, induced by the Covid-19 containment measures and the disruptions in global value chains, world trade volume in goods and services is estimated to increase by 9.7% in 2021 and 7.0% in 2022. External demand is expected to increase by 9.2% in 2021, 5.5% in 2022 and 3.7% in 2023, due to the improved outlook of main trading partners[9].

The recovery in world trade mainly reflects improvements in global supply chains, especially in developing economies, as well as rising demand for durable consumer goods in advanced economies. Nonetheless, international trade in services is expected to remain sluggish in the medium term, due to restrictions on transport and tourism until the end of the pandemic.

Global inflation is expected to decline in 2022 both in developed economies (to 2.1%, from 2.4% in 2021) and in developing economies (to 4.7%, from 5.4% in 2021). The IMF estimates that the temporary imbalances that caused rising inflation in 2021 will gradually subside during 2022, normalizing inflation to pre-pandemic levels in most countries. In advanced economies, rising inflation largely reflects the recovery in energy prices and prices of other commodities. In the Euro area, inflation is expected to reach 2.2% in 2021 only to recede to 1.7% in 2022 and 1.5% in 2023[10]. The average price of crude oil is estimated to ease at $68.3 a barrel in 2022 from $68.7 in 2021.

Two major global challenges cloud world economic recovery prospects, the pandemic, and the climate crisis. The pandemic remains threatening due to the uncertain evolution of the virus and its mutations, as it may lead to the imposition of new restrictive measures in many countries, especially in emerging economies.

There are also concerns about the possibility of a more permanent, pandemic-induced impact on productivity, capital accumulation and employment ("scarring effects"). These risks are underpinned by disruptions in global supply chains and rising macroeconomic imbalances. Apart from any differentiations across economies, the spike in inflation is estimated to be temporary, notwithstanding some concerns about medium term inflationary pressures. Lastly, geopolitical and political risks, as well as the possible worsening of the refugee crisis, are factors of jeopardy for the pace of global economic recovery.

For the Greek economy, 2022 is expected to be a year of returning to normality. The pandemic-induced GDP losses of 2020 are expected to be covered by the fourth quarter of 2022, leading to an annual real GDP level that exceeds the respective of 2019 by 1.7%.

Greece’s Recovery and Resilience Plan (RRP) is a key factor of fostering output growth in 2022. Projections on RRF expenditure (including loans) point to a constant level of over €5 billion per year from 2022 to the end of

9 ECB staff macroeconomic projections, September 2021.

10 ECB staff macroeconomic projections, September 2021.

the implementation period. In result, the RRP-induced boost to Greek economic growth is estimated at 2.9 percentage points in 2022 (without accounting for the extra impact of leverage), helping to reduce the long-term investment gap and paving the way for high GDP growth rates in the medium term.

Also contributing to GDP growth of 2022 is the gradual restoring of normal public health conditions, on the back of the ongoing vaccination program. This will allow economic activity to fully return to the pre-pandemic norm, while benefiting from the extrovert shift of the economy and the digitization gains inherited by the pandemic crisis. In turn, this will facilitate the return to fiscal sustainability, while from an international perspective it will support the further strengthening of tourism exports, by 60% year on year.

Another growth-enhancing factor for 2022 is the onset of certain permanent policy measures that were designed before the outbreak of Covid-19, with an aim to improve the investment environment and to support household income. Among them, the reduction of the corporate income tax rate from 24% to 22%, the provision of incentives for business combinations of micro, small and medium enterprises, the introduction of tax incentives for the use of electronic transactions, the abolition of the tax on parental benefits and donations up to €0.8 million, and the increase of the minimum wage by 2.0% year on year.

In September 2021, another package of policy measures was announced, in order to address the effects of the transient inflationary pressures, to avoid transitional hysteresis phenomena in the labor market and to ensure equal opportunities to the digital transition. These include the superdeduction on green and digital investments, the National Youth Action Plan, comprising of incentives for young people to enter the labor market ("first social security contribution stamp"), the reduction of mobile communication fees (abolition for young people under 29 years old) and the establishment of an energy transition fund to curb price increases in electricity.

In the light of the above, in 2022 real GDP is expected to increase by 4.5% year on year, driven by the steady growth of private consumption (2.9% on an annual basis), the significant boost of investment by 23.4%, and the further recovery of exports of services by 21% backed by the strengthened external tourism activity.

Rising real private consumption in 2022 relies on the expected increase in employment by 2.7%, with 80.9% of new job positions concerning dependent employment, and also on the increase in the nominal average wage by 1.1%, which is expected to boost compensation of employees to a 4.1% year on year rise. The inflation rate is expected to be moderately positive in the whole of 2022 (0.8%), allowing gains of real average wage by 0.2% year on year.

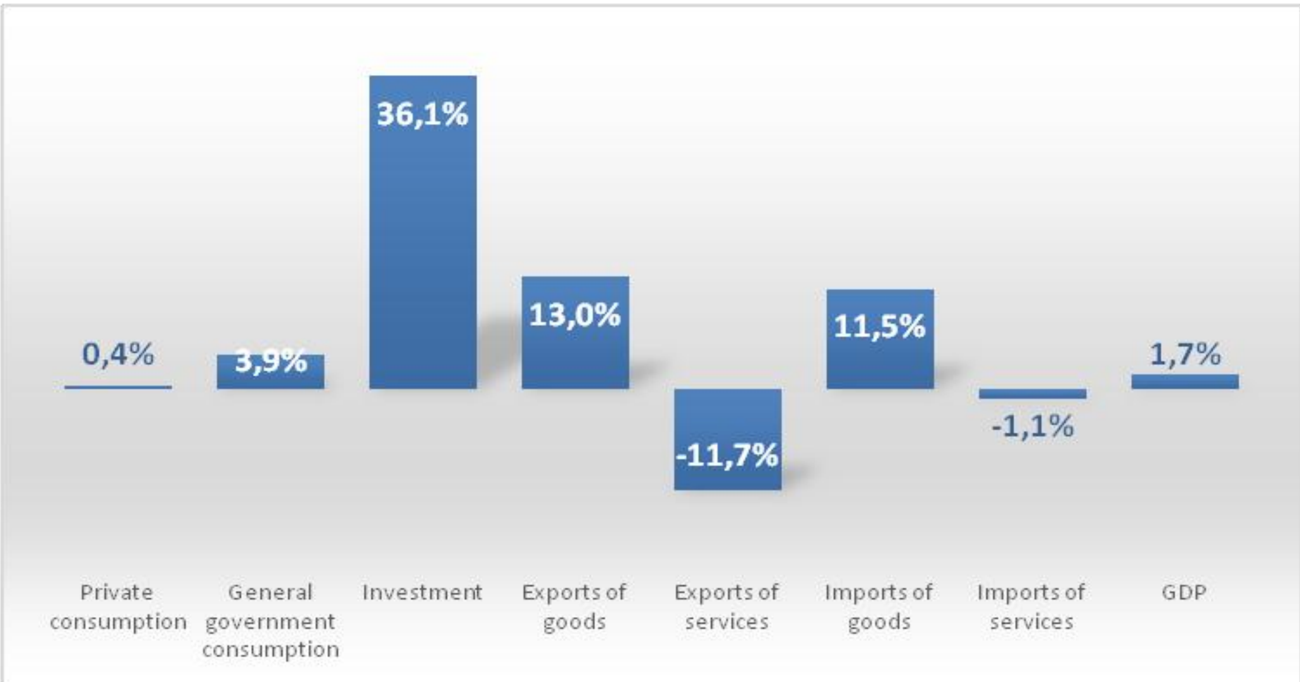
Table 2: Key indicators of the Greek economy (% annual changes, constant prices)

	2020	2021*	2022**
GDP	-8.2	6.1	4.5
Private consumption	-5.2	2.9	2.9
Public consumption	2.7	4.1	-2.8
Gross fixed capital formation	-0.6	11.1	23.4
Exports of goods and services	-21.7	14.0	11.1
Imports of goods and services	-6.8	6.6	8.9
GDP deflator	-1.5	0.5	1.0
Harmonized Index of Consumer Prices	-1.3	0.0	0.8
Employment*	-1.3	0.0	2.7
Unemployment rate*	14.4	14.1	12.5
Unemployment rate (Labor Force Survey)	16.3	16.0	14.3

Macroeconomic projections have been produced on basis of data available until end of September 2021.
Source: Annual National Accounts (Hellenic Statistical Authority), estimates/projections of the Ministry of Finance.
*On a national accounts basis.
** Estimates/ projections.

The estimated acceleration of real investment growth in 2022 is on the back of the Recovery and Resilience Plan, with more than 88% of the total distribution of grants and loans for the year directed to investments, of which 41.6% to public investments with a high multiplier effect.

Figure 4: Level change of real GDP component in 2022 compared to 2019 (constant prices)



Source: Annual National Accounts (Hellenic Statistical Authority), Ministry of Finance estimates.

On the other hand, real public consumption is expected to adjust closer to pre-pandemic levels in 2022, decreasing by 2.8% year on year. The trade deficit in terms of volume is also expected to worsen by 2.4% of GDP on an annual basis, amid increasing imports in equipment under "Greece 2.0".

At the end of 2022, all components of domestic demand are projected to range higher than their pre-pandemic levels, with the net effect on real GDP somewhat dampened by an analogous trend in imports of goods (Figure 4).

Near the favorable recovery prospects for the Greek economy, high external risks surround the outlook, given the uncertainties associated, first, with the evolution of the pandemic (occurrence of mutations, contingency of higher virus spread, upkeep of the vaccination coverage rate); second, with the possibility of more permanent global inflationary pressures, which would force an early tightening of the expansionary support policies; and third, with the geopolitical tensions and migration flows in the wider eastern Mediterranean region.

Other exogenous risks to the Greek recovery stem from climatic factors. The increasing frequency of natural disasters has a negative effect on the Greek economy both in the short run (such as the economic and budgetary costs of the wildfires of August 2021) and in the long run, in terms of sustaining high GDP growth rate and seizing tourism development opportunities. By acknowledgment of climate’s significance, in September 2021 an autonomous Ministry of Climate Crisis and Civil Protection was established with the mission to manage natural crises and tackle climate change. From 2022 to 2025, related policy planning is oriented towards a network of prevention and immediate response to natural disasters, partly funded via the Recovery and Resilience Facility and the NSRF.

