



EUROPEAN COMMISSION  
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# Compliance Report ESM Stability Support Programme for Greece

## Third Review

March 2018



## 1. Introduction

**In July 2015, after the expiry of the previous programme supported by EFSF financing, Greece requested the European Stability Mechanism (ESM) financial assistance**, to restore fiscal sustainability, address the risks to its own financial stability and to that of the euro area, promote sustainable growth, create jobs and reduce inequalities, and modernise the State and public administration. In August 2015, the Hellenic Republic concluded an agreement for stability support in the form of a loan from the ESM for an availability period of three years. In accordance with the ESM Treaty, a Memorandum of Understanding (MoU) was signed by the European Commission, on behalf of the ESM, which details the conditionality attached to the financial assistance facility covering the period 2015-18. Fulfilment of the conditionality is assessed at regular reviews, taking account of the progress in reforms.

**The policies in the MoU are built around four pillars:**

- restoring fiscal sustainability;
- safeguarding financial stability;
- growth, competitiveness and investment;
- a modern State and public administration.

The first review of the ESM programme was concluded in June 2016, with a set of milestones completed in October 2016. The second review was concluded in July 2017.

**Agreement on the policy conditionality for the third review of the ESM programme has been reached between the Greek authorities and the European institutions and is set out in a draft supplemental Memorandum of Understanding (SMoU).** The agreement has been based on the findings of missions to Greece carried out by the Commission in October and November/December 2017, together with ECB, ESM and IMF staff. This interim report on compliance with the SMoU upon conclusion of the third review of the ESM programme has been prepared by the Commission staff in liaison with ECB staff. ESM staff has also been consulted.

**The Greek authorities have completed all prior actions agreed in the supplemental MoU required for the disbursement of the fourth tranche of the ESM programme.** In particular, the Greek Parliament adopted legislative acts to deliver a part of the actions agreed in the supplemental MoU through various pieces of legislation, notably through an omnibus law adopted on 15 January 2018 (Law 4512/2018). The government has also adopted secondary legislation and taken non-legislative actions, as agreed with the institutions.

**On the basis of this updated analysis of compliance with the draft SMoU, all of the prior actions required to conclude the third review have been completed including the final two outstanding prior.** Specifically, the Council of State issued a positive opinion on the Presidential Decree on the Integrated Development Plan of Hellinikon (#89), upon which the Presidential Decree has been signed by the President of the Hellenic Republic. The Integrated Development Plan provides clarity on all potential disputed area issues (heights of the high rise buildings, procedure to be followed for the handling and preservation of any new archaeological findings within the site etc.). The action is thereby DONE.

**On electronic auctions (#105), sufficient progress has been done to allow the European institutions to assess the prior action as DONE.** Following the adoption of the agreed legislation providing for almost all auctions to be conducted electronically the flow of e-auctions has been accelerating and its geographical distribution across administrative regions of Greece has been expanding in recent weeks. The number of notifications of conversion of physical auctions into e-auctions across the country has also been increasing. Going forward, the European institutions will continue monitoring closely to ensure that both the number of e-auctions and their coverage across country is further enhanced.

**Based on the above considerations, the ESM programme is on track. This paves the way for the next disbursement to Greece for an amount necessary to cover debt servicing needs, plus an amount to help clear the stock of arrears in line with the arrears clearance plan and an amount to help build a cash buffer.**

## 2. Economic developments

**Supported by the launch of the ESM programme in August 2015, the Greek economy returned to growth in 2017.** Already in 2015 and 2016, the Greek economy demonstrated greater resilience compared to initial expectations, as real GDP fell by a mere 0.3 % in 2015 and by 0.2 % in 2016. Initially, at the beginning of the programme and at the time of the first review in mid-2016 the economy was expected to be shrinking by 2.3 % and 1.3 % in these years. In 2017 the Greek economy grew by 1.1 % in the first three quarters of the year compared to the same period of the previous year.

**The labour market situation is improving.** Following the deceleration of employment during 2015 and 2016, the most recent figures from the national accounts point to an increase in employment growth in 2017, reaching an average of 1.8 % in the first three quarters of the year. Labour force survey data suggest an even more robust growth of 2.1 % on average for the same period. The unemployment rate has been decreasing in 2017, reaching 20.5 % in September, down by 3 pp. since the end of 2016. As the labour force was broadly stable during this time, we can conclude that the decrease in unemployment reflects more and more people getting a job rather than discouraged people leaving the labour force all together.

**Real GDP Growth is forecast to reach 1.6 % in 2017 and increase further in 2018.** GDP growth in 2017 has been revised down from 2.1 % projected at the time of the second review. The downward revision is driven by two factors: the revision of the 2016 annual national accounts in autumn 2017 revealed a different composition of growth than the earlier vintage. In particular private consumption turns out to have been less resilient in 2016 than suggested by earlier data. This was then confirmed by the lacklustre performance of private consumption in the second and third quarter of 2017 as well. Second, the adverse effect of the delay in the closure of the second review on investments seems to have been affecting the third quarter as well, as gross fixed capital formation fell further in the summer months. Nevertheless, the provisional estimate of GDP growth in the third quarter of 2017 points to a sustained economic recovery this year. It is for the first time since 2006 that the Greek economy has grown for three consecutive quarters.

**Private consumption and investment are projected to be the main drivers of growth in 2018-2019.** On the back of a marked improvement in the labour market and in consumer sentiment, private consumption is forecast to accelerate in the coming years. Business climate is also expected to improve further, leading to the return of investment, albeit moderately, as financing conditions may ease only gradually. In 2018, investment is projected to grow more dynamically and gross capital formation is set to become an important contributor of growth. A benign external environment is expected to boost net exports, which should thereby contribute to growth in 2018. This positive outlook is expected benefit the current account balance, with moderate surpluses forecast for the coming years.

**The baseline is contingent on a smooth completion of the third programme review and an orderly closure of the ESM stability support programme in 2018.** This projection is built on the assumption that the completion of the third review of the ESM programme will contribute to a sustained improvement in consumer and business sentiment and the easing of financing conditions amid a gradual relaxation of capital controls, which in turn has the possibility of attracting foreign investment. The risks surrounding this projection, however, remain considerable. Moreover, any delay in the programme process would be harmful for the recovery. An additional risk is the possible under-execution of the public investment budget in 2018, which would hinder overall investment growth as well.

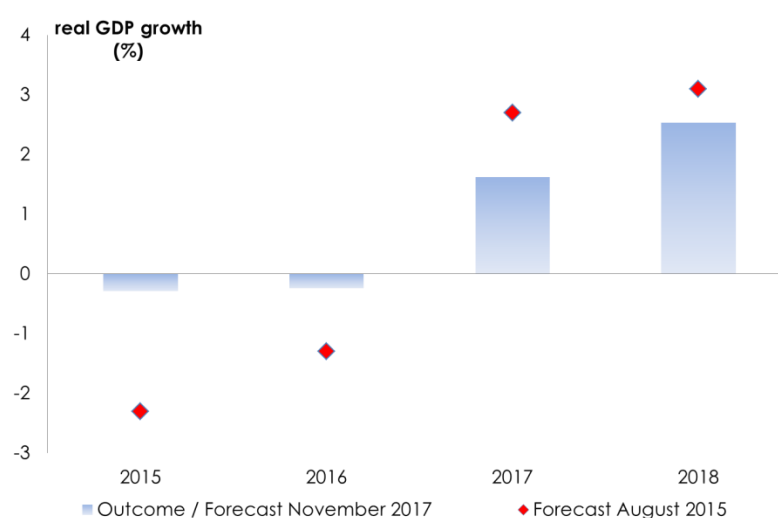
Table 1. Main features of the macroeconomic scenario 2015-21

	2015	2016	2017	2018	2019	2020	2021
Real GDP (growth rate)	-0.3	-0.2	1.6	2.5	2.5	2.3	2.1
Final domestic demand contribution (1)	-0.1	-0.1	1.4	2.3	2.5	2.2	2.1
Net trade contribution	0.9	-0.7	0.2	0.2	0.0	0.0	0.0
Employment (growth rate)	0.7	0.5	1.9	1.7	1.8	1.4	1.0
Unemployment rate (2)	24.9	23.6	21.7	20.1	18.4	16.8	15.5
Compensation of employees, per employee (growth rate)	-2.3	-0.9	0.9	1.5	1.8	2.3	2.9
HICP inflation (growth rate)	-1.1	0.0	1.2	0.8	1.3	1.6	1.8
GDP deflator (growth rate)	-1.0	-1.0	0.9	0.9	1.6	1.7	1.8

(1) Excluding change in inventories and net acquisition of valuables

(2) National accounts definition

Graph 1. Main features of the macroeconomic scenario 2015-21

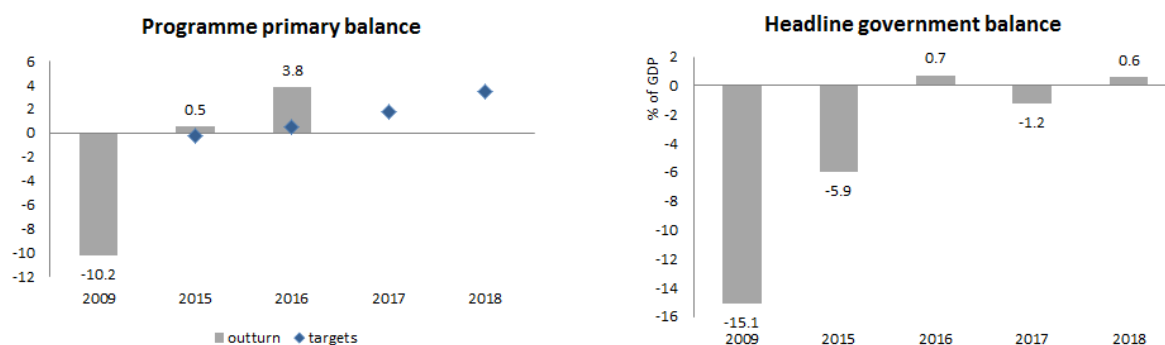


### 3. Pillar I: Restoring sustainable public finances

#### 3.1 FISCAL DEVELOPMENTS AND POLICY

As a result of implementing its fiscal commitments, but also due to the effective stabilisation of the economic and policy environment, Greece overachieved the primary surplus targets of the ESM programme in 2015 and 2016. The 2015 primary balance target of -0.25 % of GDP was exceeded by 1.0 % of GDP, while the 2016 outturn (based on EDP data from October 2017) outperformed the primary surplus target of 0.5 % of GDP by 3.3 % of GDP. The over-performance recorded in 2016 was largely driven by expenditure restraint, a number of factors that will only have a limited impact in the following years, and a quick pace in clearing unprocessed tax refunds, the costs of which are removed in the programme definition of the government balance.

