



# Technical Assistance to Greece

October 2013 - January 2014

Task Force for Greece

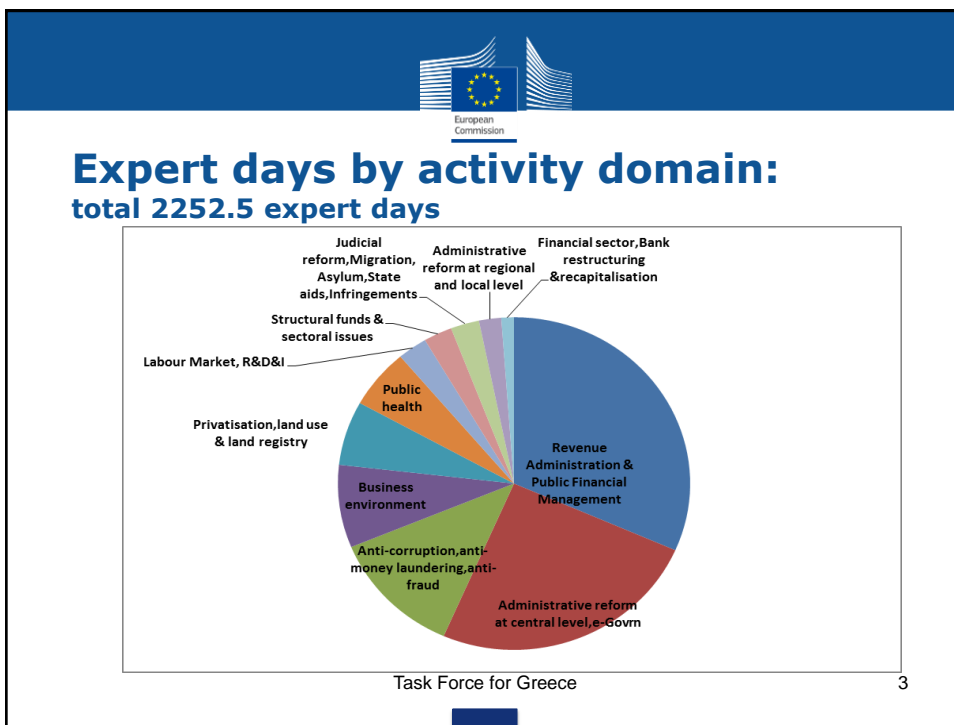
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## TFGR activity domains

1. Acceleration of Cohesion policy Projects
2. Access to finance / Financial Sector;
3. Reform of Public Administration;
4. Revenue Administration and Public Financial Management;
5. Anti-Corruption/anti Money-Laundering;
6. Business Environment;
7. Public Health;
8. Reform of Judicial System;
9. Labour Market and Social Security;
10. Migration, Asylum, and Borders;
11. Privatisation and Land Registry;
12. Energy, Transport, and Environment.

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 European Commission

## Anti-Money Laundering/Anti-Corruption

### 1. Recent Developments:

- Extensive training for AML and AC officials (over 700 participants)
- New AML law setting up a registry of bank accounts, system is operational since the end of January 2014
- Strong activity of Financial Intelligence Unit (1446 cases of suspected tax evasion, 405 cases sent to Prosecutor's Office, freezing of assets worth more than EUR 170 million)
- TA on development of Anti-Fraud strategy related to Structural Funds

### 2. Next Priorities for TA:

- Adoption and implementation of the New Agenda for Anti Money Laundering, including recommendations from AML Network report
- Support of anti-corruption coordinator and his office
- Focus on implementation of individual actions of AC strategy – with detailed working plan, including action related to Structural Funds

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## Public Health

### 1. Recent Developments:

- Strategic vision for the reform of healthcare system was launched successfully on the occasion of the HLC on Health in Action
- Approval - on 6 February 2014 - of the law on the purchaser / provider split of the National Sickness Fund (EOPYY)

### 2. Next Priorities for TA:

- Continued implementation of the work and final adoption of the few outstanding action plans
- Development of effective primary healthcare system
- Universal access