With respect to endogenous risks to the outlook, they relate to the timely implementation of the Recovery and Resilience Plan, and the legacy of the pandemic crisis, which could potentially stake hysteresis or scarring effects on the productive fabric and the labor market after the phasing out of government support measures.

The above (mainly exogenous) risks create a highly uncertain environment for the macroeconomic and budgetary forecasts, as changes in the specific external assumptions bear a significant impact on the outcome of the forecasting process.

2. Budgetary targets

2.1 Fiscal developments

For 2021, the headline budget balance and the primary balance are estimated at -9.9% and -7.3% of GDP respectively. The fiscal developments of the current year were decisively influenced by the extended duration of the pandemic crisis, the related containment measures and the necessary targeted measures adopted to mitigate its consequences and to support households and businesses.

For 2022, the headline budget balance and the primary balance are expected to be substantially improved based on the accelerated economic recovery and are estimated at -3.7% and -1.2% of GDP respectively. The adverse impacts of the COVID outbreak are expected to be significantly reduced compared to the two previous years, allowing the gradual return to normal activity. Targeted support measures will phase out, but will still be in place in 2022, though having lower negative fiscal impact on the general government balance than the previous years.

The table below summarizes the current fiscal estimations for the period 2021-2022.

Table 3: General government budgetary prospects

	ESA Code	2021 (% of GDP)	2022 (% of GDP)
Net lending (EDP B.9) by sub-sector			
1. Net lending/net borrowing: General government	S.13	-9,9	-3,7
2. Net lending/net borrowing: Central government	S.1311	-10,1	-4,4
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	0,2	0,6
6. Interest expenditure	EDP D.41	2,7	2,5
7. Primary balance		-7,3	-1,2
8. One-off and other temporary measures		0,5	-0,4
8.a Of which one-offs on the revenue side: general government		0,5	-0,4
8.b Of which one-offs on the expenditure side: general government		0,0	0,0
9.Real GDP Growth(%) (=1 in Table 1a)		6,1	4,5
10.Potential GDP Growth(%) (=2 in Table 1a)		-0,2	0,7
Contributions			
-Labour		-0,8	-0,1
-Capital		-0,3	-0,1
-Total factor productivity		0,9	1,0
11. Output gap (% of potential GDP)		-5,1	-1,6
12. Cyclical budgetary Component (% of potential GDP)		-2,7	-0,8
13. Cyclically adjusted balance (1-12) (% of potential GDP)		-7,2	-2,9
14. Cyclically adjusted primary balance (13+6) (% of potential GDP)		-4,5	-0,4
15. Structural balance (13-8) (% of potential GDP)		-7,7	-2,5

2.2 Debt developments

The general government debt is estimated at €350,000 million or 197.9% of GDP at the end of 2021, versus €341,023 million or 205.6% of GDP in 2020. For 2022, the general government debt is forecasted at €355,000 million or 190.4% of GDP, i.e. reduced by 7.5 pp compared to 2021.

The successful presence of Greece in the international capital markets continued throughout 2021, enhancing the overall liquidity of the Greek economy and, at the same time, maintaining the high balance of cash reserves at the previous years' levels. The emblematic syndicated issue of a 30-year bond for the first time since 2008 and the syndicated issue of a 5-year bond with zero interest rate, for the first time ever, confirmed the confidence of international investors in Greek government bonds, which, strengthened by their participation in ECB's Pandemic Emergency Purchase Programme, are traded on the secondary market at new historically low levels.

All the syndicated issues had a very large percentage of overbook coverage this year and continued to be disposed mainly to end investors. The raising of funds was done with historically low financing costs, which, in combination with the new early repayment of part of the IMF loan in early 2021, has a cumulative positive benefit in maintaining long-term low annual interest expenses for Central Government debt.

It is also noteworthy that Greece's long term credit rating was further upgraded in 2021, despite the unfavorable international situation of the pandemic, getting closer to the goal of achieving the investment level in the forthcoming years which will have multiple positive effects for both the Greek government bonds, as well as for the Greek economy in general.

At the end of August 2021 the total amount of European loans of the first, second and third program (GLF, EFSF, ESM) amounted to €243,942.5 million, while the outstanding debt to the IMF was €1,817.3 million.

Table 4: General government debt developments

	ESA Code	2021 (% of GDP)	2022 (% of GDP)
1. Gross debt		197,9	190,4
2. Change in gross debt ratio		-7,7	-7,5
Contributions to changes in gross debt			
3. Primary balance		-9,9	-3,7
4. Interest expenditure	EDP D.41	-2,7	-2,5
5. Stock-flow adjustment		20,3	13,8
of which:			
- Differences between cash and accruals		0,0	0,0
- Net accumulation of financial assets		20,3	13,8
of which:			
- privatisation proceeds		-0,1	-0,6
- Valuation effects and other		20,4	14,4
p.m.: Implicit interest rate on debt		1,4	1,3
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		0,3	2,3
9. Percentage of debt denominated in foreign currency		0,6	0,5
10. Average maturity		18,8	18,5

2.3 Comparison with latest Stability Programme

The headline general government balance for 2021 remains at the same level compared with the estimations of the Stability Programme submitted in April 2021. The current estimation was positively affected by the earlier than expected recovery of the economy and its positive impact mainly on social contributions revenues. On the other hand, there was an increased fiscal burden due to additional measures taken or extended to mitigate the consequences of the pandemic and to support households, businesses and regions in response to extensive natural disasters (forest fires in August and earthquakes in the islands of Crete and Samos).

For 2022, there is a downward revision of the headline budget balance by -0.8 pp of GDP mainly attributed to the extension of interventions to address the consequences of the pandemic and to the increased estimated spending on defense (physical deliveries).

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

Table 5: Divergence from latest SP

	ESA Code	2020 (% of GDP)	2021 (% of GDP)	2022 (% of GDP)
Target general government net lending/borrowing				
Stability plan	EDP B.9	-9,7	-9,9	-2,9
Draft budgetary plan	EDP B.9	-9,7	-9,9	-3,7
Difference		0,0	0,0	-0,8
General government net Lending projection at unchanged policies				
Stability plan	EDP B.9	-9,7	-9,9	-2,9
Draft budgetary Plan	EDP B.9	-9,7	-9,9	-3,7
Difference		0,0	0,0	-0,8

3. Expenditure and revenue projections

3.1 GG revenue and expenditure

The table below summarizes the current fiscal estimations for 2021 and the forecast for 2022, broken down by main components of revenues and expenditures. The estimations incorporate the effect of the expansionary policies adopted in response to the COVID outbreak as well as other targeted interventions described in the next chapter.

All interventions have also been incorporated into the no policy change scenario, therefore there are no differences between the level of revenue and expenditure at unchanged policies.

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

	ESA Code	2021 (% of GDP)	2022 (% of GDP)
General governement (S13)			
1. Total revenue target	TR	**48,4**	**48,6**
Of which			
1.1 Taxes on production and imports	D.2	16,9	17,0
1.2 Current taxes on income, wealth, etc	D.5	8,3	8,9
1.3 Capital taxes	D.91	0,1	0,1
1.4 social contributions	D.61	14,6	14,0
1.5 Property income	D.4	0,3	0,3
1.6 Other		8,2	8,3
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		39,8	40,0
Total expenditure target	TE	**58,3**	**52,4**
Of which			
2.1 Compensation of employees	D.1	12,8	12,1
2.2 Intermediate consumption	P.2	5,9	5,5
2.3 Social payments	D.62,D.63	22,9	22,0
Of which unemployment benefits		0,8	0,7
2.4 Interest expenditure(=9 in table 2.a)	EDP D.41	2,7	2,5
2.5 Subsidies	D.3	4,7	1,2
2.6 Gross fixed capital formation	P.51	4,5	6,2
2.7 Capital transfers	D.9	2,7	0,7
2.8 Other		2,1	2,1

3.2 Discretionary measures

The restrictive measures related to the protection of public health were extended during the first semester of 2021, resulting in the temporary shutting down of several sectors and activities. On the other hand, the health services sector had to address the large number of hospitalizations. Consequently, the adopted policy measures aimed at supporting both the individuals and the enterprises affected by the coronavirus crisis and at stregthening the public health system.

The total value of covid related interventions, over the three years period 2020-2022, amounts to 42.8 billion €, of which 23.1 billion € concern the year 2020, 16.8 billion € the year 2021 and 2.9 billion € the year 2022.

The fiscal cost of the interventions amounts to 30.1 billion €, of which 11.6 billion € concern the year 2020, 15.6 billion € the year 2021 and 2.9 billion € the year 2022.

The fiscal cost of 18.5 billion € concerning the period 2021-2022 is analysed as follows:

- 5,516 million € pertaining to General Government revenue measures, of which 3,480 million € concern the year 2021 and 2,036 million € concern the year 2022.
- 13,013 million € pertaining to General Government expenditure measures, of which 12,145 million € concern the year 2021 and 868 million € the year 2022. Furthermore, 3,187 million € of expenditure measures are financed by the Public Investment Budget (PIB) and the rest 9,826 million € from the Ordinary Budget.

For the fourth quarter of 2021 and for the year 2022, the main measures to address the negative effects of the pandemic to the economy are as follows:

- Extension until the end of 2022 of the suspension of the special solidarity tax and of the 3 pp reduction of the SSCs for private sector employees and professionals (cost of 1.58 billion € in 2021 and 1.65 billion € in 2022).
- Reduction of the repayment percentage of all refundable advances on basis of the loss of the gross revenues of the beneficiaries businesses. The total cost of the aforementioned measure amounts to 1,230 million €, of which 1.093 million € relates to the fiscal cost of the non repayment of a percentage of refundable advances provided throughout 2020 and 137 million € to the non repayment of a percentage of the refundable advance payments provided throughout 2021. The total cost burdens, on accrual basis, the year 2021, following the publication of the relevant ministerial decisions. From the total amount of 1,230 million €, 569 million € concerned the non repayment of a percentage of refundable advances 1,2,3 and was included in the projections of the Stability Program 2021. Therefore, the additional cost totals 661 million €.
- Extension of the reduced VAT rate to transport, coffee and non alcoholic beverages, cinema, theatre, concerts and tourism packages until June 2022, with fiscal cost 248 million € in 2021 and 211 million € in 2022.
- Reduction of the VAT rate to gyms and dance schools, from 24% to 13%, as of October 2021 until June 2022, with fiscal cost 1 million € in 2021 and 4.5 million € in 2022.
- Extension of the suspension on cable TV fee until June 2022, with fiscal cost 18 million € in 2021 and 9 million € in 2022.