Graph 2: Fiscal balances improved dramatically since 2009, outperforming targets



Note: The 2009 primary balance is adjusted for net costs of government interventions to support financial institutions as reported by Eurostat, where the net costs are defined as primary expenditure minus revenue net of guarantee fees receivable. Primary balances for 2015 and beyond are in programme terms as defined in the Technical Memorandum of Understanding.

Source: European Commission (based on October 2017 EDP notification)

The updated fiscal projection agreed amongst European institutions confirms that Greece is also likely to overachieve the 1.75 % of GDP primary surplus target agreed for 2017 by a margin of at least 0.5 % of GDP. It projects the 2017 primary balance to reach 3.0 % of GDP excluding social measures and other actions agreed with the European institutions during the 3<sup>rd</sup> review (see below), and 2.3 % of GDP once these measures are taken into account. The projection factors in a revised macroeconomic scenario, which – despite only limited changes in the projected real GDP growth – had a negative impact on general government revenue, in view of more cautious assumptions regarding the return of consumer confidence.

The expected over-performance for 2017 is to a large extent driven by underspending against the 2017 budget ceilings, and to a smaller part by overall better-than-expected revenue dynamics despite the large shortfall of revenues from direct taxation. The underspending against 2017 monthly targets was largely recorded in the social budget and was caused by lower-than-expected spending on pensions, design and implementation issues that delayed spending on active labour market policies, the belated start of the Social Solidarity Income scheme and lower-than-expected spending on social protection of over-indebted households due to delays in the foreclosure process. Revenue growth in 2017 was supported by strong collection of tax arrears including of property taxes, higher-than-expected social contributions and non-tax revenues. These factors compensated the shortfalls in declared tax bases for direct taxes, higher-than-expected effects of the

stock-piling on tobacco, and a faster clearing of tax refunds prompted by administrative efficiency gains and programme commitments.

**In view of the underspending on social policies in 2017, the Greek authorities have agreed with the European institutions to implement well-targeted social policy and other actions consistent with the MoU by the end of 2017.** In particular, the authorities committed to:

- implement a well-targeted one-off social benefit corresponding to the amount of underspending in social policy areas identified in agreement with the European institutions in the 2017 Budget, amounting to up to EUR 720 million;
- clear the accumulated public service obligation to the Public Power Company for years 2012 to 2016 amounting to EUR 360 million; and to
- refund health contributions to pensioners miscalculated in previous years, estimated to amount to EUR 315 million.

The implementation of these actions was projected to allow for a safety buffer of at least 0.5 % of GDP (EUR 900 million) vis-à-vis possible downward revisions in the annual fiscal outturn of 2017 to be notified to Eurostat in April 2018, while intensifying efforts to clear arrears and build a cash buffer. On top of these actions, the European institutions agreed to use the available space in the contingency reserve to transfer EUR 116 million to a dedicated account with a view to covering projected costs of the public sector obligation to the Public Power Company arising in 2017 and 2018.

**Faced with prospects of under-execution of government expenditures over and above the size identified by the European institutions in December 2017, the authorities unilaterally passed additional measures but available information suggests that the agreed safety margin is maintained.** These measures include a wider coverage of the above-mentioned one-off social benefit, a dedicated one-off support to inhabitants of the North or South Aegean islands affected by the migration crisis, and additional social expenditure for youth unemployed. The authorities have also unilaterally decided to use the space available in the contingency reserve for other purposes than the agreed costs of the public sector obligation and to carry out the agreed payment from other budgetary appropriations. The costs of the measures were covered by additional revenues from the EU based on the latest amending EU budget and unused resources in the contingency reserve.

**The updated baseline projection of the European institutions identifies a small fiscal space in 2018, which will allow the authorities to implement a reform of the family benefit system – a prior action under the 3<sup>rd</sup> review – without compensating measures.** The 2018 primary balance is projected to reach 3.7 % of GDP net of the cost of the new social welfare reforms, and 3.5 % of GDP once the additional social expenditure are reflected. Compared with the second review forecast, the projected growth of revenues and expenditures in 2018 has been somewhat reduced, more so for the expenditure side, generating a 0.2 % of GDP improvement in the primary balance. The more subdued dynamics on the revenue side is largely due to the overall negative carry-over from revenue developments in 2017 since, with a view to pursuing prudent fiscal policy planning, the factors that contributed positively to revenue growth in 2017 cannot be credibly perceived as permanent. On the expenditure side, the forecast factors in lower growth of pension expenditure based on new information provided by pension funds on new pension applications and a conservative estimate of the yield of a spending review undertaken in 2017. The authorities have agreed to use the main share of the projected fiscal space to reform the existing single child allowance and large family allowance (see section 3.2.4) and to fund additional social programmes for nurseries and school meals.

**In late December 2017, and subsequent to agreement having been reached on a Staff Level Agreement, the Greek authorities extended the exemption of VAT discount until end June 2018, for five islands that had been badly affected by the migration crisis.** In recognition of the particular challenges facing some islands as a result of migration, the European institutions had been exploring options on how best to support affected communities, and the European Commission had reached an agreement with the Greek authorities on an approach to expedite the investment projects on islands financed by European funds. The decision of the Greek authorities to extend the VAT discount has a relatively limited fiscal cost in 2018 and does not compromise attaining the fiscal target of 3.5 % of GDP, but it does delay the completion of an important structural reform to the VAT system, as maintaining a dual-rate system results in a higher administrative cost and create scope for tax evasion. The legislation adopted by Greek authorities eliminates fully the VAT discount for the remaining

five islands by end-June 2018, and the implementation of this will be an additional key deliverable for the 4th review. The European institutions are open to discuss proposals from the Greek authorities to establish a more permanent system that better supports communities living on isolated islands with higher transport costs provided this is in line with best practices elsewhere in Europe and takes accounts of available fiscal space.



Table 2. Main drivers of the fiscal projections 2017-18, December 2017

	2016	2017	2017	2017	2018
	Act.	2nd review	3rd review	3rd review	Proj.
		after measures	baseline	after measures	after measures
<b>Total revenues, bn EUR</b>	<b>87.5</b>	<b>87.4</b>	<b>87.6</b>	<b>87.6</b>	<b>88.5</b>
<b>Total revenues, % of GDP</b>	<b>50.2</b>	<b>48.9</b>	<b>49.0</b>	<b>49.0</b>	<b>47.9</b>
	<i>Level</i>		<i>y-o-y change (bn EUR)</i>		
<b>Total revenues, bn EUR</b>	<b>87.5</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>1.0</b>
Macro		1.1	0.8	0.8	1.5
Revenue measures		1.8	1.1	1.1	-0.1
One-off and non-tax revenues		-0.3	-0.1	-0.1	0.2
Other adjustments 2/		-2.7	-1.8	-1.8	-0.6
<b>Total primary expenditures, bn EUR</b>	<b>81.0</b>	<b>83.9</b>	<b>82.1</b>	<b>83.5</b>	<b>82.1</b>
<b>Total primary expenditures, % of GDP</b>	<b>46.5</b>	<b>47.0</b>	<b>46.0</b>	<b>46.8</b>	<b>44.4</b>
	<i>Level</i>		<i>y-o-y change (bn EUR)</i>		
<b>Total primary expenditures, bn EUR</b>	<b>81.0</b>	<b>2.9</b>	<b>1.2</b>	<b>2.6</b>	<b>-1.5</b>
Compensation of employees	21.6	0.3	0.1	0.1	0.4
Social transfers 3/	39.4	-0.2	-1.1	0.0	-1.2
Investments	5.7	0.7	0.8	0.8	0.1
Intermediate consumption 4/	8.4	1.2	1.0	1.3	-1.3
Other expenditure & reserve 5/	5.9	0.9	0.3	0.3	0.5
<b>Primary balance, bn EUR 1/</b>	<b>6.6</b>	<b>3.5</b>	<b>5.4</b>	<b>4.1</b>	<b>6.5</b>
<b>Primary balance, % of GDP 1/</b>	<b>3.8</b>	<b>2.0</b>	<b>3.0</b>	<b>2.3</b>	<b>3.5</b>

1/ Primary balance in programme terms.

2/ The decrease in 2017 reflects the negative carry-over from revenues collected in 2016 that were considered one-off (e.g. the high declared profits affecting CIT receipts and the stock-piling on tobacco ahead of the 2017 increase in the tax rates). The 2018 value reflects mainly a negative carry over from the shortfall in direct tax revenues in 2017.

3/ The 2018 decrease reflects the one-off measures paid in 2017: the social dividend and a refund of miscalculated health contributions.

4/ The increase in 2017 reflects a large one-off military delivery and a one-off re-payment of a public service obligation to PPC.

5/ Includes subsidies and transfers.