## Labour market, social security

### 1. Recent developments:

- Submission of Youth Guarantee Implementation Plan by GR authorities
- Adoption of action plan to implement the Re-engineering program for Public employment service (OAED)
- Cooperation agreement between the MoL and the WBG on means-tested income support

### 2. Next priorities for TA:

- Finalisation of Youth Guarantee Implementation Plan and phased of the Youth Guarantee
- Implementation of further "quick wins" under the OAED Re-engineering Programme
- Implementation of a pilot scheme to introduce a means tested income support programme



## Making Greece more attractive for investors

### Five broad priorities:

1. Enhancing competition
2. Cutting red tape – reducing administrative costs
3. Facilitating investment decisions
4. Export facilitation and promotion
5. Create a sound public procurement framework

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## Making Greece more attractive for investors

### 1. Enhancing competition

#### Recent developments:

- OECD competition assessment on four key sectors – over 300 recommendations
- Estimated annual positive effects: EUR 5.2 billion

#### Next steps:

- Adoption of legislation implementing the recommendations
- Extend competition assessments to other sectors with cross cutting effects (e.g. electronic commerce, transport and energy)
- Strengthen the role of the Hellenic Competition Authority

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## Making Greece more attractive for investors

### 2. Cutting red tape

#### Recent developments:

- Modernising accounting requirements
- Implementation of an anti-corruption roadmap
- OECD recommendations in 13 areas: reduction of administrative costs by 25%

#### Next steps:

- Omnibus law under preparation to implement OECD recommendations - could be adopted before summer 2014
- Further enhance better regulation and impact assessment in legislative process

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## Making Greece more attractive for investors

### 3. Facilitating investment decisions

#### Recent developments:

- Recommendations by the World Bank: reduce administrative complexity notably on starting up businesses, registering property, obtaining construction permits
- Legislation by the Greek government implementing the recommendations in 2013

#### Next steps:

- Legislative process on simplifying licencing procedures to be finalised – need for effective implementation
- Tackle complex and inefficient insolvency laws
- Remove impediments in the land use and planning
- Complete the land registry

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## Making Greece more attractive for investors

### 4. Export facilitation and promotion

#### Recent developments:

- Customs procedures and controls are being streamlined and digitalised
- Creation of an agency to stimulate export promotion

#### Next steps

- Pre-customs process needs to be improved
- Legislation needs to be simplified
- Need for comprehensive extraversion strategy



## Making Greece more attractive for investors

### 5. Public procurement

#### Recent developments:

- The operational functioning of the Independent Public Procurement Authority has started
- Creation of e-procurement and notification portals

#### Next steps:

- Finalise the reform of the legal framework
- Proceed with reforms on the operation of key public purchasers
- Promote transparency, digitalisation, simplification of proceedings
- Capacity building



## Reform of Central Administration

### 1. Recent Developments:

- Support to the SG interministerial coordination (SGC)
- Preparation of a 2 year strategy and action plan for the reform, including HR topics
- Preparation of procedures for the selection of middle & senior managers
- Preparation of an eGovernment strategy

### 2. Next priorities for TA:

- Enhancement of the reform governance (steering, monitoring, decisions)
- Optimal functioning of the SGC
- Adoption of the 2 years strategy and action plan for the reform
- Adoption of the Digital and eGovernment strategies and action plans
- Implementation of the decisions of reorganisation of the ministries
- Implementation of procedures for the selection of middle & senior managers
- Initiation of the work on new HR priorities
- Defining the new operational programme for the reform under the 2014-2020 Structural Funds

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## Revenue administration and Public Financial Management (1)

### 1. Recent developments in PFM:

- TA on reform of the Organic Budget Law
- TA on implementation of Late Payment Directive and streamlining of the payment process
- High-level meeting (end November 2013) on the mid-term review of the TA roadmap for Hellenic Court of Audit – discussion with stakeholders in Parliament and in the Ministry of Finance on future priorities