- Regarding the scheme of the compensation of fixed expenses, until October 1st 2021, 266 million € obligations to the tax authorities and to the e-EFKA have been offset, and an additional amount of approximately EUR 190 million is anticipated to be offset over the next period.
- Extension for three months of the program “GEFYRA” aiming to subsidize loan installments of households affected by the pandemic, with the total fiscal cost amounting to 241 million € in 2021.
- Extension of the short-term employment scheme until the end of 2021, with fiscal cost 176 million € in 2021 and 32 million € in 2022.
- Extension of the 100,000 new hirings subsidy program by increasing the number of subsidized new hirings by 50,000, with the fiscal cost amounting to 296 million € in 2021 and 186 million € in 2022.
- Extension of the subsidy program for the culture sector until December 2021, due to the limitations on theater/cinemas/concerts seats with the fiscal cost amounting to 35 million € in 2021 and 5 million € in 2022.
- The businesses over the next months will continue to be benefited from (a) the program “GEFYRA 2” which concerns the subsidy of corporations loans (fiscal cost 224 million € in 2021 and 61 million € in 2022), (b) the reduced advance on CIT and PIT payment (70% for the enterprises and 55% for the individuals (fiscal cost 953 million € in 2021), (c) the disbursement of the remaining amount of grants related to programs supporting the catering sector, tourism, gyms and other sectors (estimated cost of 540 million € in 2021) and (d) the guarantee program for very small enterprises (total cost, including leverage, of 450 million €).

Table 7: Discretionary measures to address the consequences of the COVID-19 pandemic

	List of interventions	2021 mil. euros total	2021 GDP %	2022 mil. euros total	2022 GDP %
A	**Interventions on Revenues**	**-3.480**	**-2,0%**	**-2.036**	**-1,1%**
1	Reduction of VAT to transports, coffee & beverages, cinema tickets, gyms, dance schools and tourism package, suspension of cable TV fee	-267	-0,2%	-226	-0,1%
2	Reduction of advanced CIT and PIT payment for enterprises	-953	-0,5%	0	0,0%
3	Reduction by 3 p.u. of the SSCs of wage earners in the private sector	-816	-0,5%	-849	-0,5%
4	Suspenion of solidarity tax in the private sector	-767	-0,4%	-799	-0,4%
5	Compensation scheme for fixed expenses on basis of the new temporary framework (coverage of taxes)	-215	-0,1%	0	0,0%
6	Abolishment of certain LG levies for enterprises affected by the covid shutdown.	-100	-0,1%	0	0,0%
7	Suspension of tax obligation payments.	-181	-0,1%	0	0,0%
8	Other measures targeted to employees/enterprises/property owners affected by the pandemic (including reduction in primary and student residence rent for employees of firms affected by the coronavirus crisis).	-67	0,0%	-163	-0,1%
9	Extension of the deadline for the payment of scheduled installments of SSCs.	-114	-0,1%	0	0,0%
B	**Interventions on Expenditure**	**-12.145**	**-6,9%**	**-868**	**-0,5%**
1	Business financing in the form of a repayable advance payment. (non-repayable part).	-2.023	-1,1%	0	0,0%
2	New hirings subsidy program (subsidize SSCs on 150.000 new hirings for 6 months).	-296	-0,2%	-186	-0,1%
3	First residence subsidy cost for borrowers hit by COVID (GEFYRA).	-241	-0,1%	0	0,0%
4	Special allowance for employees of firms affected by the coronavirus crisis, whose labour contract has been suspended.	-1.618	-0,9%	0	0,0%
5	Expenditure related to christmas and easter bonus, for employees on labour contract suspension.	-382	-0,2%	-12	0,0%
6	Special allowance & unemploymnet benefit for seasonal workers of tourism.	-109	-0,1%	0	0,0%
7	Special allowance for self employed, freelancers, individual businesses and enterprises with up to 20 employees.	-95	-0,1%	0	0,0%
8	Extension of the regular unemployment benefit (including compansation to the scientists unemployment fund).	-181	-0,1%	0	0,0%
9	Interest payment on performing loans of SMEs affected by the coronavirus crisis paid by the state.	-104	-0,1%	0	0,0%
10	COVID Healthcare expenditures, Including equipment, consumables, vaccination cost, massive rapid test program, self-tests for students, network for covid-tests in houses .	-992	-0,6%	-320	-0,2%
11	COVID expenditures of other ministries.	-257	-0,1%	-84	0,0%
12	Coverage of the SSCs of employees of firms affected by the coronavirus crisis, whose labour contracts have been suspended.	-1.075	-0,6%	0	0,0%
13	Compensation to property owners that receive reduced rent.	-715	-0,4%	0	0,0%
14	Non-refundable grant to small & micro enterpises via Local Governments.	-920	-0,5%	0	0,0%
15	Subsidies to the transport sector for restrictions on passenger seats and compensation to airline sector.	-330	-0,2%	0	0,0%

	List of interventions	2021 mil. euros total	2021 GDP %	2022 mil. euros total	2022 GDP %
16	New program for SMEs borrowers hit by COVID. (GEFYRA 2)	-224	-0,1%	-61	0,0%
17	New Compensation scheme for fixed expenses on basis of the new temporary framework, coverage of SSCs	-242	-0,1%	0	0,0%
18	Non-repayment of a percentage of refundable advance on basis of turnover reduction and loss.	-1.093	-0,6%	0	0,0%
19	Working capital grant program for restaurants.	-240	-0,1%	0	0,0%
20	Grant program for hotels, gyms and playgrounds.	-300	-0,2%	0	0,0%
21	Other measures aiming to support employment (including short-term employment scheme).	-186	-0,1%	-32	0,0%
22	Measure supporting the primary & the culture sector of the economy.	-123	-0,1%	-5	0,0%
23	Hiring of temporary healthcare personnel.	-181	-0,1%	-106	-0,1%
24	Hirings for public transports and bus leases.	-50	0,0%	-50	0,0%
25	Measures aiming at promoting tourism (including social tourism programs and advertising expenses).	-97	-0,1%	-12	0,0%
26	Incentives for younger ages vaccination via prepaid card for tourism and culture.	-70	0,0%	0	0,0%
C	**Liquidity interventions**				
1	New guarantee program for very small enterprises	-220	-0,1%	0	0,0%
	Interventions by Category				
1	Interventions on Revenue	-3.480	-2,0%	-2.036	-1,1%
2	Interventions on Expenditure	-12.145	-6,9%	-868	-0,5%
2.1	*State funded expenditure interventions*	*-9.019*	-5,1%	*-807*	-0,4%
2.2	*PIB funded expenditure interventions*	*-3.126*	-1,8%	*-61*	0,0%
3	Liquidity Interventions	-916	-0,5%	0	0,0%
3.1	*State funded liquidity interventions*	*-696*	-0,4%	*0*	0,0%
3.2	*PIB funded liquidity interventions*	*-220*	-0,1%	*0*	0,0%
4	Leverage of liquidity interventions	-230	-0,1%	0	0,0%
	Total Fiscal Cost of Interventions (1+2)	**-15.625**	**-8,8%**	**-2.904**	**-1,6%**
	Total Cost of Interventions (1+2+3)	**-16.541**	**-9,4%**	**-2.904**	**-1,6%**
	Total Value of Interventions (1+2+3+4)	**-16.771**	**-9,5%**	**-2.904**	**-1,6%**

<u>Other fiscal interventions</u>

The Greek economy, during the first semester of 2021, recorded a significant improvement in the growth rate, whilst it is anticipated that the high growth rate will be sustained during the second semester of 2021. In addition, the growth rate of 2022 is also expected to remain strong. Therefore, on the basis of the positive macroeconomic projections, a number of targeted interventions have been introduced, aiming at stimulating the economic activity, enhancing the employment prospects, digitalization, as well as the youth opportunities. These new interventions are analyzed as follows:

Measures supporting households and youth income

- As of October 1st 2021 the tax on parental benefits/donations is suspended for first degree relatives, for parental benefits/donations up to EUR 800,000. The fiscal cost amounts to 7 million € in 2021 and 26 million € in 2022.

- A new program targeting to tackle the young unemployment will be implemented during 2022. This new program addresses to all young people aged 18 to 29 without previous work experience and provides that those hired within the year 2022 shall receive EUR 1,200 for the first six months of their employment, of which half will be provided to the enterprises as a subsidy to the wage cost. The fiscal cost amounts to 28 million € in 2022.
- As of January 1st 2022, in view of the digitalization agenda, the mobile subscription fee rate, currently ranging from 12% to 20%, is abolished for people up to 29 years old and is reduced to 10% for the rest of the population. The fiscal cost amounts to 68 million € in 2022.
- From the academic year 2021-2022, the granting of the housing benefit will be extended to the students of public IEK. The fiscal cost amounts to 5 million € in 2022.
- For the period September - December 2021, low voltage electricity consumers, will receive a discount for the first 300 Kwh, with increased discount on consumers under the social bill. The expenditure is estimated to 326 million euro, to be covered by ETS revenues.
- An increased amount for the heating benefit will be granted in December 2021, increased by 84 million euro, to be covered by ETS revenues.
- Tax incentives for extended use of electronic transactions: As of January 2022 and until the end of 2025, 30% of the taxpayers expenditure, up to EUR 5,000, conducted by electronic means to several professional sectors is deductible from their taxable income.
- In December 2021 a double installment of the Guaranteed Minimum Income will be granted. The additional fiscal cost amounts to 64 million € in 2021.