Source: European Commission

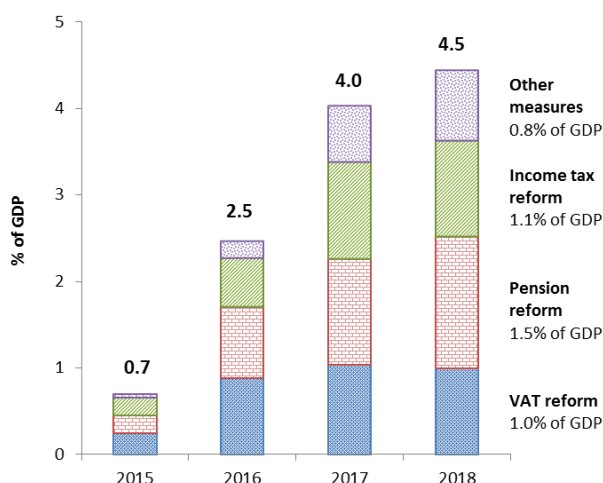
**The fiscal baseline is subject to considerable uncertainty.** The projection is based on the assumption of full execution of the budget ceilings, which in the past proved difficult to reach in particular for investment expenditure, which is therefore an important potential upside. It is also worth pointing out that the forecast does not include any yields from the large number of administrative and structural fiscal reforms in the SMoU, notably those to improve revenue administration that are showing strong progress in some areas in excess of the key performance indicators set under the programme. Downside risks are related mainly to the macroeconomic environment, potential slippages in the yields of measures already legislated under the programme but still to be implemented in 2018, in particular the pension reform, and the expected alignment of property values with market prices affecting the yield of property taxes in 2018.

**The authorities have adopted the 2018 State Budget as a prior action for the 3<sup>rd</sup> review of the ESM programme.** The fiscal strategy enshrined in the budget is consistent with reaching the agreed primary surplus target of 3.5 % in 2018. In fact, the budget projects a primary surplus in programme terms of 3.8 % of GDP in 2018, which is somewhat more optimistic than the projection of the European institutions (3.5 % of GDP). The budget is underpinned by a macroeconomic scenario that is closely aligned to that of the European institutions. The main differences between the two projections reflect more optimistic assumptions of the authorities regarding the positive carry-over of revenue surprises from 2017 and a higher estimate of the yield of savings from the spending review.

**Overall, Greece appears to be on track to reach its medium-term primary surplus target of 3.5 % of GDP which is a core goal of the ESM programme.** The achievement of the 2018 target is anchored by parametric

fiscal measures amounting to 4.5 % of GDP through 2018 legislated since the launch of the ESM programme and allows for the implementation of the Social Solidarity Income (SSI) scheme, the backbone of the reformed Greek social assistance system. The packages adopted in 2015 and 2016 consisted of a major pension reform, a structural personal income tax reform, a VAT reform, and other parametric measures both on the revenue and expenditure side (see Graph 3). The implementation of the SSI scheme started at national level in 2017 and was achieved in a balance-neutral manner, in line with an SMoU commitment.

Graph 3. Composition of parametric fiscal consolidation effort 2015-18 (net savings)



## 3.2 FISCAL STRUCTURAL REFORMS

### 3.2.1 Tax policy reforms

**The authorities are taking further steps to improve the framework of tax legislation.** They have completed the assessment of a possible increase in the VAT thresholds. As part of the Omnibus Bill, they have refined the framework for Tax Procedures Code fines; amended the Code of Public Revenue Collection, in view of e-auctions and to adjust auction starting prices to reflect property market prices; reviewed and streamlined business tax incentives, eliminating those that are inefficient or inequitable; and tightened up VAT registration and deregistration procedures. They have also reformed the fines provisions for old cases under audit in line with the current provisions of the Tax Procedures Code, and have reinstated the responsibility of the General Accounting Office for the Tax Expenditure Report.

### 3.2.2 Public revenue reforms

**The authorities have continued to complete the establishment of the Independent Authority of Public Revenue (IAPR).** The performance contract between the Minister of Finance and the head of the Agency has been signed. It includes qualitative and quantitative targets, including one on collection efficiency. The Authority has started to implement its new human resources policy defined in the policy paper: staff has been assessed and allocated to job described positions. The level of organic positions for the medium term has been set to 15 100 organic positions, in agreement with the European institutions. This new level corresponds to an increase of about 1 800 positions, increase which is needed to meet needs of the public revenue administration.

**Efforts to improve tax compliance and fight tax evasion have continued.** Regarding the fight against tax evasion, the authorities have passed primary and secondary legislation which is needed to rationalise competing and overlapping competences between justice and the tax administration and reduce the burden on the tax administration from older audit cases. The legislation is in line with the previously agreed policy paper on improving the model of cooperation between justice and tax administration in the fight against high level tax fraud.

**Customs efficiency and fight against smuggling** have been reinforced by the long expected deployment of scanners in four border points or ports. The scanners are now fully operational.

**Centralisation of the collection of social security contributions has continued.** The authorities have prepared a policy paper, agreed with the European institutions, exploring potential synergies between social security contribution and tax collection. The policy paper describes the next steps allowing for merging, where useful, social security collection activities with the public revenue administration. The authorities are committed to complement this policy paper with a detailed time bound action plan by the end of January 2018.

### 3.2.3 Public financial management and public procurement

#### *Public financial management*

**The government is in the process of introducing the new Chart of Accounts (CoA) and budget classification for all the fiscal entities belonging to the general government so as to improve fiscal reporting and management.** The draft Presidential Decree was submitted to the Council of State as part of the institutional consultation process needed for its legal adoption. The new CoA will set up a new budget classification structure for the central administration by 2019 to be extended to the general government by 2023. In order to implement the new CoA in the 2019 State budget, the authorities foresee a pilot phase in April 2018. The single common CoA serves each the economic, administrative and functional classification. The new framework reflects the European System of Accounts standards, ESA 2010, bringing Greece in line with the best international budgeting, accounting and reporting practices. In parallel, the authorities are making progress in transferring general government surplus reserves to the Bank of Greece accounts. In the coming months the authorities are committed to reform the fragmented cash management system by amending the Organic Budget Law so as to set up a legal framework for the Single Treasury Account in line with technical support recommendations.

**The authorities have adopted an action plan to improve the management of the State guarantees granted to private enterprises operating in underdeveloped areas and to individuals and enterprises in case of natural disasters.** With the aid of technical support, the authorities carried out a diagnosis of the process by looking into the historical patterns of guarantees issuance as well as the lengthy and costly administrative procedures required once a guarantee is called. Based on this diagnosis, the authorities plan to adopt important operational improvements to ameliorate the flow of information with the local tax offices and banking sector in order to speed up the process of verification and payment of the called guarantees. These measures will help the Greek administration better control the fiscal implications deriving from the issuance of this category of State guarantees which constitutes a rather small part of the total guaranteed debt but which remains a true administrative challenge. Moreover, in the new organizational chart of the Ministry of Finance, a new department has been established for issuing guarantees, in order to separate the duties of issuance of guarantees and examination of the cash call claims.

**Concerning the arrears clearance programme** initiated in June 2016, the gross stock of arrears has been reduced by EUR 6.2 billion until December 2017 (latest available data), down from EUR 10.6 billion at the beginning of the arrears clearance programme<sup>1</sup>, and monthly reporting of progress is in place. Notwithstanding the progress in clearing arrears, further efforts will be required to clear the remaining stock of arrears and to halt the recurrent accumulation of new arrears by some entities. An independent audit of general government arrears performed jointly by the Hellenic Court of Auditors and the Audit Office of the Republic of Cyprus has started its work after a delay of several months. The audit will verify the implementation of the arrears clearance program including the proper use of funds, identify the extent of structural problems underlying arrears accumulation, assess data and reporting system reliability and provide recommendations to address the underlying structural problems that have been leading to the accumulation of new arrears.

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<sup>1</sup> The stock of net arrears (excluding the estimated impact of the clawback and rebates in EOPYY) has been reduced from EUR 9.7 billion in June 2016 to EUR 4.0 billion in December 2017.

**In order to facilitate the clearance of hospitals' late payments** and comply with the Late Payment Directive, the authorities will detail a roadmap foreseeing specific actions to tackle the structural weaknesses of hospitals in dealing with due payments. In particular, the authorities are committed to ameliorate the administrative and technical capacity of hospitals' financial departments and improve the quality and quantity of data for calculating average payment terms. Moreover, the government ensures the implementation of Law 4152/2013 by avoiding legal or administrative measures or implementing practices not in conformity with it.

### *Public procurement*

**The authorities made significant progress and completed a number of reforms in the area of public procurement.** Following the completion of the legislative reform (simplification, codification, consolidation of Greek legislation on public procurement and concessions) and the adoption of a National Strategy on Public Procurement, the authorities continued the reforms in the area of remedies, centralised procurement and e-procurement.

**In the area of remedies, the authorities established the Remedies Review Body (pre-judicial remedies system).** The Remedies Review Body (single specialised administrative body) has been entrusted with reviewing remedy applications arising in the context of public tendering procedures for the award of public contracts (supply, service and works) and concessions. The Remedies Review Body has been already assigned the review of all public supply and service contracts, whereas a transitional period has been set for the review of public works contracts and concessions of EU dimension (contracts above the thresholds under the EU public procurement directives) until January 2018 and for public works contracts of non-EU dimension until April 2018. The Remedies Review Body meets a high degree of independence, accountability and transparency standards (selection of members and personnel by the Greek Independent Body for the Selection of Personnel under strict requirements; strict rules on conflict of interest; publication of all decisions); is required to issue its decisions within a strict deadline (60 days maximum); and has reduced administrative burden and red tape (use of e-submission tools and simplified procedures friendly for public administration and business). The authorities also adopted the necessary regulations for the operation of the Remedies Review Body and have agreed as prior action to take appropriate measures to make the Body be fully operational by April 2018, when it will have to review all public contracts and concessions. In particular, they completed the process to appoint the members and the management of the Body and have made progress with the procedure for the selection of all necessary personnel (scientific and administrative) in view of completing it by April 2018.

**The authorities have also taken measures to improve the judicial remedies system** with a view to handling disputes in a more effective and timely manner (one sole jurisdiction to ensure coherent enforcement; reduction of the adjudication time).