### 2. Next priorities for TA in PFM:

- Continuation of TA on the reform of the Organic Budget Law
- Hellenic Court of Audit : implement the annual audit programme for 2014 + second cycle of ex-post financial audits

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## Revenue administration and Public Financial Management (2)

### 1. Recent developments and results in Revenue Administration

- Entry into force of new Tax Procedure Code, but "repairs" still ongoing and reform of accounting rules remains to be adopted
- Intensive work on reorganisation of General Secretariat for Public Revenue and new grading and promotion system – adoption still pending
- VAT compliance gap as measured by DG TAXUD (09/2013) at 4.7% of GDP (2011 data), rising steadily since 2000
- Debt collection : collection of old debts stands at 1,518 M€ for 2013, against 1,099 in 2012 and 947 in 2011
- Large taxpayer full-scope audits: number stands at 324 for 2013, against 76 in 2012 and 44 in 2011
- HWI-HISE audits: number of audits completed stands at 454 for 2013, against 444 in 2012 and 404 in 2011

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## Revenue administration and Public Financial Management (3)

### 2. Next priorities for TA in Revenue Administration

- VAT, with focus on processing of refunds, simplification of the VAT system and fight against VAT fraud
- Continued focus on debt collection
- Increasing TA efforts regarding tax evasion by HWI-HISE (High Wealth Individuals – High Income Self Employed)
- Fight against tax and excise fraud, with the set-up of a new Fraud Investigation Department within General Secretariat for Public Revenue

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## Structural and Cohesion Funds Absorption 2007-2013

		Total	ERDF	CF	ESF
By Dec 2010	Greece	21.86%	26.19%	15.90%	14.84%
	EU Average	22.94%	26.96%	26.07%	29.06%
	GR Ranking	17	10	13	22
By Sept 2013	Greece	67.46%	69.34%	73.92%	56.72%
	EU Average	56.40%	57.25%	49.89%	60.10%
	GR Ranking	6	5	2	16
By Feb 2014	Greece	77.11%	80.99%	81.80%	62.31%
	EU Average	64.08%	64.85%	58.02%	67.59%
	GR Ranking	<b>4</b>	<b>2</b>	<b>2</b>	<b>20</b>



## Motorway Concessions

- In 12/2013 Commission approved € 2.97 billion EU financial support to support the construction of four motorways built through concession contracts; this is part of a of a total investment cost of € 7.6 billion.
- It is expected that the investment will boost the country's GDP by 1.5% in the next 3 years creating a total of 20.000 jobs.
- The projects should be completed by the end of 2015, with 1.700 people expected to be employed in managing and operating the motorway concessions.



## Institution for Growth (IfG)

Law on the IfG was adopted by the Greek parliament in December 2013:

- The Hellenic Republic will invest up to 350 million EUR (including up to 200 million EUR structural funds) in the IfG
- Germany (KfW) will invest 100 million EUR
- Other investors (EU Member states, private foundations) indicated further contributions

Market studies for the SME debt and SME equity funds are done, a study for infrastructure is expected for April

Preparatory work continues

Start of IfG operations in 2014

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## Financial Engineering Instruments

- Public financial engineering instruments now start providing liquidity and guarantees: October 2013 and January 2014: Nearly 150 million EUR disbursements from banks to final beneficiaries
- 1,7 billion EUR structural funds allocated to different financial engineering instruments
- Greek economy could benefit in total from 3,2 billion EUR loans, equity and guarantees through these instruments

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## Structural and Cohesion Funds: Meeting severe employment and social challenges

- Minimum income Guarantee Scheme
- Public works programmes
- A Youth Guarantee scheme
- Developing a Social Economy
- Developing Vocational Education & Training, including Apprenticeships



## Structural and Cohesion Funds 2014-2020 priorities

Conclusion of Partnership Agreement and new Operational Programmes

Meeting the ex-ante conditions

Simplification of procedures and structures to develop a new management & control system

Minimising carry forward of "old" projects

Concentration on growth and employment, NOT on spreading funds as widely as possible



# Conclusions