Measures fostering entrepreneurship and the primary sector

- From January 2022, the Corporate Income Tax (CIT) rate is reduced from 24% to 22%. The fiscal cost amounts to 183 million € in 2022.
- As of October 1st 2021, the tax on capital accumulation is reduced by 50%. The fiscal cost amounts to 9 million € in 2021 and 38 million € in 2022.
- As of October 1st 2021, the reduced VAT rate of 6% (from 13%) will be applied to pet foods destined to livestock production. The fiscal cost amounts to 4 million € in 2021 and 15 million € in 2022.
- Super-depreciation will be granted on green and digital investments, as of January 1st 2022. The fiscal cost is estimated at 20 million € and is expected to impact on the revenues of the year 2023 and onwards.
- Incentives for mergers & acquisitions of very small, small and medium enterprises, including the deduction on the CIT, thus creating significant economies of scale and enhancing the borrowing opportunities of the enterprises concerned.

The interventions are also presented in the relevant tables of the Annex.

3.3 National Recovery and Resilience Plan

The Greek National Recovery and Resilience Plan (NRRP), "Greece 2.0", aspires to facilitate a major shift in the Greek economic model and institutional framework. It includes many ambitious reforms and investments, steering the Greek economy towards a more extrovert, competitive and green economic model, with a more efficient, less bureaucratic digitalised state, a much reduced "grey sector", a more growth friendly tax system and a more resilient social safety network.

The resources included in "Greece 2.0" for the period 2021-2026 amount to 30.5 bn €, out of which grants are estimated at 17.8 bn € and loans up to 12.7 bn €. "Greece 2.0" envisages that the total amount of investment resources which will be mobilized by the private sector will approach 59 bn €; that is double the size of the total Recovery and Resilience Fund (RRF) envelope.

"Greece 2.0" comprises of four main pillars, involving the following budgets and resources mobilization:

- Green Transition: budgeted at 6.17 bn € (expected to mobilize a total of 11.58 bn €).
- Digital Transition: budgeted at 2.2 bn € (expected to mobilize a total of 2.36 bn €).
- Employment, Skills, Social Cohesion (Health, Education, Social Protection): budgeted at 5.18 bn € (expected to mobilize a total of 5.27 bn €).
- Private investment and transformation of the economy: budgeted at 4.84 bn € (expected to mobilize a total of 8.78 bn €).

By October 1st 2021 thirty eight (38) projects, with a total budget of 2.657 bn €, have already been approved and included in the RRF grants programs and until the end of 2021 the respective projects are scheduled to exceed the amount of 5.5 bn €. For 2022, the RRF grants related expenditures are estimated at 3.2 bn €.

Table 8: RRF impact on programme's projections - GRANTS

	ESA Code	2020 (% of GDP)	2021 (% of GDP)	2022 (% of GDP)	2023 (% of GDP)	2024 (% of GDP)	2025 (% of GDP)	2026 (% of GDP)
Revenue from RRF grants								
1. RRF GRANTS as included in the revenue projections			0,3%	1,7%	1,8%	1,7%	1,6%	1,6%
2. Cash disbursements of RRF GRANTS from EU			1,3%	1,8%	1,7%	1,7%	1,6%	0,8%
Expenditure financed by RRF grants								
3.TOTAL CURRENT EXPENDITURE			0,0%	0,3%	0,4%	0,2%	0,3%	0,0%
of which:								
- Compensation of employees	D.1							
- Intermediate consumption	P.2		0,0%	0,0%	0,1%	0,0%	0,0%	0,0%
- Social Payments	D.62+D.632		0,0%	0,2%	0,2%	0,1%	0,1%	0,0%
- Interest expenditure	D.41							
- Subsidies, payable	D.3		0,0%	0,1%	0,2%	0,1%	0,2%	0,0%
- Current transfers	D.7		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
4. TOTAL CAPITAL EXPENDITURE			0,3%	1,4%	1,4%	1,4%	1,3%	1,6%
of which:								
- Gross fixed capital formation	P.51g		0,2%	1,0%	1,0%	1,0%	0,8%	1,1%
- Capital transfers	D.9		0,1%	0,4%	0,3%	0,4%	0,5%	0,5%
Other costs financed by RRF grants								
5. Reduction in tax revenue			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 envisages by using RRF loans (that amount to 12.7 bn €) to mobilize investment resources of 30.9 bn €, financing projects falling under the following categories:

- Green transition.
- Digital transition.
- Openness (exports orientation).
- Innovation.
- Economies of scale through domestic firms' scale-up.

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

In this context, an operational agreement with EIB for the utilization of 5 bn € from RRF loan resources has already been signed, while the respective agreement with EBRD for the co-funding of private investments is under preparation. In parallel, the invitation for the participation of commercial credit institutions was published. For 2021, it is estimated that 1.5 bn € will be disbursed to international and commercial credit institutions and for 2022 the respective amount is expected to reach the amount of 2 bn €.

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

	ESA Code	2020 (% of GDP)	2021 (% of GDP)	2022 (% of GDP)	2023 (% of GDP)	2024 (% of GDP)	2025 (% of GDP)	2026 (% of GDP)
Cash flow from RRF loans projected in the programme								
1. Disbursements of RRF LOANS from EU			0,9%	1,0%	0,9%	0,9%	0,8%	1,7%
2. Repayments of RRF LOANS to EU			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			0,8%	1,1%	0,9%	0,9%	0,8%	1,7%

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 2019 Greek SILC data (incomes 2018). The sample consists of 39,750 individuals, corresponding to 17,914 households. When weights are used, the population to which simulations apply sums up to 10,516,611 individuals and 4,123,244 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 cannot be simulated. We partially simulate secondary effects of policy changes, based on the assumption of the employment increase, which is depicted in the macroeconomic scenario of the DBP. In particular, in scenario 2 we simulate the transition of 123,000 individuals from unemployment/inactivity to employment. According to the macro scenario 65% of them concern transitions from unemployment to employment and 35% from inactivity to employment (of which 31,000 concern individuals aged 18-29 that receive the subsidy of "Proto-ensimo" programme). The newly created jobs are introduced with the minimum wage.

The scenarios simulated are presented in Table 10 as follows:

Table 10: Scenarios simulated for distributional analysis

Scenario	Measures
2021_base	1. Tax/benefit policies as applicable in 2021 with labour market adjustments (i.e. transitions to monetary compensation due to suspension of labour contracts) [1]
	2. Double GMI installment (dec 2021)
2022_s1	1. Remove transitions to monetary compensation
	2. Remove double GMI installment
2022_s2	On top of scenario 2021_s1,
	1. New jobs subsidy programme (credited SIC for 6 months) [2]
	2. Subsidy for newcomers in the labour force (Proto-ensimo) [3]

1. For simulating the special purpose allowance data from the ERGANI system and the General Accounting Office are used regarding the number of beneficiaries by NACE code and its duration.
2. The programme concerns the subsidy for 150,000 new positions (85,000 have already been created in 2021, thus the marginal for 2022 is 65,000) for both employer and employee contributions for six months.
3. The programme subsidies youth aged 18-29 as newcomers to the labour market with 1,200 euros (600 euros for the employee and 600 euros for the employer).

Results

Table 11 presents the mean annual equivalised disposable income (in euros) by decile for the 2021_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 equivalised income is calculated using the OECD equivalent scales which give weights 1 to the first adult, 0.5 to other adults in the household and 0.3 to children under 14.

Table 11: Mean annual equivalised disposable income (EUR), relative and absolute changes

Decile	2021_base	2022_s1		2022 _s2	
	Mean (EUR)	Absolute change (EUR)	Relative change (%)	Absolute change (EUR)	Relative change (%)
1	3,244	-28	-0.86	261	8.03
2	5,167	26	0.50	233	4.50
3	6,394	83	1.30	241	3.76
4	7,496	102	1.37	297	3.96
5	8,564	103	1.21	190	2.22
6	9,749	131	1.34	218	2.23
7	11,136	200	1.80	244	2.19
8	12,801	186	1.45	215	1.68
9	15,134	262	1.73	300	1.98
10	25,287	351	1.39	373	1.48
All	**10,495**	**142**	**1.35**	**257**	**2.45**

1. Changes are calculated with respect to the 2021_base mean equivalised income per decile.
2. 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 12 the main inequality indices are presented, calculated on the income distribution of the 2021_base and the respective absolute differences that occur for the contingent scenarios.

Table 12: Inequality indices

	2021_base	Absolute difference with respect to 2021_base	
		2022_s1	2022_s2
Gini	0.3051	0.0027	-0.0026
S80/S20	4.7948	0.1112	-0.0457

1. 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.
2. S80/S20 ratio is the ratio of the mean equivalised disposable income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income.

Tables 13, 14 and 15 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 13) the absolute effect of the reforms is better assessed in comparison to the previous year. When the floating poverty line is used (Table 15), 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.

FGT(1) presented in Table 14 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 13: FGT(0) poverty headcount index (anchored poverty line)

	2021_base	Absolute difference with respect to 2021_base	
		2022_s1	2022_s2
Total Population	17.26	-0.16	-1.43
Children (<18)	19.32	-0.65	-2.19
Working Age (18-64)	17.69	-0.08	-1.60
Elderly (65+)	14.45	0.03	-0.35

Poverty line is anchored to the base scenario: EUR 5,486.35 per year.

Table 14: FGT(1) poverty gap (anchored poverty line)

		Absolute difference with respect to 2021_base	
	2021_base	2022_s1	2022_s2
Total Population	4.80	0.10	-0.30

Poverty line is anchored to the base scenario: EUR 5,486.35 per year.