**Moreover, following the adoption of a new centralised procurement scheme, the authorities have implemented it by awarding three pilot framework contracts** (purchase of computers, paper and LEDs) to cover central government needs (the estimated savings are between 15 and 20 percent).

**In the area of e-procurement, the Greek authorities have also completed the necessary actions to establish and use of electronic tools in awarding public contracts.** An updated version of the e-notification platform (KHMDHS) has been launched and the technical adjustment of the e-submission platform (ESHDHS) has been completed allowing the electronic notification and submission of almost public contracts in Greece, enhancing transparency, good management, accountability and control of the Greek public procurement system.

### *3.2.4 Sustainable social welfare*

#### *Pensions*

**The implementation of the 2016 pension reform (Law 4367/2016) has made good progress.** All secondary legislation (Ministerial Decisions and circulars) necessary for the implementation of the reform has been adopted as prior action. The pensioners' social solidarity grant (EKAS) is being gradually phased out by 2019. The EKAS awarding rules for 2018 were issued in December 2017, reducing the cost of EKAS by EUR 808 million in 2018.

**The authorities are progressing with the recalculation and processing of pension claims according to the new benefit rules.** They have finalised as prior action the individual recalculation of the pension benefit under the new uniform rules and will recalculate and process 3,500 supplementary pension claims submitted from January 2015. The authorities have issued a Joint Ministerial Decision incorporating the public-sector pension scheme in EFKA and have fully ensured that EFKA can maintain complete automatic electronic records on service history of retirees. Moreover, as part of the omnibus bill, legislation that prevents EFKA from providing guarantees or direct lending to private entities has been passed.

**ELSTAT have asked Eurostat in mid-December to deliver an official opinion** on whether the journalist's supplementary pension fund (EDOEAP) is a private entity and thus, from a fiscal point of view, stays outside the general government (according to ESA 2010 definition).

## Health care

**The authorities as part of the third review agreed to implement a number of additional important structural reforms in the area of healthcare to improve the functioning and the general efficiency of the health care system.** As prior actions, the authorities passed legislation to advance both on the front of the elimination of arrears and on that of the regular execution of the clawbacks by establishing an offsetting procedure for providers, whereby these could opt for a specific repayment scheme conditional on consenting to a compensation between owed and due amounts. This represents an important step ahead in achieving regular flows of payments by getting rid of the backlog due to past inefficiencies. As a prior action, they legislated further structural measures to contain excessive spending and have agreed to subsequent actions in the same direction. These include a strengthened monitoring system in several areas of publicly reimbursed health care services, ranging from diagnostics tests to pharmaceuticals. In addition, EOPYY has elaborated a method to control the reimbursement of items that were previously reimbursed directly to patients. The authorities have consolidated this approach and, as a prior action, they have extended the clawback to optics and finalised the procedure for the direct contracting of these providers and including this item of spending under the clawback.

**To improve the management and cost effectiveness of hospitals, as well as to enhance the wider health care system, the authorities are developing a primary health care network.** Following up on the commitment to introduce universal coverage, the authorities are progressing with the roll-out of the national primary health care network and they have already opened several TOMYs (primary health care units) over the territory. To support implementation, as a prior action, EOPYY launched the procedure to contract family doctors, which will enable the implementation of compulsory patient registration and achieve a system of primary health care with gatekeeping.

**As part of a set of recurring commitments to support the decrease of pharmaceutical spending, the authorities agreed to publish the bi-annual price bulletin to reduce pharmaceutical prices.** The bulletin for November 2017 has been published as a prior action. The authorities have also adopted specific measures to target the behaviour of doctors, to counter supply-induced demand and improve the monitoring of prescriptions. An ongoing work stream on the implementation of Health Technology Assessment is also going in this same direction of containing pharmaceutical expenditure.

## Social safety nets

**Following its launch at national level in February 2017, the implementation of the Social Solidarity Income (SSI) continues.** As of 4 January 2018, 294 000 applications had been accepted, corresponding to about 630 000 beneficiaries (5.8% of the Greek population). The necessary human and technical resources have been allocated at the central level to ensure a proper administration of the system. A strategy to prevent error, fraud and corruption is being implemented. A network of Community Centres is being established at the local level for the delivery of the social inclusion 'pillar' of the SSI scheme (provision of social services). The implementation of the labour market reintegration 'pillar' of the scheme hinges on the capacity of the public employment service, which is being enhanced, and on the parallel reform of the system of active labour market programmes.

**A major reform of child benefits has been legislated.** A new unified child benefit has been introduced with the adoption of primary legislation and of an implementing joint ministerial decision, replacing the existing Single

Child Allowance and Large Family Allowance. The levels and eligibility conditions of the new child benefit have been defined so as to improve targeting, adequacy and equity within the available fiscal space as identified in the 2018 budget (additional EUR 260 million). (See Box 1)

**A gradual reform of the system of disability benefits has commenced befitting from technical assistance provided by the World Bank.** The administrative procedures for disability assessment are being streamlined. In addition, a pilot project has been launched with the adoption of primary legislation as well as a joint ministerial decision providing the details for moving from an assessment based solely on medical criteria towards an assessment taking into account functioning conditions.

**A plan to reform the system of subsidised tickets for local transportation has been agreed.** The system of reduced fares for certain categories of users will be reviewed in the course of 2018 on the basis of new detailed data on transport usage following the introduction of electronic ticketing by local transportation companies.

**Educational benefits have been reformed in the context of the expenditure reviews.** The criteria for eligibility and the administration of housing benefit for students who study away from their usual residence have been improved, achieving savings by improving targeting and effectiveness of eligibility assessment.

**With respect to institutional reforms, a single benefits agency has been established.** The new agency, which builds on the former Agricultural Insurance Organisation (OGA), acts as single payment authority for all social welfare benefits.

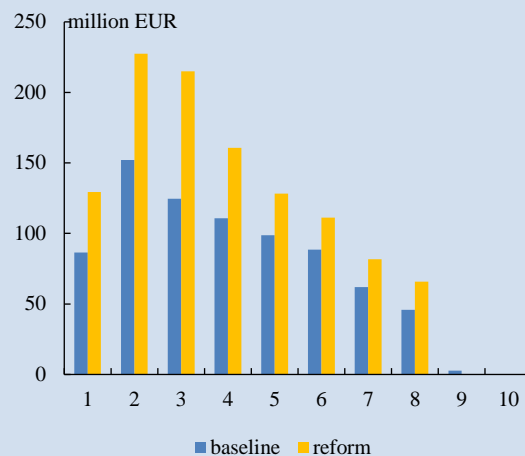
#### Box 1. The reform of the child benefit scheme

**The child benefits reform aims to address the increasing levels of child poverty in Greece.** Children under 18 years of age as well as youth between 18 and 24 years of age have been disproportionately affected by the economic crisis. The share of children at risk of poverty or social exclusion in Greece increased from 28.7% in 2008 to 37.5% in 2016. Similarly, 26.7% of children are currently confronted with severe material deprivation, compared to 10.4% in 2008. When risk of poverty is measured keeping the poverty threshold anchored at its 2008 level, the share of children at risk of poverty jumped from 23% to 55.7% in 2016.

**The reform consolidates the existing Single Child and Large Family benefits into a unified child benefit, improving adequacy, targeting and equity.** Rules and eligibility criteria are aligned with those of other means-tested social programmes (such as the Social Solidarity Income scheme) ensuring coherence within the social welfare system. The benefit is means-tested and progressive, with three different income tiers defined on the basis of equivalised family income. In particular, the benefit is granted to families up to EUR 15,000 of equivalised family income (which for a couple with two children corresponds to EUR 30,000 of gross income received from any source). The level of monthly benefits is increased considerably compared to the previous Single Child benefit (to EUR 70 per child in the first income tier, compared to EUR 40). A higher benefit per child is granted for the third and subsequent children, making up for the abolition of the Large Family benefit (targeted exclusively to families with three or more children). Benefit levels are reduced to 60% in the second tier, and to 40% in the third tier. Such gradual withdrawal of benefits as incomes rise helps preserving financial incentives to work.

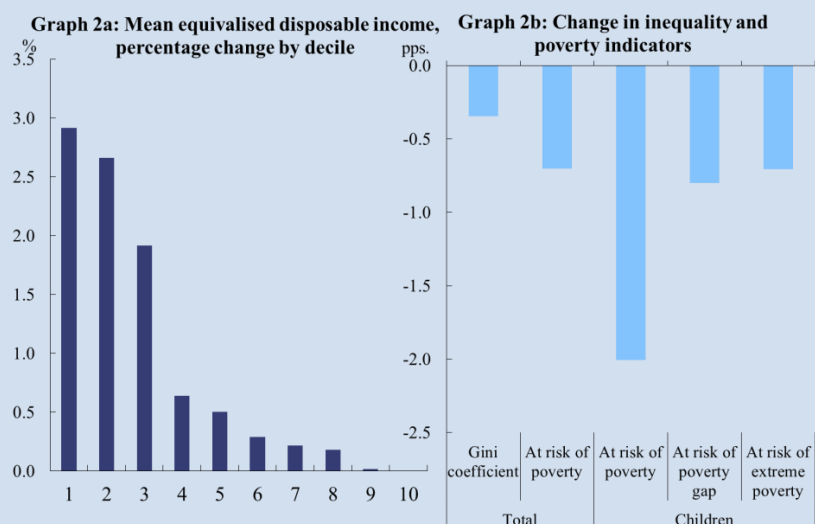
**Additional EUR 260 million are allocated to the budget for family benefits in 2018, representing an increase of 40%.** Greece is one of the Member States with the lowest levels of social protection expenditure (as a share of GDP) directed towards families and children. Thanks to the design of the new benefit, most of these additional resources would accrue to the lowest income deciles (Graph 1).

