

**Report on Greece's compliance with the Milestones for the disbursement to the Hellenic Republic of the second tranche of EUR 1.0bn of the EFSF instalment related to the fourth review under the second programme**  
(3 July 2014)

This report has been compiled by European Commission staff in liaison with ECB and IMF staff.

**Eurogroup decision on disbursement of the EFSF instalment related to the fourth review of the second adjustment programme for Greece**

The Eurogroup of 1 April 2014 concluded that the necessary elements were in place for the approval of the EFSF instalment related to the fourth review under the second programme, which amounts to EUR 8.3 billion. Member States also agreed that the disbursement would take place in three tranches. A first tranche of EUR 6.3 billion was approved by the EWG and the EFSF Board of Directors on 24 April 2014 and was disbursed to Greece on 28 April 2014, following the full implementation of the related prior actions and finalisation of Member States' relevant national procedures. The disbursements of the second and the third tranches, amounting to EUR 1 billion each, were linked the implementation of milestones agreed between Greece and the Troika institutions. In particular, the disbursement of the second tranche of EUR 1.0 billion was made conditional upon the implementation of six milestones to be achieved by end-May as published in Table 12 of the April 2014 Compliance Report (Fourth Review of the 2<sup>nd</sup> Economic Adjustment Programme):

**Table 1. List of Milestones to be achieved by end-May and end-June 2014**

A) Milestones to be completed by **end-May 2014**

Milestone	Area	MoU Section
1. Adoption of outdoor trade law.	Competition and regulation	7.1
2. Adoption of investment licensing law and spatial planning law.	Procedural and administrative burden, and spatial management and planning	5.1.2 & 5.1.3
3. Update the list of nuisance charges.	Nuisance charges	5.1.1
4. Adoption of the code of conduct for members of Government (due for April).	Anti-corruption	2.6.2
5. Adoption of a joint ministerial MoF-MoL action plan for integration of debt collection to tax administration (May).	Social security collection	2.8.2
6. Adoption of legislation (1) to ensure access to medicines and diagnostics for the non-insured and (2) to change the current mark-ups and profit margins of pharmacies into a regressive mark-up system and reducing the overall profit margin of pharmacies.	Health care	2.9.3.1 & 2.9.1.2

Source: Compliance report - the Fourth Review of the 2nd Economic Adjustment Programme, Occasional Paper 192, April 2014  
[http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2014/pdf/ocp192\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp192_en.pdf)

## **Assessment of compliance with the milestones to be completed by end-May 2014**

### ***Adoption of outdoor trade law***

The law was voted by the Greek Parliament on 6 May 2014 (law 4264/2014, FEK 118/A/15.5.2014). The provisions on allocation of slots in street markets, which were not included in the law, have been adopted through Ministerial Decree as required by Art. 5. Par.3 of the law. The MD has been adopted on 2 July 2014 (FEK 1806/B/2.7.2014)

### ***Adoption of investment licensing law and spatial planning law***

The investment licensing law has been approved by the Greek Parliament on 9 May 2014 (law 4262/2014, FEK 114/A/10.5.2014). The project management office has been set appointed through Government Act (FEK 362/25.6.2014) and the roadmap for implementation has been presented on 30 June. The successful implementation of the general framework law will depend on the secondary legislation to be issued by end 2014.

The spatial planning law, including land uses, was approved by the Greek Parliament on 26 June 2014 (law 4269/2014, FEK 142/A/28.6.2014). The work of the related technical committee will continue to solve potential problems in implementing the law and conclude the methodology and the procedures of the new plans to make the law fully operational. The Ministry has already set up the committee about spatial data bank provided for by the new law and by end of July will present an action plan.

### ***Update the list of nuisance charges***

The authorities launched on 26 June a website in which citizens can identify and report nuisance charges. This, together with additional input from the business sector (SEV) and the ministries, has served as a basis for updating the list which was presented to the EC/ECB/IMF on 2 July 2014. Based on information collected during a relatively short period of availability of the website, the list includes 51 new nuisance charges. The authorities have committed to provide their full assessment of these charges in time for the next review mission and to present an update list by end August 2014 based on further input received in the meantime.

### ***Adoption of the code of conduct for members of Government***

The code of conduct for members of Government, drafted under the auspices of the National Anti-corruption Coordinator, has been signed by the Prime Minister and published on the official transparency website Diavgia on 30 June.

### ***Adoption of a joint ministerial MoF-MoL action plan for integration of debt collection to tax administration***

A joint ministerial action plan was signed by the Minister of Finance and the Minister of Labour and published on the official transparency website Diavgia on 1 July.

### ***Adoption of legislation (1) to ensure access to medicines and diagnostics for the non-insured and (2) to change the current mark-ups and profit margins of pharmacies into a regressive mark-up system and reducing the overall profit margin of pharmacies***

(1) The legislation to ensure access to medicines and diagnostics for the non-insured has been adopted through a joint Ministerial Decree on hospitals (FEK: 1456/B/5.6.2014) and a joint Ministerial Decree on medicines (FEK 1753/B/28.6.2014);

(2) The legislation to change the mark-ups and profit margins of pharmacies has been adopted through a Ministerial Decree on 2 July 2014 (FEK 1805/B/2.7.2014) . The authorities have committed to supplement the regressive margins by further structural measures by mid-July to support generic substitution and bring pharmaceutical spending in line with the authorities' spending target; and to carefully monitor the impact of the recent measure on the profit margins on an annual basis.

### **Recommendation**

Based upon this report, confirming that all end-May milestones have been met, the Eurogroup Working Group is asked to endorse the disbursement to the Hellenic Republic of the second tranche of EUR 1.0 billion of the EFSF instalment related to the fourth review under the second programme. Following this endorsement, the EFSF Board of Directors will take the formal decision for the disbursement.