Table 15: FGT(0) poverty headcount index (floating poverty line)

		Absolute difference with respect to 2021_base	
	2021_base	2022_s1	2022_s2
Total Population	17.26	0.49	-0.40
Children (<18)	19.32	0.10	-1.01
Working Age (18-64)	17.69	0.49	-0.72
Elderly (65+)	14.45	0.78	0.97

1. FGT (0) is the headcount ratio and shows % of individuals whose income is below 60% of the median equivalised disposable income.
2. 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 16: Country-Specific Recommendations

CSR	Description	List of measures	Description of direct relevance
1.1	**In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy.**	The Greek Recovery and Resilience Plan was submitted to the Commission on 27 April. The Commission published its positive assessment of the plan on 17 June, and this assessment has been approved by the Council on 13 July. The plan contains 67 reforms and 108 investments in a total of 18 components, while its implementation includes 331 milestones and targets. The Council has approved a financial contribution in the form of non-repayable support amounting to EUR 17.8 billion, as well as a loan amounting to EUR 12.7 billion. Pre-financing amounting to 13% of both the non-repayable support and the loan has been disbursed following the approval of the assessment by the Council.	The implementation of the Recovery and Resilience Plan has commenced. With respect to non-repayable support, 38 actions of a total budget of EUR 2.7 billion have already been included under the Public Investment Programme as of the 1st of October, while this amount is expected to surpass EUR 5.5 billion by the end of 2021. In 2022, it is estimated that total public expenditure on projects financed by RRF non-repayable support will reach EUR 3.2 billion. With respect to RRF loans, an operational agreement with the European Investment Bank has already been signed for an amount up to EUR 5 billion, while a similar agreement with the EBRD is being prepared. It is estimated that disbursements of funds towards international financial institutions and commercial banks is going to reach EUR 1.5 billion in 2021 and EUR 2 billion in 2022.
		The DBP for 2022 foresees the phasing out of the bulk of fiscal support measures that were implemented in 2020-2021 in order to sustain the economy. The gross budgetary impact of fiscal interventions is projected to decline from 8.8% of GDP in 2021 to 1.6% of GDP in 2022, while liquidity support measures are estimated to reach 0.5% of GDP in 2021 and will be totally phased out in 2022.	The DBP foresees a significant reduction in the general government deficit in 2022, stemming both from the phasing-out of emergency support measures that were implemented during the pandemic and from the projection of a strong economic recovery. These will lead to a fast de-escalation of the fiscal deficit which is expected to decline from 9.7% in 2020 and 9.9% in 2021 to 3.7% in 2022. The primary deficit of the general government is expected to be limited to 1.2% of GDP, from 7.3% in 2021 in ESA terms, and to 1.0% of GDP from 7.6% in 2021 in terms of the enhanced surveillance.
1.2	**Preserve nationally financed investment.**	The initial expenditure ceilings for public investment in the 2021 Budget stood at EUR 6 billion for expenditure co-financed by the EU Budget and at EUR 750 million for nationally financed expenditure.	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 2021 ceilings

CSR	Description	List of measures	Description of direct relevance
		In the course of the year, these ceilings were revised upwards, to EUR 7 billion and EUR 1.35 billion respectively as a result of the need to respond to increased needs due to the continuation of the pandemic and due to extensive natural disasters. For 2022, the DBP foresees expenditure ceilings of EUR 6.25 billion for co-financed investment and of EUR 1.2 billion for nationally financed investment, these ceilings not including appropriations for the implementation of projects financed from RRF non-repayable support.	increased beyond the original budgetary plans in order to account for the continuation of support measures in response to the pandemic, as well as for the necessary response to natural disasters of exceptional intensity. Overall, gross fixed capital formation by the general government is projected to rise from 4.5% of GDP in 2021 to 6.2% of GDP in 2022.
2.1	**When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term.**	The Medium Term Fiscal Strategy for 2022-2025 was adopted by the Parliament in July 2021 and is in line with the Stability Programme that was submitted in April 2021. It projects a return of the primary balance to a surplus position in 2023 (at 2% of GDP) and a further increase to 2.8% in 2024. As a result, the general government deficit is projected to fall below the reference value in 2023, while a general government surplus is projected for years 2024-2025. The declining path of the debt ratio was interrupted in 2020 as a result of the recession and the provision of exceptional fiscal support in response to the pandemic. On the basis of the DBP, the debt ratio is estimated to return to its declining path already in 2021, falling to 197.9% of GDP from 205.6% in 2020. In 2022, the debt ratio is projected to fall further to 190.4% of GDP, broadly in line with the projections of the Medium Term Fiscal Strategy. The latter projected this path to continue over the medium term horizon, with the general government debt falling further to 176.7% of GDP in 2023, to 166.1% in 2024, and to 156.9% in 2025.	The reference is made to projections of the Stability Programme and of the Medium Term Fiscal Strategy 2022-2025 since this recommendation refers to the medium term, rather than to 2022. The official medium-term scenario of the Ministry of Finance will be updated in the spring of 2022. 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.
2.2	**At the same time, enhance investment to boost growth potential.**	According to the Stability Programme, gross fixed capital formation of the general government will average 5.8% of GDP over the period 2022-2024, considerably higher than the average amount of public investment over the previous decade. A significant part of increased investment spending over the medium term comes from the implementation of the RRF. Gross fixed capital formation of the general government financed through the RRF non-repayable support is estimated at 1% of GDP over 2022-2024, at 0.8% of GDP in 2025 and at 1.1% of GDP in 2026. At the same time, private	The reference to projections of the Stability Programme is due to the fact that this recommendation refers to the medium term, rather than to 2022. The official medium-term scenario of the Ministry of Finance will be updated in the spring of 2022. However, the general direction of fiscal policy towards enhancing investment in order to boost growth potential is not going to be altered, while the figures on the use of RRF resources are updated estimates.

CSR	Description	List of measures	Description of direct relevance
		sector investment is expected to be significantly increased through the use of RRF loans in the amount of 1.1% of GDP on average over 2022-2026.	
		With respect to the growth potential, the Recovery and Resilience Plan contains a significant number of both reforms and investments that are expected to have a strong impact on long-term growth and productivity. These include, inter alia, the following: -- measures to improve the digitalisation of small and medium size businesses; -- investments in the green transition that will improve energy efficiency and facilitate a better management of natural resources; -- incentives aiming at facilitating an increase in the average size of companies in order to foster productivity growth; -- infrastructural and skills upgrade in specific sectors aiming at increasing and diversifying the produced value added; -- reforms to improve trade facilitation, as well as to increase smart investments in manufacturing; -- reforms aiming at simplifying the business environment; -- the provision of affordable financing to private sector companies through the Loan Facility.	The initiatives presented have been incorporated in the Greek Recovery and Resilience Plan and their implementation will be subject to agreed milestones and targets. The plan has been positively assessed by the Commission on the basis of the criteria set out in Article 19(3) of Regulation (EU) 2021/241 which include the plan's contribution to growth potential, job creation and economic, social and institutional resilience. The Recovery and Resilience Plan includes a detailed description of results of simulations performed by the Bank of Greece and by the Council of Economic Advisors, estimating the short-term, medium-term and long-term growth impact of the plan. The Commission's analysis of the Recovery and Resilience Plan of Greece also includes the results of simulations that estimate the deviation of real GDP from the baseline at 3.3% by 2026 and at 1.2% by 2040, without including the possibly substantial impact of structural reforms on the growth potential.
3.1	**Pay particular attention to the composition of public finances, both on the revenue and expenditure sides of the budget, and to the quality of budgetary measures, in order to ensure a sustainable and inclusive recovery.**	The measures included in the DBP reflect the continued shift of fiscal policy towards more targeted interventions that are designed to facilitate a stronger recovery. The shift from emergency support measures to measures oriented towards economic growth and recovery was also evident in the interventions included in the 2021 DBP, but the continuation of the pandemic necessitated the slower than anticipated phasing-out of emergency support.	The phasing-out of emergency support measures implies an improved composition of both the revenue and the expenditure side of the budget, since measures taken in immediate response to the crisis are replaced by targeted and growth-friendly interventions.

CSR	Description	List of measures	Description of direct relevance
		The 2022 DBP also contains targeted measures to support the recovery, including the following: -- an extension for one year of the reduction of social security contributions in the private sector by 3 percentage points; -- an extension for one year of the private sector's exemption from the solidarity contribution; -- a reduction of the corporate tax rate from 24% to 22%; -- a reduction of the part of income support provided to private sector companies (through "repayable advances") that will have to be repaid to the State, in accordance with the fall that has been recorded in companies' gross revenues; -- an extension of the reduced VAT rates in a series of targeted sectors of activity, including transportation, tourism packages, concerts, cinemas, theaters, as well as non-alcoholic beverages; -- an extension of the programme for the creation of 100,000 new job positions for 50,000 additional positions; -- a new programme that will support new entrants in the labour market aged 18-29 by subsidizing companies' wage cost and providing a top-up to employees' remuneration for a period of six months; -- a reduction of corporate taxation by 30% for small companies that participate in mergers and acquisitions and for a period of three years; -- a scheme for the super-deduction of companies' expenditures on green and digital investments, starting from 2022 and lasting for three years. In addition, a series of recently announced measures are designed to ensure the inclusive nature of the recovery, including: -- the payment of a double installment in 2021 for beneficiaries of the guaranteed minimum income scheme; -- an increase in the heating benefit; -- a scheme to subsidize the consumption of electricity during the September 2021 - December 2021 period.	The measures included in the DBP are mainly targeted towards increasing employment in the private sector, through the reduction of the tax wedge on labour, the reduction of the wage cost faced by companies, the provision of incentives to private investment, as well as through a targeted scheme for youth employment directed towards new entrants to the labour market. In addition, the measures imply significant incentives for increases in the average size of private sector companies that would lead to higher resilience, productivity and extroversion. At the same time, measures are also taken to ensure inclusivity, especially in view of the surge in energy prices and their impact on low-income households.