**Graph 1: Total child benefits expenditure by income decile**



**Source:** European Commission, Joint Research Centre based on the EUROMOD model

**The new benefit is expected to reduce both child poverty and inequality.** Households in the lowest income deciles benefit from the highest proportional increase in their disposable incomes (Graph 2a). The risk of poverty rate for children under 18 years of age is expected to decrease by 2 percentage points, while overall income inequality, as measured by the Gini coefficient, would be reduced by 0.35 percentage points (Graph 2b).



**Source:** European Commission, Joint Research Centre based on the EUROMOD model



## 4. Pillar II: Safeguarding financial stability

**The reform of the financial sector in Greece has three main objectives:** i) normalising liquidity and payment conditions and strengthening capital, ii) addressing the high level of non-performing exposures (NPEs) on banks' balance sheets, and iii) enhancing governance. The third review of the programme aimed at ensuring that progress is made in all three areas.

**With respect to the liquidity of the banking sector, the authorities presented the main results of the depositors' confidence survey and their plan on future steps to relax capital controls.** The report calls for a cautious approach in the Greek case. The return of private deposits has been stable but slow; banknotes in circulation have declined recently to the December 2014 levels, showing a general improvement in confidence. Given banks' continued reliance on Emergency Liquidity Assistance, the authorities intend to follow a prudent approach in line with the Roadmap for the relaxation of capital controls, published in May 2017.

**Further measures have been put in place to support the resolution of the high amount of non-performing exposures (NPEs).** The NPE ratio of the four core Greek banks remained at a high level of 49.9 % (excluding off-balance sheet exposures) or 44.6% (including off-balance sheet exposures)<sup>2</sup> as of September 2017. Despite some progress in NPE resolution in the second half of 2016, broadly in line with the agreed targets, during the first half of 2017 new NPEs were accumulated, as confidence has been affected by the delayed implementation of actions needed to conclude the second review. Significant further efforts are required to meet the NPE targets for 2018 and 2019. The banks plan to reach the targets for 2017 through increased write-off and sales of NPEs, which might affect their level of provisions. Going forward, banks should start using tools, which have been legislated over the first two reviews, notably the insolvency legislation for households and corporations as well as the out-of-court workout (OCW) scheme (see below). The OCW electronic platform has become operational in August 2017, and the electronic auctions platform in September 2017, with first auctions conducted on 29 November 2017. Furthermore, ten licences have been granted to external NPE servicers.

**The reform of the out-of-court workout (OCW) framework, which was legislated in April 2017, is a key element of the NPL resolution strategy.** The OCW framework tackles the peculiarity of the Greek situation, where many firms have large debt both towards banks and the State (tax administration and social security entities). The law provides incentives for creditors and debtors to engage in voluntary negotiations and, for those debtors that are assessed as viable, to reach agreement on holistic debt restructuring solutions, covering all elements of their debts. Greek banks and authorities worked closely together to put the basic infrastructure in place for a functioning OCW system that has become operational in August 2017. This infrastructure consists of an electronic platform allowing for the filing of petitions and supporting documentation by debtors and responses or proposals by creditors; the provision of relevant data from State and bank databases; the dissemination and /or exchange of material, information and proposals among all parties in the proceedings (creditors, debtors, guarantors, tax and social security authorities and entities); as well as the decision taking on rescheduling plans. The authorities have also proceeded with the appointment and registration of coordinators to handle the petitions and have adopted secondary legislation, in the form of ministerial decisions, to regulate operational specifications of the platform, provide guidance to the administration (tax authorities and Centre for the Collection of Social Security Contributions) with respect to their attitude regarding proposals put to vote, and regulate the treatment of small debts not exceeding 50,000 Euros. As of end-November, 299 applications to the OCW system were successfully submitted. Bilateral negotiations were opened for one third of them. The vast majority of applications concerned cases with total debt above 50 000 Euros, thereby suggesting that the OCW might have a relevant systemic impact as expected.

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<sup>2</sup> [http://www.bankofgreece.gr/BogEkdoseis/Nov17\\_Report\\_Operational\\_Targets\\_for\\_NPEs\\_EN.pdf](http://www.bankofgreece.gr/BogEkdoseis/Nov17_Report_Operational_Targets_for_NPEs_EN.pdf)



## Box 2. The electronic auctions platform

The ability to conduct auctions is a key tool for being able to enforce contracts and to ensure a strong payment culture. This ability was significantly undermined since the start of the economic crisis and has contributed to its prolongation. Against the advice of the European institutions, a moratorium on liquidations was implemented that ran from 2009 to the last quarter of 2015. It was followed by extended lawyer strikes and obstruction by activist groups, reducing the number of auctions held to very low levels. To illustrate the development, in 2017, the physical auctions program at district courts concerned 5,600 properties, totalling EUR 1.1 billion. A very small fraction of these auctions actually took place, mainly due to disruption by activists. In 2016, due to a lawyers' strike that ran through the whole judicial year and was immediately followed by a notaries' strike, scheduled auctions were limited to just 4,800. In contrast, at the start of the 2009 crisis, when the NPL ratio was still a single-digit figure, 58,849 auctions were completed. As a result, there is a deeply ingrained expectation in the population that assets pledged in favour of creditors will not be liquidated.

Auctions are central to efforts to reduce the stock of NPLs and the goal to lower NPLs through liquidations has risen to 13.5 billion euros by the end of 2019. The rate of contribution of auctions to the attainment of the target to be met by end-2019 is set at 30%.

The traditional auctioning system (i.e. the conduct of an auction by a notary at the courthouse unsealing envelopes containing bids, followed by receiving of potential oral bids in order to adjudicate the property to the highest bidder) cannot adequately address the expected flow of auction requests. In addition to its limitations, it has to contend with resolute and violent opposition by activists, who mostly succeed in disrupting the conduct of auctions. For these reasons, the ESM programme since the outset called for the establishment of an electronic platform as an alternative way to the conduct auctions that may be less prone to obstruction.

The electronic platform uncouples the conduct of the auction from any specific location, allows for the participation of bidders regardless of physical presence, enables the real-time remote submission of bids in a manner ensuring full transparency to all participants and maximization of the auction proceeds and facilitates the submission and processing of the necessary documentation and the speedy conclusion of the resulting transactions. In addition, it allows for the simultaneous conduct of, or participation in, multiple auctions at the same time.

For 2018, banks are planning to auction around 10,000 properties. This is an ambitious goal given that no more than 30 electronic auctions have been conducted in the last month of 2017. The number should further increase, with a target of 1,000 online auctions per month from March 2018 onward, and is expected to reach 2,000 auctions per month in the last quarter of 2018. This timeline would aim at attaining the targets submitted by the banks to the SSM with respect to reducing NPEs in 2018. The number of auctions should further rise to 40,000 auctions per year over the next three years. Despite the challenges involved, the conduct of e-auctions and the reinstatement of physical auctions will be instrumental in restoring payment culture in Greece.

As to the latest developments: following the passing of primary and enabling legislation on electronic auctions last May and November 2017, the operationalization of the platform last September 2017, and the conversion of traditional auctions to electronic ones by the banks, the new system got off to a timid start but is gradually picking up. As of 28 February 2018, 163 e-auctions have been conducted many of these involving multiple assets; auctioned assets have been purchased predominantly by the creditors (banks) but also by private parties (for instance, a property at a seaside resort, with an asking price of EUR 4.7 million was acquired on 28 February by a private party for a consideration of 11.8 Euro). The system has not yet attained full capacity. As of 28 February, 140 notaries from the periphery of the country have registered with the platform; it would be desirable to further increase registrations in order to ensure effective adequate coverage of the entire territory. The objections of five (out of nine) notarial associations from e-auctions (four of them until 4 March 2018, one until 31 March 2018) should be lifted. The legislation adopted on 15 January 2018 allows the appointment of notaries from other districts in cases where no notaries are available in the competent district. The effectiveness of this mechanism is still being tested; up to date, 12 such substitutions have been reported. In addition, the authorities have set up a joint committee, comprised of representatives of the Ministry of Finance, the Ministry of Justice and the notarial associations, to examine and seek solutions to the grievances of the latter and to address any issue affecting the performance of the system. The problem will need to be swiftly addressed, in order for the system to run smoothly and dependably and to attract private creditors and bidders, in addition to the banks.

At this stage, it is too early to say if the e-auction platform will be successful. An interesting development is that a number of the planned e-auctions were called off as the debtors had sought to settle their debt in advance of the auction. This is indicative of the deterrent effect of auctions and illustrates that many strategic defaulters have avoided settling their debts in the absence of a credible enforcement mechanism. The European institutions will continuously monitor developments.

Regarding physical auctions, the situation remained problematic throughout 2017. Violent disruptions by activists, regardless of the amount and nature of the loan and of the use of the asset as a primary residence, became routine all over the country. Many of the disruptions concerned the auctions of debts on corporate loans and high-wealth individuals and there is anecdotal evidence that the activists have been paid to cause disturbances. As a result, auction officials (i.e. notaries) were intimidated into calling auctions off; eventually, the Athens-Piraeus-Aegean notarial association decided to suspend the conduct of physical auctions until the situation is properly addressed. The remaining notarial associations in the country followed suit; as a result, no physical auctions were conducted since the beginning of the year. In response, and at the behest of the European institutions, the authorities committed to (a) develop an action plan for ensuring effective police protection of auction officials and participants and (b) have adopted legislation allowing the *ex officio* pressing of criminal charges against perpetrators of offences leading to the disruption of auctions or threatening the well-being of auction officials (law 4509/2017, OJ A 201/22-12-2017, article 61). This legislation addresses offences involving physical violence and house peace disruption, but does not, as originally foreseen, extend to threats (which are often directed both to notaries conducting auctions and potential bidders).

On 15 January 2018 the authorities adopted legislation whereby all auctions will be conducted exclusively through the electronic platform, thus eliminating the option of conducting physical auctions as of 21 February 2018 (law 4512/2018, OJ A 5, articles 207-209). While moving away from physical auctions could reduce the capacity of activists to issue threats which disrupt auctions although, it will be necessary to continue to review the adequacy of safeguards and protections provided under the law which ensure the unhindered conduct of auctions. The institutions have made clear that outcomes in terms of unhindered auctions throughout Greece are what matters given the very ambitious targets assigned to the banks regarding the conduct of auctions in view of increasing their ability to tackle NPLs.

**The modernisation of the insolvency framework and the strengthening of the enforcement procedure are further important elements aimed at supporting debt restructuring.** As part of the modernisation of the institutional framework for insolvency, the authorities have also operationalised the newly created profession of insolvency administrator: all necessary secondary legislation has been adopted and the 65 successful participants in the first accreditation procedure have been enrolled in the Insolvency Administrators' Registry. Said registry is currently accessible online on the website of the Ministry of Justice, Transparency and Human Rights. Furthermore, in order to tackle a prolonged standstill in enforcement, which obstructs the recovery of claims and causes significant losses for creditors, debtors and the economy as a whole, the authorities have adopted primary and secondary legislation to allow for the conduct of electronic on-line auctions and have developed and operationalised the relevant technical infrastructure. The first electronic auctions took place on 29 November 2017 (further details herein below under section 6.2). Finally, in order to enhance the efficiency and expeditiousness of the courts in dealing with personal insolvency cases under the Household Insolvency Law (Law 3869/2010), the authorities, based on an assessment of the effectiveness of its legal and institutional framework submitted a report presenting the data gathered from the relevant courts and the proposals made by stakeholders (banks, representatives of the legal professions, debtor's associations, consumers' unions etc.), along with their own assessment and further suggestions in view of the enactment, in April 2018, of primary and secondary legislation aiming at addressing identified shortcomings, especially the speed of processing of cases and the elimination of the risk of procedural abuses by strategic defaulters. These efforts are expected to be substantially assisted by new support staff which will be appointed at the relevant courthouses following the completion of an ASEP competition, launched in March 2017, for the hiring of 404 court secretaries.

**With respect to the third objective, enhancing governance, significant progress has been made at the level of the commercial banks despite frequent managerial changes in the Hellenic Financial Stability Fund (HFSF).** The new CEO of the HFSF was appointed on 18 May 2017. Following his arrival, a significant progress has been made on several work streams, among others the new strategy of the HFSF has been successfully approved. Nevertheless, both governing bodies of the HFSF continue to be disrupted: completion of the process of the appointment of the third Executive Board member, vacant October 2017 has been completed on 9 January 2018, and four vacancies emerged in the General Council in the last six months, including that of the Chairman who resigned in June 2017 but who committed to stay until his replacement is found. One vacancy has been filled and the remaining vacancies need to be filled quickly, in order for the HFSF to effectively implement the necessary organisational changes set out in its new strategy and to better focus on its strategic goals, particularly in strengthening its active shareholder role in the four systemic banks.

**Following the review of bank boards by the Hellenic Financial Stability Fund (HFSF) under the second review, the four systemic banks implemented important governance changes.** Concerning the governance reform of the four systemic banks, the reconstitution process in their boards of directors can be regarded as materially completed. As of today, the bank boards have been substantially reshaped and only two board members remain non-compliant with the HFSF Law criteria despite the HFSF having made all reasonable efforts to obtain their removal. This year's board performance and governance evaluation carried out during the summer provided specific recommendations and roadmaps for further governance improvements, focusing on the boards and their risk & audit committees and aiming to establish in parallel an evaluation culture and discipline on a regular basis. Its most important message was that the four systemic banks have managed to implement important changes concerning their board composition and framework since the 2016 review, however much remains to be done along the corporate governance dimension until the new governance culture and processes are embedded in the different organisational levels, and thus the contents of the recommendations become organic parts of the respective corporate cultures.

## 5. Pillar III: Structural policies to enhance competitiveness and growth

### 5.1 LABOUR MARKET REFORMS

**To complete the set of reforms adopted in the context of the second review of the programme covering collective bargaining, collective dismissals and industrial action, the Greek authorities have amended the procedure for calling strikes at firm level:** more specifically, the quorum required for the vote by first level trade unions to call a strike has been increased from one third to one half of trade union members current on their trade union membership fees.

**In order to streamline and rationalise the existing body of labour legislation, the existing laws will be codified into a Labour Law Code.** In order to achieve progress on this file, a dedicated technical support project was launched for this purpose, with the first draft of the new Labour Law Code expected to be delivered by May 2018.

**The implementation of the action plan to fight against undeclared work proceeds smoothly supported by technical assistance provided by the International Labour Organisation.** The plan promotes an integrated approach to undeclared work, reinforcing the cooperation among different institutions, improving the knowledge about and the capacity to detect the phenomenon, reviewing the system of incentives to promote a transition to the formal economy and strengthening the capacity of the labour inspectorate. A number of legislative changes have been introduced improving monitoring by the labour inspectorate, new risk-analysis rules for targeting inspections have been developed and joint inspections with other bodies have been piloted.

**The expansion of vocational education and training (VET) has been identified as a key element to support growth and job creation.** A number of steps have been taken to implement the reform of the VET system, following the adoption of an overall strategy and the finalisation of an implementation plan, which includes specific quantitative targets for the number of apprenticeship places in the newly reformed vocational lyceums for the next school years. The successful development of a well-functioning VET system depends on the capacity to involve and mobilise the business community. For this, a series of partnerships have been established, with the objective of supporting employers in offering quality work-based learning placements, ensuring the sustainable expansion of apprenticeships and serving as the main effective outreach to companies.

**The authorities have also taken steps to further modernise the education system.** An OECD study assessing the performance of the Greek education system is currently taking place. A partial report with a number of recommendations was delivered in November 2017, while the draft final report will be ready in February 2018. The authorities will address the recommendations of the new OECD Report for the Greek educational system through a concrete action plan by May 2018. The authorities have taken steps to converge to OECD best practices regarding the number of teaching hours per staff member, and the ratio of students per class and pupils per teacher. They have adopted as a prior action, legislation on the working time of the teachers and have issued a relevant circular. Legislation was also adopted on the criteria and the timeline for the merging of school units starting in the school year 2018-2019.

### 5.2 PRODUCT MARKETS AND BUSINESS ENVIRONMENT

**An important part of the structural policy package is the reform of product markets.** More open markets are essential to create economic opportunities and improve social fairness, by curtailing rent-seeking and monopolistic behaviour, which has translated into higher prices and lower living standards.

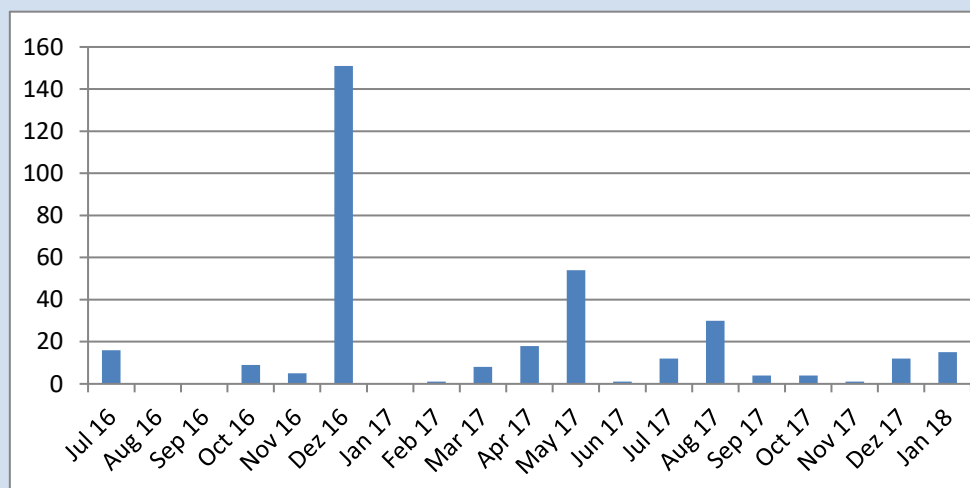
**The authorities have progressed on the implementation of still outstanding actions from the OECD**

**Toolkit I recommendations, in particular on Sunday trade, pharmacy ownership and the standardisation of building materials.** In particular, following the decision of the Council of State on Sunday trade, the authorities adopted legislation that alleviates the current restrictions on shops size and type (e.g. shops-in-shop or maximum surface) in the areas where Sunday trade is allowed by a decision of the local authority, and increases the number of open Sundays in touristic areas. Following the decision of the Council of State abolishing Greek regulation of 2016 on pharmacy ownership, the authorities adopted primary legislation and submitted the relevant Presidential Decree to the Council of State with a view to allowing non-pharmacists participate in the ownership structure of pharmacies. In the area of harmonisation of technical standards of building materials with European standards, the authorities (i) submitted the 70 harmonised technical standards prepared by the Standardisation Agency to the European Commission services (TRIS) for consultation in view of their adoption, and (ii) adopted the categorisation of the remaining 372 technical standards by the Standardisation Agency.

**Following the adoption of 250 recommendations under the first and second reviews, all remaining recommendations of the OECD competition assessment (Toolkit III) have been implemented as a prior action for the third review.** This new round of an OECD competition assessment (Toolkit III) was launched in early 2016. The Toolkit III aims at the alleviation of unjustified and disproportionate restrictions in the access to markets. It relates to the sectors of e-commerce, media, construction, pharmaceuticals, chemicals and wholesale trade. In November 2016, the final report was delivered. The authorities have adopted the final recommendations, except for one, the implementation of which, as agreed in spring 2017, will take longer (180 as part of the first review, another 70 as part of the second review and 115 as a prior action for this review). Amongst the Toolkit III reforms which are part of the third review are amongst others such important topics as the legislation of a fully consistent and codified consumer protection framework, coherent legislation on commercial exhibitions, access for a wider range of persons to the profession of patent attorney, as well as legislation of an electronic monitoring and notification system for construction, which will digitalise procedures as much as possible and therefore render them more accessible, and a new digital radio framework. In general, legal uncertainty was significantly decreased by removing old provisions which could be considered contradicting newer legislation, creating a more stable and transparent framework for businesses. The authorities are continuing work in many fields of the recommendations to further improve the business environment.