CSR	Description	List of measures	Description of direct relevance
3.2	**Prioritise sustainable and growth-enhancing investment, notably supporting the green and digital transition.**	The Greek Recovery and Resilience Plan allocates 37.5% of the total resources to initiatives that support the green transition and 23.3% of the total resources to initiatives supporting the digital transition. In addition to the investments to be financed through the RRF, the 2022 DBP also contains a measure on the super-deduction of companies' investment expenditures on the areas of green and digital transition. The measure will be in force from 1st of January 2022 and for three years, implying a fiscal impact on years 2023-2025. At the same time, the Ministry of Finance and the Public Debt Management Agency are planning to create in 2022 a framework for the issuance of green bonds.	The green transition initiatives include - inter alia - investments in the energy efficiency of both public and private buildings, the interconnection of the Cyclades islands with the mainland grid, investments in sustainable mobility, as well as investments amounting to an additional capacity of 6.5 GW from renewable sources by 2025. Total resources to be allocated to the green transition will reach EUR 11.4 billion from both non-repayable support and the Loan Facility. The digital transition initiatives include - inter alia - the digital transformation of the public sector, the digitalisation of small and medium sized companies, the digitalisation of education, as well as the development of 5G networks. Total resources to be allocated to the digital transition will reach EUR 7.1 billion from both non-repayable support and the Loan Facility. The measure on the super-deduction of expenditures is designed so as to promote higher private investments in the areas related to the green and digital transitions

CSR	Description	List of measures	Description of direct relevance
3.3	**Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.**	Structural reforms that will help provide financing to public policy priorities and contribute to long-term sustainability include the following: (i) Spending reviews: In 2022, the Ministry of Finance will continue the targeted examination of spending activities of line Ministries and other general government entities. In this respect, the monitoring of horizontal actions that are ongoing, including the upgraded management of the public sector's vehicles fleet and of the stock of buildings housing public sector entities, will be further reinforced through the assistance from private sector experts. In addition, the Ministry of Finance is going to complete the description of its strategy for performing spending reviews, which has been produced in cooperation with the European Commission and the OECD. (ii) Performance budgeting: The 2022 Budget, that will be submitted to Parliament in late November, will be accompanied for the first time by a presentation in terms of performance budgeting for all entities belonging to central administration. The programme classification to be used has been prepared in cooperation with line Ministries and other central administration entities, while key performance indicators have also been created for each programme in order to facilitate the assessment of performance. In addition, the 2022 Budget will contain for the first time the total budgeted expenditure per programme from each funding source at the level of the general government, in order to provide a coherent and comprehensive picture of the total resources that are used to meet the targets set by the government. In the coming years, the Ministry of Finance will further develop the performance budgeting reform with a view to incorporate budget execution. (iii) Green budgeting: The Ministry of Finance is preparing the incorporation of the green dimension in the budgetary process in cooperation with the European Commission and the OECD. A pilot presentation of the environmental impact of specific programmes was included in the 2021 Budget. A concrete implementation plan is currently being drafted in cooperation with the OECD and is expected to be completed by the end of 2021.	Spending reviews constitute a basic tool for promoting the more efficient use of resources and for freeing up fiscal space and are conducted on a permanent basis over the previous years. The performance budgeting reform is expected to reinforce both rational decision making and accountability with respect to the proper use of available resources. The development of a green budgeting framework is expected to provide a better understanding of the environmental impact of budgetary policies and to facilitate the attainment of Greece's commitments in relation to the green transition.

CSR	Description	List of measures	Description of direct relevance
		In addition to the above, fiscal structural reforms are heavily represented in two components of the Greek Recovery and Resilience Plan, namely the components on improving revenues administration and tax collection and the component on the modernisation of public administration. The former component includes the complete codification of tax legislation, a new framework aiming to combat smuggling in products subject to excise duties (tobacco, alcohol and energy), the adoption of additional measures and incentives to further increase electronic transactions and the implementation of a digitised and automatic VAT electronic refund procedure. It also includes the introduction of new-technology cash registers across the country, as well as an ambitious project to implement artificial intelligence in the design of tax audits. The latter component has three main objectives. First, to increase transparency and fight corruption by enhancing the legal framework for AML/CFT and combating illicit trade and protecting intellectual property rights. Second, to modernise the Public Financial Management (PFM) framework through the implementation of a Government Enterprise Resource Planning System (ERP) to support the fiscal and financial management of the central government and other general government entities, the modernisation of the institutional framework of State Owned Enterprises (SOEs), the development of electronic invoicing, as well as initiatives designed to increase the efficiency of public procurement. The third main objective is to enhance the efficiency of public investments through the digital capacity of decentralised State aid units, as well as updating the legal framework for State aid, and through the enhancement of policy planning and coordination.	The main objective of the component on revenue administration is to enhance the efficiency, and the effectiveness of the tax system as well as to ensure equality of all taxpayers by enhancing fiscal compliance. At the same time, it seeks to reduce the administrative burden of the tax authorities. These objectives will be met through a set of wide-ranging reforms as well as investments on the digital transformation of the revenue administration via system upgrades and a general modernisation of methods and practices. The component on the modernisation of public administration aims at the implementation of reforms in selected areas of public administration and public financial management that are of particular importance for strengthening both public and private investment.

Annex

DBP tables

Table 1: Basic assumptions

	2020	2021	2022
Short-term interest rate (annual average)	-0,4	-0,5	-0,5
Long-term interest rate (annual average)	0,0	0,0	0,0
USD/€ exchange rate (annual average)	1,14	1,2	1,2
Nominal effective exchange rate	3,9	1,9	-0,2
World excluding EU, GDP growth	-2,9	5,9	4,2
EU GDP growth	-6,0	4,8	4,5
Growth of relevant foreign markets	-9,8	9,2	5,5
World import volumes, excluding EU	-9,3	9,0	5,7
Oil prices (Brent, USD/barrel)	43,4	68,7	68,3

Table 2: Main assumptions

	2020 (Levels)	2021 (Levels)	2022 (Levels)
1. External environment			
a. Prices of commodities	3,2	37,9	4,3
b. Spreads of german Bond	1,6	1,2	2,0
2. Fiscal policy			
a. General Government net lending/ net borrowing	-9,7	-9,9	-3,7
b. General gross debt	205,6	197,9	190,4
3. Monetary policy / Financial sector / Interest rates assumptions			
a. interest rates			
i. Euribor	-0,4	-0,5	-0,5
ii. Deposit rates	0,1	0,1	0,1
iii. Interest rates for loans	4,1	4,0	3,8
iv. Yelds to maturity of 10 year government bonds	1,0	1,1	2,0
b. Evolution of deposits	163,2	173,1	185,5
c. Evolution of loans	141,8	122,1	128,0
d. NPL Trends	47,2	29,4	12,0
Demographic trends			
a. Evolution of working age population	6.795,6	6.794,1	6.773,7
b. Dependency ratios	35,1	35,5	35,9
Structural dependencies			

Table 3: Macroeconomic prospects

	ESA Code	2020 (Levels)	2020 (rate of change)	2021 (rate of change)	2022 (rate of change)
1. Real GDP	B1*g	168.463	-8,2	6,1	4,5
of which					
Attributable to the estimated impact of aggregated budgetary measures on economic growth		12.975	7,1	5,2	2,3
2. Potential GDP		188.863	-0,9	-0,2	0,7
Contributions					
Potential GDP contributions:Labour			-1,0	-0,8	-0,1
Potential GDP contributions:capital			-0,4	-0,3	-0,1
Potential GDP contributions: total factor productivity			0,5	0,9	1,0
3. Nominal GDP	B1*g	165.830	-9,6	6,6	5,5
Components Of real GDP					
4. Private consumption expenditure	P.3	120.818	-5,2	2,9	2,9
5. Government consumption expenditure	P.3	35.747	2,7	4,1	-2,8
6. Gross fixed capital formation	P.51	18.591	-0,6	11,1	23,4
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	4.882	2,9	2,7	2,6
8. Exports of goods and services	P.6	54.865	-21,7	14	11,1
9. Imports of goods and services	P.7	66.439	-6,8	6,6	8,9
Contribution to real GDP growth					
10. Final domestic demand		-5.735	-3,1	4,2	4,1
11. Changes in inventories and net acquisition of valu	P.52 + P.53	915	0,5	0,0	0,0
12. External balance of goods and services	B.11	-10.324	-5,6	2,0	0,3

Table 4: Price developments

	ESA Code	2020 (Levels)	2020 (rate of change)	2021 (rate of change)	2022 (rate of change)
1. GDP deflator		98,4	-1,5	0,5	1,0
2. Private consumption deflator		98,4	-1,3	0,6	0,9
3. HICP		101,2	-1,3	0,0	0,8
4. Public consumption deflator		103,8	-0,1	-1,3	1,2
5. Investment deflator		99,1	-0,2	3,1	0,8
6. Export price deflator (goods and services)		96,4	-8,2	15,8	-0,8
7. Import price deflator (goods and services)		98,4	-8,3	14,9	-0,5

Table 5: Labour market developments

	ESA Code	2020 (Levels)	2020 (rate of change)	2021 (rate of change)	2022 (rate of change)
1. Employment, persons		4.504,5	-1,3	0,0	2,7
2. Employment, hours worked		8.165.755,0	-11,4	7,7	6,1
3. Unemployment rate (%)		16,3	-5,8	-2,0	-10,5
4. Labour productivity, persons		37,4	-7,0	6,2	1,8
5. Labour productivity, hours worked		0,0	3,5	-1,4	-1,5
6. Compensation of employees	D.1	67.530,5	-0,9	-0,5	4,1
7. Compensation per employee		20.842,5	0,0	0,0	1,1

Table 6: Sectoral balances

	ESA Code	2020 (% of GDP)	2021 (% of GDP)	2022 (% of GDP)
1. Net lending/borrowing vis-a-vis the rest of the world	B.9	-4,6	-2,8	-1,5
of which				
- Balance on goods and services		-7,6	-5,8	-5,3
- Balance of primary incomes and transfers		-0,3	0,8	1,8
- Capital account		3,2	2,3	2,0
2. Net lending/borrowing of the private sector	B.9	5,0	7,1	2,2
3. Net lending/borrowing of general government	EDP B.9	-9,7	-9,9	-3,7
4. Statistical discrepancy		-0,1	0,0	0,0

Table 7: Contingent liabilities

	2021 (% of GDP)	2022 (% of GDP)
Public guarantees	11,6	13,7
Public guarantees: linked to the financial sector	6,2	9,2

Table 8: General government expenditure and revenue projections at unchanged policies broken down by main components