### Box 3. Reforms to improve competitions: the OECD competition assessment (Toolkit III)

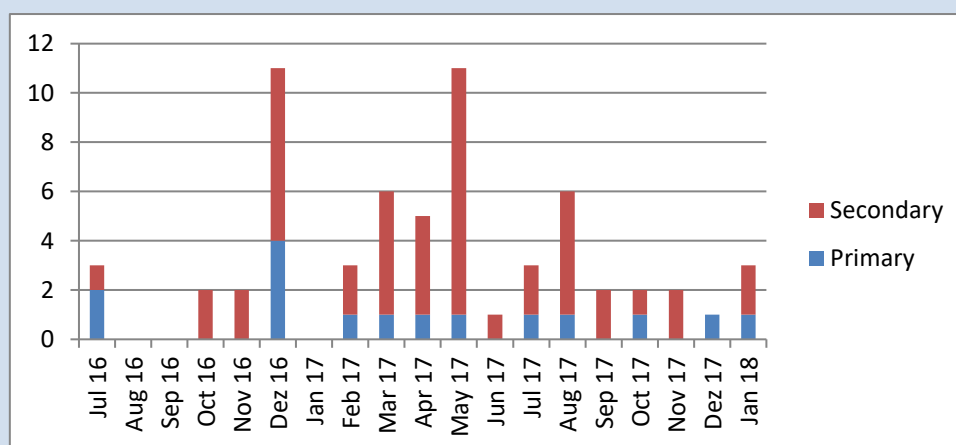
Competition 'toolkit' assessments have been used in successive programmes to help improve the functioning of the economy by identifying and lifting regulations that unnecessarily restrict competition, *inter alia* in product markets.<sup>3</sup> The new round of OECD competition assessment (Toolkit III) was launched in early 2016 and aims at the alleviation of unjustified and disproportionate restrictions in the access to markets. Even though the final list of recommendations was only released in November 2016, a list of early recommendations was provided by the OECD in the first half of 2016. The sectors covered by the Toolkit III reforms (e-commerce, construction, media, chemicals, pharma and wholesale) account for around 15% of Greece's GDP and an even slightly higher share of employment. This underscores the macro-critical scope of the reform package. The fulfilment of all recommendations included in the Toolkit III was a huge undertaking, with almost 400 recommendations in 6 sectors having to be implemented. Overall, more than 60 legal acts and numerous additional actions had to be undertaken to remove the identified barriers to competition.



Graph 1: Adopted recommendations per month. Source: Commission services.

As Figure 1 shows, after the adoption of a number of initial recommendations, implementation of recommendations displays a first spike after the release of the official list of recommendations in November 2016. Thereafter, it displays consistent progress throughout 2017. Not all recommendations are equally important or difficult to implement, which explains the slower implementation pace after the first spike and in particular towards the end of the project.

This is even more evident, when observing the number of legislative acts. As Figure 2 shows, both primary and secondary legislation was adopted on a monthly basis, progressing continuously to implement the vast number of recommendations.



Graph 2: Number of legislative acts adopted to implement the TKIII recommendations per month. Source: Commission services.

The comprehensive Toolkit III package will support economic activity by facilitating entry, fostering innovation and improving services and prices for consumers. It is too early to assess the impact of these reforms. Nonetheless, anecdotal evidence also suggests that sectors that were singled out for reform in previous OECD Toolkits and ESM programme conditionality have performed better than others in terms of FDI, which is a traditional weakness of the Greek economy.

<sup>3</sup> See box 1.5.3 in European Commission (2017), 'The ESM stability support programme: Greece, first and second reviews', [https://ec.europa.eu/info/publications/economy-finance/esm-stability-support-programme-greece-first-and-second-reviews-july-2017-background-report\\_en](https://ec.europa.eu/info/publications/economy-finance/esm-stability-support-programme-greece-first-and-second-reviews-july-2017-background-report_en)

**With the support of the World Bank, the reform and simplification of the investment licensing procedures has continued.** The framework law for the simplification of investment licensing was adopted in late 2016 with the main objective of moving from a system of approvals and pre-approvals of corporate documentation (often involving the same document to be approved more than once and without certainty on time delay for the approval) to a system of notification of start of activities, combined with an efficient and fair inspection regime. After the move into the notification system for a) food and beverage manufacturing, b) shops of health and safety interest (e.g. café, restaurant etc.) and c) tourism under the previous review, the current review has focused on logistics (such as the opening of operation of storage and distribution centres, and the permits for road connection) and on horizontal issues such as the first phase of installation licensing (ensuring that the economic activities are located in areas that are consistent with their level of nuisance) and a new framework law on inspections, for which a roadmap for pilot and actual inspections has to be agreed with the European institutions. Primary legislation on logistics, installation licensing, and inspections, together with secondary legislation on logistics (Joint Ministerial Decision) and installation (Ministerial Decision), has been adopted.

**Mining is a major potential growth driver in Greece, but is a sector which has been seen problems as regards the regulatory and investment environment.** As a prior action, the authorities have adopted a notification system, based on the preliminary approval of technical and environmental studies, for exploitation, installation and operation licensing in quarrying and for simple or auxiliary machineries in mining. A streamlined and simplified approval system has been kept only in mining areas for heavier and riskier machineries for the health and environment, but clear time limits have now been indicated for the public authorities to provide a feedback before the application can be presumed approved. Relevant legislative actions included primary legislation in the context of the omnibus law (4512/2018) and its amendments in law 4514/2018, as well as the modification of the Mining code (MD 2223/2011 also known as KMLE) and the issuance of joint ministerial decisions. Given the comprehensiveness of the reform and the presence of new secondary legislation and amendments to primary and secondary legislation, the authorities committed to complete a codification by April 2018.

**The next phase, starting after this review, will involve all the main remaining productive sectors of the economy,** including operational licences for all the manufacturing activities, environmental services and business-to-business services such as ICT maintenance. In addition, the second phase of installation licensing will be carried out, aiming at rationalising the definitions of nuisance levels and the necessary documentation to obtain it when needed, and a mapping of the entire economy will be finalised to identify the extent of the investment licensing reform.

**The alleviation of unjustified and disproportionate restrictions in regulated professions has continued.** A Presidential Decree on removing restrictions in the engineers' activities was submitted to the Council of State in July 2017. In addition, the authorities adopted primary and secondary legislation with a view to removing unjustified restrictions in several regulated professions such as health care providers (removal of geographical restrictions for doctors), dentists, physiotherapists, car rental with a driver, operators in roadside assistance, hairdressers, manicurists/pedicurists, schools of drama/dance/music, stevedores, schools of hauliers vocational training. In the context of the revision and modernisation of the legal framework for private clinics, the authorities proposed as prior action new rules for the establishment and operation of such clinics; the authorities are also working on the preparation of rules for technical standards and specifications of private clinics with a view to fully implementing the reform by May 2018. Finally, following the adoption of primary legislation as a first step to remove unjustified and disproportionate restrictions relating to the registry system for public works engineers under the second review, a Presidential Decree was submitted to the Council of State in July 2017.

**Work has continued regarding the implementation of the recommendations of the first round of ex-post assessment on selected policies in relation to competition and licensing.** Following the ex-post assessments of selected reforms stemming from the OECD's Toolkit I (Competition Assessment) and of business parks, a number of measures were adopted toward the full implementation of the reforms. Technical support (through the award of study contracts) has been requested on the ex-post assessment of reforms already implemented in the area of book prices and tourism. The recommendations of the studies are expected be available by March 2018.

**The authorities have pursued further reforms in the area of land use and cadastre.** They have adopted primary and secondary legislation to improve the framework of spatial planning, and have uploaded forest maps covering about 40 % of the country for public consultation. By January 2018, about a third (32%) of the country's surface is covered by ratified and definitive maps. The authorities have also adopted a law establishing a new cadastral agency in line with the agreed framework prepared with the assistance of the World Bank. Thirty one (out of a total of 36) contracts covering the cadastral mapping of the remaining area of the country have been signed, such that full cadastral mapping data for the entire country will be available at the latest by the end of 2020. In line with the TMU, this completes the relevant prior action. The remaining five will be signed after the issuance of the relevant court decisions.

**On structural funds the authorities have adopted legislation to streamline and facilitate expropriations and to simplify the procedures related to archaeological works.** Significant municipal engineering projects of smaller municipalities that do not have sufficient technical capacity will be supported by Technical Advisors. As a prior action, the authorities have launched the publication for the selection of management posts of all European Structural and Investment Funds' structures. They also have adopted legislation for evaluation of staff and for mobility. Still as a prior action, the authorities have agreed with the European Commission a list of 15 to 20 large, emblematic projects for the period 2014-2020 including timelines from approval to completion.

### 5.3 REGULATED NETWORK INDUSTRIES (ENERGY, WATER, TRANSPORT)

#### Energy

**Reforms in the Greek energy markets are progressing and have now reached a critical stage.** They are expected to lead to greater competition, a decrease of distortions and an increase in investment, bringing benefits to all consumers, who currently directly or indirectly have to shoulder the cost of these inefficiencies. In the electricity market, the dominance of the incumbent (Public Power Corporation, PPC) is being reduced through several instruments in parallel to rebalancing the regulatory system, while in the gas market the liberalisation process continues to be implemented and further steps towards unbundling of DESFA (high-pressure gas grid) have been taken.