	ESA Code	2021 (% of GDP)	2022 (% of GDP)
General governement (S13)			
1. Total revenue at unchanged policies	TR	**48,4**	**48,6**
Of which			
1.1 Taxes on production and imports	D.2	16,9	17,0
1.2 Current taxes on income, wealth, etc	D.5	8,3	8,9
1.3 Capital taxes	D.91	0,1	0,1
1.4 social contributions	D.61	14,6	14,0
1.5 Property income	D.4	0,3	0,3
1.6 Other		8,2	8,3
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		39,8	40,0
Total expenditure at unchanged policies	TE	**58,3**	**52,4**
Of which			
2.1 Compensation of employees	D.1	12,8	12,1
2.2 Intermediate consumption	P.2	5,9	5,5
2.3 Social payments	D.62,D.63	22,9	22,0
Of which unemployment benefits		0,8	0,7
2.4 Interest expenditure	EDP D.41	2,7	2,5
2.5 Subsidies	D.3	4,7	1,2
2.6 Gross fixed capital formation	P.51	4,5	6,2
2.7 Capital transfers	D.9	2,7	0,7
2.8 Other		2,1	2,1

Table 9: Amounts to be excluded from the expenditure benchmark

	2020 (Levels)	2020 (% of GDP)	2021 (% of GDP)	2022 (% of GDP)
1. Expenditure on EU programmes fully matched by EU funds revenue	5.567	3,4	2,9	3,9
1a. Investment expenditure fully matched by EU funds revenue	2.771	1,7	1,8	3,2
2. Cyclical unemployment benefit expenditure	324	0,2	0,2	0,1
3. Effect of discretionary revenue measures	-4.129	-2,5	-0,3	-0,4
4. Revenues increased mandated by law				

Table 10: General government expenditure on education, healthcare and employment

	2021 (% of GDP)	2021	2022 (% of GDP)	2022
Education	4,3	7.616	4,3	7.928
Health	6,1	10.776	5,6	10.436
Employment	2,8	5.021	0,9	1.590

Table 11: General government expenditure on education, healthcare and employment (without COVID related expenditure)

	2021 (% of GDP)	2021	2022 (% of GDP)	2022
Education	4,3	7.616	4,3	7.928
Health	5,4	9.637	5,4	10.010
Employment	0,7	1.173	0,7	1.360

Table 12: Stock of guarantees adopted/announced according to the Plan

	ID	Description	Adoption year	Adoption month	Maximum amount of contingent liabilities (% of GDP)	Estimated take-up (% of GDP)
In response to COVID-19	44	Sure programme	2020	< not set >	0,19	0,19
	45	Paneuropean Guarantees' Fund	2020	< not set >	0,2	0,2
	46	Covid-19 Fund (HDB-ex. ETEAN)	2020	May	0,97	0,97
				Subtotal	**1,36**	**1,36**
Others	47	State Guarantees to non General Government Entities	2000	< not set >	3,21	3,21
	48	Enterpreneurship loans (EIB loans to greek banks)	2000	< not set >	0,84	0,84
	49	Hercules NPL reduction scheme	2020	< not set >	4,83	4,83
	50	HDB/ex.ETEAN & Enterpreneurship Fund (excl. COVID 19 Fund)	2003	< not set >	0,04	0,04
				Subtotal	**8,92**	**8,92**
				Total	**10,28**	**10,28**

Measures tables

Table 13: Discretionary measures aggregated (% GDP)

	ESA Code	2020	2021	2022	2023	2024	2025
Revenue							
Taxes on production and imports	D.2	-0,25	0,15	0,04	0	0	0
Current taxes on income, wealth, etc	D.5	-1,68	0,07	0,27	0,81	0	0
Capital taxes	D.91	0	0	-0,01	0	0	0
Social contributions	D.61	-0,36	-0,35	-0,02	0,43	0	0
Property income	D.4	-0,1	0	0	0	0	0
Other	P.11+P.12+P.131+D.39+D.7+D.9 (other than D.91)	-0,1	-0,2	-0,69	-0,01	0	0
Total (revenue)		**-2,49**	**-0,33**	**-0,41**	**1,23**	**0**	**0**
Expenditure							
Compensation of employees	D.1	-0,09	-0,02	0,04	0,05	0	0
Intermediate consumption	P.2	-0,42	-0,38	0,5	0,25	0,001	0,02
Social payments, of which, where applicable, unemployment benefits including cash benefits and in...	D.62+D.63+D.621+D.624+D.631	-0,4	0,16	0,16	0	0	0
Interest expenditure	EDP D.41						
Subsidies	D.3	-2,53	-1,36	3,49	0,13	0,01	0
Gross fixed capital formation	P.51						
Capital transfers	D.9	-1,75	-0,1	1,68	0	0	0
Other (other than D.41)	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	-0,05	-0,28	0,27	0,04	0	0
Total (expenditure)		**-5,24**	**-1,98**	**6,14**	**0,47**	**0,011**	**0,02**
Total							
		-7,73	**-2,31**	**5,73**	**1,7**	**0,011**	**0,02**

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 SCOPAX application.

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

ID	Title	Description	Source	ESA	Account principle	Adoption status	2020	2021	2022	2023	2024	2025
3481	Repayable advance payment.	Business financing in the form of a repayable advance payment. (non-repayable part, COVID measure)	Central Government	D.9	Accrual	Already adopted	-1,75	0,5	1,08	0	0	0
3482	Hirings subsidy program.	New hirings subsidy program (subsidize SSCs on 150.000 new hirings for 6 months). COVID related	Central Government	D.3	Cash	Already adopted	-0,02	-0,15	0,06	0,09	0	0
3483	First residence subsidy cost.	First residence subsidy cost for borrowers hit by COVID (GEFYRA).	Sub-sectors of the General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	-0,01	-0,1	0,1	0	0	0
3484	Special allowance for employees.	Special allowance for employees of firms affected by the coronavirus crisis, whose labour contract has been suspended.	Central Government	D.3	Cash	Already adopted	-0,9	-0,08	0,9	0	0	0
3485	Christmas and Easter bonus.	Expenditure related to christmas and easter bonus, for employees on labour contract suspension. (COVID)	Central Government	D.3	Cash	Already adopted	-0,2	-0,05	0,2	0,01	0	0
3486	Special allowance for seasonal workers.	Special allowance for seasonal workers of tourism. (COVID measure)	Central Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0,13	0,07	0,05	0	0	0
3487	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).	Central Government	D.3	Cash	Already adopted	-0,3	0,23	0,05	0	0	0
3488	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	-0,2	0,1	0,1	0	0	0
3489	Interest payment on performing loans.	Interest payment on performing loans of SMEs affected by the coronavirus crisis paid by the state.	Central Government	D.3	Cash	Already adopted	-0,15	0,08	0,06	0	0	0
3490	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	-0,2	-0,4	0,4	0,2	0	0
3491	COVID expenditures of other ministries.	COVID expenditures of other ministries.	Central Government	P.2	Cash	Already adopted	-0,2	0,03	0,1	0,04	0	0
3492	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.	Central Government	D.3	Cash	Already adopted	-0,5	-0,15	0,6	0	0	0
3493	Compensation to property owners.	Compensation to property owners that receive reduced rent. (COVID measure)	Central Government	D.3	Cash	Already adopted	0	-0,4	0,4	0	0	0

ID	Title	Description	Source	ESA	Account principle	Adoption status	2020	2021	2022	2023	2024	2025
3494	Non-refundable grant.	Non-refundable grant to small & micro enterpises via Local Governments. (COVID related)	Central Government	D.3	Cash	Already adopted	0	-0,5	0,5	0	0	0
3495	Subsidies to the transport sector.	Compensation to shipping, airlines, train and other transport companies for restrictions on passenger seats.	Central Government	D.3	Cash	Already adopted	-0,04	-0,15	0,2	0	0	0
3496	Program for SMEs borrowers.	New program for SMEs borrowers hit by COVID. (GEFYRA 2)	Central Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	0	-0,13	0,09	0,03	0	0
3497	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	-0,1	0,1	0	0	0
3498	Non-repayment of a percentage of refundable advance.	Non-repayment of a percentage of refundable advance on basis of turnover reduction and loss.	Central Government	D.9	Accrual	Already adopted	0	-0,6	0,6	0	0	0
3499	Working capital grant program.	Working capital grant program for restaurants through React-EU. (COVID related)	Central Government	D.3	Cash	Already adopted	0	-0,14	0,13	0	0	0
3500	Grant program for hotels, gyms and playgrounds.	Grant program for hotels, gyms and playgrounds through React-EU. (COVID related)	Central Government	D.3	Cash	Already adopted	0	-0,17	0,16	0	0	0
3501	SSCs coverage for employees of seasonal enterprises.	SSCs coverage for employees of seasonal enterprises. (COVID)	Central Government	D.3	Cash	Already adopted	-0,14	0,14	0	0	0	0
3502	Other measures on Subsidies	Other measures on Subsidies	Central Government	D.3	Cash	Already adopted	-0,28	0,08	0,13	0,03	0,01	0
3503	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	-0,07	-0,01	0,01	0	0	0
3504	Other measures on Compensation of Employees.	Other measures on Compensation of Employees	Central Government	D.1	Cash	Already adopted	-0,09	-0,02	0,04	0,05	0	0
3505	Other measures on Intermediate consumption.	Other measures on Intermediate consumption	Central Government	P.2	Cash	Already adopted	-0,02	-0,01	0	0,01	0,001	0,02
3506	Other measures on other expenses.	Other measures on other expenses	General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	-0,04	-0,05	0,08	0,01	0	0

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

Table 15: Discretionary expenditure measures by subsector: Central Government

ID	Title	Description	Source	ESA	Account principle	Adoption status	2020	2021	2022	2023	2024	2025
3481	Repayable advance payment.	Business financing in the form of a repayable advance payment. (non-repayable part, COVID measure)	Central Government	D.9	Accrual	Already adopted	-1,75	0,5	1,08	0	0	0
3482	Hirings subsidy program.	New hirings subsidy program (subsidize SSCs on 150.000 new hirings for 6 months). COVID related	Central Government	D.3	Cash	Already adopted	-0,02	-0,15	0,06	0,09	0	0
3484	Special allowance for employees.	Special allowance for employees of firms affected by the coronavirus crisis, whose labour contract has been suspended.	Central Government	D.3	Cash	Already adopted	-0,9	-0,08	0,9	0	0	0
3485	Christmas and Easter bonus.	Expenditure related to christmas and easter bonus, for employees on labour contract suspension. (COVID)	Central Government	D.3	Cash	Already adopted	-0,2	-0,05	0,2	0,01	0	0
3486	Special allowance for seasonal workers.	Special allowance for seasonal workers of tourism. (COVID measure)	Central Government	D.62+D.63+D.621+D.624+D.631	Cash	Already adopted	-0,13	0,07	0,05	0	0	0
3487	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).	Central Government	D.3	Cash	Already adopted	-0,3	0,23	0,05	0	0	0
3489	Interest payment on performing loans.	Interest payment on performing loans of SMEs affected by the coronavirus crisis paid by the state.	Central Government	D.3	Cash	Already adopted	-0,15	0,08	0,06	0	0	0
3490	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	-0,2	-0,4	0,4	0,2	0	0
3491	COVID expenditures of other ministries.	COVID expenditures of other ministries.	Central Government	P.2	Cash	Already adopted	-0,2	0,03	0,1	0,04	0	0
3492	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.	Central Government	D.3	Cash	Already adopted	-0,5	-0,15	0,6	0	0	0
3493	Compensation to property owners.	Compensation to property owners that receive reduced rent. (COVID measure)	Central Government	D.3	Cash	Already adopted	0	-0,4	0,4	0	0	0
3494	Non-refundable grant.	Non-refundable grant to small & micro enterpises via Local Governments. (COVID related)	Central Government	D.3	Cash	Already adopted	0	-0,5	0,5	0	0	0
3495	Subsidies to the transport sector.	Compensation to shipping, airlines, train and other transport companies for restrictions on passenger seats.	Central Government	D.3	Cash	Already adopted	-0,04	-0,15	0,2	0	0	0
3496	Program for SMEs borrowers.	New program for SMEs borrowers hit by COVID. (GEFYRA 2)	Central Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	0	-0,13	0,09	0,03	0	0

ID	Title	Description	Source	ESA	Account principle	Adoption status	2020	2021	2022	2023	2024	2025
3497	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	-0,1	0,1	0	0	0
3498	Non-repayment of a percentage of refundable advance.	Non-repayment of a percentage of refundable advance on basis of turnover reduction and loss.	Central Government	D.9	Accrual	Already adopted	0	-0,6	0,6	0	0	0
3499	Working capital grant program.	Working capital grant program for restaurants through React-EU. (COVID related)	Central Government	D.3	Cash	Already adopted	0	-0,14	0,13	0	0	0
3500	Grant program for hotels, gyms and playgrounds.	Grant program for hotels, gyms and playgrounds through React-EU. (COVID related)	Central Government	D.3	Cash	Already adopted	0	-0,17	0,16	0	0	0
3501	SSCs coverage for employees of seasonal enterprises.	SSCs coverage for employees of seasonal enterprises. (COVID)	Central Government	D.3	Cash	Already adopted	-0,14	0,14	0	0	0	0
3502	Other measures on Subsidies	Other measures on Subsidies	Central Government	D.3	Cash	Already adopted	-0,28	0,08	0,13	0,03	0,01	0
3504	Other measures on Compensation of Employees.	Other measures on Compensation of Employees	Central Government	D.1	Cash	Already adopted	-0,09	-0,02	0,04	0,05	0	0
3505	Other measures on Intermediate consumption.	Other measures on Intermediate consumption	Central Government	P.2	Cash	Already adopted	-0,02	-0,01	0	0,01	0,001	0,02
3506	Other measures on other expenses.	Other measures on other expenses	General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	-0,04	-0,05	0,08	0,01	0	0

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

Table 16: Discretionary expenditure measures by subsector: Social Security Funds

ID	Title	Description	Source	ESA	Account principle	Adoption status	2020	2021	2022	2023	2024	2025
3483	First residence subsidy cost.	First residence subsidy cost for borrowers hit by COVID (GEFYRA).	Sub-sectors of the General Government	D.29+D.4+D.5+D.7+P.52+P.53+K.2+D.8	Cash	Already adopted	-0,01	-0,1	0,1	0	0	0
3488	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	-0,2	0,1	0,1	0	0	0
3503	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	-0,07	-0,01	0,01	0	0	0

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

Table 17: Discretionary revenue measures taken by the General Government (additional budgetary impact, % GDP)

ID	Title	Year of first budgetary impact	Labels	Description	ESA	One-off	One-off type	Funded by EU	EU fund	Account principle	Adoption status	2020	2021	2022	2023	2024	2025
3699	2019 tax arrears installment scheme	2019	< not set >		D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0,01	0,17	-0,03	0	0	0
3701	2019 reduction of advance payment for CIT	2019	< not set >	Reduction of advance payment for CIT by 5% for 2019	D.5	Yes	Temporary change in the timing of recurrent rev/exp	No	< not set >	Accrual	Already adopted	0,1	0	0	0	0	0
3702	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	-0,41	0,16	0	0	0	0
3703	Tax evasion reduction through expansion of electronic transactions	2020	< not set >	Tax payers must conduct transactions by electronic means of payment that correspond to 30% of their income	D.2	No	< not set >	No	< not set >	Cash	Already adopted	0,28	0	0	0	0	0
3705	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	-0,12	0,12	0	0	0
3706	2020 ANFAs & SMPs	2020	< not set >	2020 payments received by the State corresponding to Central Banks' profits from Hellenic Republic Government Bonds	P.11+P.12+ P.131+D.39 +D.7+D.9 (other than D.91)	Yes	Other	Yes	Other	Cash	Already adopted	0,9	-0,9	0	0	0	0
3721	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	-0,17	-0,18	0,07	0	0	0
3722	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	-0,11	0,1	0	0	0	0
3723	Reduction of advanced CIT and PIT payment for enterprises hit by COVID	2020	#COVID-19	Reduction of advanced CIT and PIT payment for enterprises hit by the COVID crisis (including air transport)	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0,93	0,33	0,51	0	0	0
3724	COVID relief: Suspension of solidarity tax	2021	#COVID-19	Suspension of solidarity tax in the private sector	D.5	No	< not set >	No	< not set >	Cash	Already adopted	0	-0,43	-0,02	0,41	0	0
3725	2019 ANFAs & SMPs	2019	< not set >	2019 payments received by the State corresponding to Central Banks' profits from Hellenic Republic Government Bonds	P.11+P.12+ P.131+D.39 +D.7+D.9 (other than D.91)	Yes	Other	Yes	Other	Cash	Already adopted	-1	0	0	0	0	0

ID	Title	Year of first budgetary impact	Labels	Description	ESA	One-off	One-off type	Funded by EU	EU fund	Account principle	Adoption status	2020	2021	2022	2023	2024	2025
3726	2021 ANFAs & SMPs	2021	< not set >	2021 payments received by the State corresponding to Bank of Greece profits from Hellenic Republic Government Bonds	P.11+P.12+ P.131+D.39 +D.7+D.9 (other than D.91)	Yes	Other	Yes	Other	Cash	Already adopted	0	0,5	-0,5	0	0	0
3727	Hellenic Financial Stability Fund coupon revenue	2019	< not set >	Hellenic Financial Stability Fund 2019 COCOs coupon receipt	D.4	Yes	Other	No	< not set >	Cash	Already adopted	-0,1	0	0	0	0	0
3740	COVID Relief - 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	-0,46	-0,02	0,43	0	0
3781	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	-0,18	0,1	0,06	0	0	0
3834	2021 Non-financial privatizations	2021	< not set >		P.11+P.12+ P.131+D.39 +D.7+D.9 (other than D.91)	Yes	Sales of non-financial assets	No	< not set >	Cash	Not yet adopted but credibly planned	0	0,2	-0,2	0	0	0
3835	2022 Non-financial privatizations	2022	< not set >		P.11+P.12+ P.131+D.39 +D.7+D.9 (other than D.91)	Yes	Sales of non-financial assets	No	< not set >	Cash	Included in revenue projections but not known with sufficient details	0	0	0,01	-0,01	0	0
4321	Permanent reduction of advanced CIT and PIT payment for enterprises and self-employed	2022	< not set >	Permanent reduction of advanced CIT payment for enterprises to 80% and PIT payment for self-employed to 55%	D.5	Yes	Permanent change in the timing of recurrent rev/exp	No	< not set >	Cash	Already adopted	0	0	-0,4	0,4	0	0
5281	Reduction of Tax on parental benefits/donations	2022	< not set >	Tax on parental benefits/donations is abolished up to 800,000 euros for first-degree relatives from October 2021	D.91	No	< not set >	No	< not set >	Cash	Already adopted	0	0	-0,01	0	0	0
5282	Other non-COVID D.5 measures	2020	< not set >	Various other D.5 discretionary revenue measures not related to the pandemic.	D.5	No	< not set >	No	< not set >	Cash	Already adopted	-0,14	0,09	-0,01	0	0	0
5283	Other non-COVID D.2 measures	2020	< not set >	Various other D.2 discretionary revenue measures not related to the pandemic.	D.2	No	< not set >	No	< not set >	Cash	Already adopted	-0,15	0	-0,03	0	0	0
5284	Other non-COVID SSCs measures	2020	< not set >	Other smaller Social Security Contributions measures, not related to the pandemic.	D.61	No	< not set >	No	< not set >	< not set >	Already adopted	-0,09	-0,07	-0,06	0	0	0
5301	Other COVID-related D.5 measures	2020	#COVID-19	Various other D.5 discretionary revenue measures, related to the pandemic.	D.5	No	< not set >	No	< not set >	< not set >	Already adopted	-0,12	0,05	0,03	0	0	0
5302	Other COVID-related D.2 measures	2020	#COVID-19	Various other D.2 discretionary revenue measures, related to the pandemic.	D.2	No	< not set >	No	< not set >	Cash	Already adopted	-0,27	0,05	0,07	0	0	0
5353	Other COVID-related SSC measures	2020	#COVID-19	Other SSC measures, related to the pandemic.	D.61	No	< not set >	No	< not set >	< not set >	Already adopted	-0,09	0,08	0	0	0	0

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