**Following a ruling by the European Court of Justice in December 2016, a process has been launched under EU competition rules to bring around 40 % of PPC's lignite-fired generation capacity under the control of other market participants.** As part of the third review, after submission of a divestment proposal by the authorities to the Directorate General for Competition of the European Commission (DG COMP) and a subsequent market test, a final commitment offer has been submitted by the authorities as a prior action on 19 January 2018. At the same time, the electricity auctions by PPC continue to be carried out. A joint assessment of these, in light of the lignite divestiture and further electricity market developments, will be carried out in February 2018.

**An important element which is being addressed is the financial situation of PPC, which suffers from its long-standing inability to collect overdue revenues from its customers and from outstanding reimbursement of the cost incurred in discharging public service obligations (PSO).** Several instruments have been used to carry out a number of outstanding payments to PPC as prior action (see Box 4). This is a significant change, but further decisive action should be undertaken in the short to medium term.



#### Box 4. Reforms surrounding PPC as the major player on the electricity market

In the electricity sector in Greece, the Public Power Corporation (PPC) is the main player on both the wholesale market (with a market share well in excess of 50 % in production and almost 80 % in capacity) and the retail market (with market share of some 84 % in October 2017). PPC's quasi-monopolistic position derives in particular from the exclusive exploitation rights of lignite-fired and hydro generation capacity, which were awarded to the company in its founding law, and give PPC access to a wider production portfolio than its competitors.

The size of PPC, the market power derived from it, and the State ownership of the majority of its shares, are three factors which have significantly contributed to a distorted regulatory system, which has not been addressed for many years. This is coupled with pricing policies, which are sometimes outside the direct control of the management, which in turn implies the inability to have cost-reflective tariffs. In the first half of 2017, PPC had a significant operating loss, caused in part by

- the accumulation of receivables from public service obligations (PSOs) since 2012;
- the failure to collect arrears from customers (both private and public) which PPC is then unable to disconnect;
- the implementation of a 15 % discount to customers who make payments on time, as well as a further 6 % discount for pre-payments;
- the failure to pass on the cost of the newly imposed supplier levy to finance electricity production from renewable electricity sources.

The reform of the Greek electricity market pursued under the ESM programme has therefore sought to address the factors and behaviours outlined above.

To open up the monopoly on lignite, as part of the second review and following a ruling by the European Court of Justice in December 2016, a process has been launched under EU competition rules to bring around 40 % of PPC's lignite-fired generation capacity under the control of other market participants. As part of the third review, after submission of a proposal by the authorities and a market test through the Directorate General for Competition of the European Commission (DG COMP), a final commitment offer has been officially submitted. This contains the Meliti 1 plant and option for a new Meliti 2 plant, as well as units 3 and 4 of the Megalopoli plant with all related assets and resources. Implementation steps have also been agreed and will need to follow swiftly.

In the meantime, the auctions of electricity by PPC (so-called "NOME auctions") are continued, which grant competitors access to electricity, replicating PPC's monopolistic portfolio. The quantity to be auctioned in 2018 amounts to 19 % of the electricity in the interconnected system, spread over four auctions. In order to attain a sustainable situation after the lignite divestiture, a gradual decrease of the NOME quantities will take place in parallel and at its conclusion being proportionate to the divested capacity. The details will be specified in a joint assessment by the authorities and the European institutions in February 2018, which will also analyse the need for additional structural measures.

An important element of the second and in particular the third review is the regularisation of the regulatory system, which also addresses the financial situation of PPC. As part of the third review, payments to cover outstanding PSO obligations for 2012-2016 have been made to PPC (EUR 360 mio), as well as the amounts for the forecasted deficits of 2017 and 2018 pre-paid to the PSO account (EUR 116 mio). It is important to note that the PSO spreads the higher production cost of electricity on the non-interconnected islands (NII) over all Greek electricity consumers, the development of which is overdue for decades. Meeting the PSO through fiscal transfers contains charges for consumers many of whom are already in arrears. Going forward, the system is being revised to become more flexible and adjust to deviations in the PSO account figures on an annual basis, to avoid the re-occurrence of the present situation. In addition to this, the authorities have paid central government arrears to PPC and will pay all general government arrears by May 2018. In total, the actions taken by the authorities under the 3<sup>rd</sup> review in agreement with the European institutions involve payments to PPC amounting to EUR 436 million at the end of 2017, which will strengthen the financial position of the company and address long-standing structural problems associated with implicit conduct of public policies through the services of PPC.

Moreover, in parallel to actions PPC is undertaking itself, such as a more active management of arrears and having contracted a specialist company to support arrears collection, further decisive action should be carried out going forward, such as incentivising the compliance with disconnection orders and the minimisation of electricity theft. These measures are of critical importance to reverse the trend of increasing arrears from private sector customers.

**The completion of the full ownership unbundling of ADMIE, the transmission system operator, including the acquisition of a 24 % stake by a strategic investor (State Grid of China), is a key step to unlock essential investment in the network, which will help amongst other to bring down the cost of the PSO.** The closing of the transaction with the strategic investor has occurred on 20 June, following the completion of the ongoing regulatory and merger procedures by the European Commission.



**Work on the TARGET model has advanced during the review and the four markets (day-ahead, intraday, balancing and forward) are now scheduled to enter into operation in August 2018.** This will completely overhaul the system and create a modern and consistent framework, which will provide numerous opportunities for all market participants. There are three procedures which need to be finalised in order to enable this: (i) adoption of the market codes, for which Phase A of the public consultation has been completed by ADMIE and LAGIE, (ii) set-up of an energy exchange, for which the enabling legislation has been adopted, still as a prior action; and (iii) putting into place of the relevant IT systems, in particular for balancing, for which ADMIE has already issued a call for expression of interest.

**Other reforms in the electricity market have also advanced during the review,** such as the elimination by end-2017 of the debt in the account financing suppliers of renewable energy sources (RES account), and the implementation of the new RES support scheme, which has been approved by DG COMP and will now be put into operation.

**In the gas market, the liberalisation process is ongoing, with full ability for all customers to choose their own supplier from January 2018.** Improved competition is being ensured by the unbundling of distribution from supply, improved regulation and the increase in the quantities auctioned by the incumbent DEPA under the gas release programme. Important issues of horizontal and vertical conflict of interest within the supply companies, which are majority-owned by DEPA but managed by international investors, need to be resolved in the near future based on an agreed roadmap (prior action). This is linked to agreement to privatise DEPA as part of the Asset Development Plan of TAIPED and it is vital to protect the interests of Greek consumers by avoiding the privatisation of a company in a manner that creates a private monopoly or oligopolistic structure.

**The re-launch of the privatisation of 66 % of the natural gas transmission system operator (DESFA) is a key element of the reform package.** Apart from favouring investment, competition and proper management of the network, unbundling will also prevent the problems which provoked the failure of the previous privatisation, in which the acquisition by a vertically integrated operator raised significant concerns. The expression of interest has been launched by TAIPED in the context of the second review, and it was also agreed and legislated that DESFA will operate under full ownership unbundling rules. Binding bids will be submitted by 16 February 2018 and a preferred bidder is expected to be nominated shortly thereafter, with a view to closing the transaction by June 2018. This deadline is challenging, but it is very important that it is now respected after more than four years of uncertainty faced by the company while having to respond to pressing needs, amongst which issues related to security of supply.

### *Water and transport*

**A stable regulatory regime is key for allowing much-needed investment in the water networks and to protect consumers in terms of pricing policies.** After having adopted secondary legislation setting out the principles for costing and pricing of water services and having received complete business plans from the water companies of Athens and Thessaloniki in the previous review, in the current review the reorganisation and rationalisation of the Greek water services has been proceeding further. To this end, the Special Secretariat for Water (SSW) prepared an ICT system aimed at the regular collection of information to monitor the performance in the provision of water services throughout the country. The system has been certified as operational and has started to receive data from local water companies. The smooth functioning of the ICT system and the soundness of the business plans of the water companies of Athens and Thessaloniki are currently under review by the Special Secretariat for Water, with technical support.

**Additional steps are being taken to strengthen the Special Secretariat for Water.** After having ensured during the previous review that the SSW is adequately staffed to carry out in full its tasks, the authorities are currently developing a strategic plan to strengthen the governance, administrative capacity and financial autonomy of the SSW while providing a separate budget line for the SSW in the State Budget.

**The depoliticisation of the public administration also applies to water companies.** In addition, the authorities action have amended legislation to comply with the commitment to professionalise and de-politicise the Greek administration at all levels by reforming the governance of local water companies (DEYAs), particularly the appointment of independent board members and of the Director-Generals, and have clarified that the geographical scope of activity of local water companies (DEYAs) does not overlap with that of the Athens Water

Company (EYDAP) or the Thessaloniki Water Company (EYATH) respectively, in order to provide legal certainty for investments and long-term planning.

**Strategic changes are underway in the transport and logistics sector.** The authorities, with technical support, are implementing a general transport master plan for Greece covering all transport modes (road, railways, maritime, air and multi-modal, including logistics) and thus will establish a long-term strategy for the sector. On logistics, the authorities have adopted secondary legislation required for implementation of the logistics law, finalised the logistics strategy and taken steps towards its implementation.

## 5.4 PRIVATISATION

### Hellenic Corporation of Assets and Participations

**A new privatisation and investment fund, the Hellenic Corporation of Assets and Participations (HCAP) was established at the time of the first review through law 4389/2016 in line with the statement of the Euro Summit of 12 July 2015.** The purpose of HCAP is to manage valuable Greek assets; to maximize their value, which it will monetize in order to contribute to strengthening the development of the Greek economy and reduce the financial obligations of the Hellenic Republic. HCAP became fully operational under the second review with the appointment of the Supervisory Board and of the Board of Directors and the elaboration the key internal regulations for the functioning of HCAP.

**As part of the third review, there are a number of prior actions to enable HCAP to deliver upon its potential.** The prior actions are focusing on the main remaining outstanding issues for the full operation of HCAP, namely (i) the finalisation of the internal regulations; (ii) the review/appointment of the boards of HCAP subsidiaries; (iii) the transfer of the SOEs and real estate assets to HCAP; (iv) the elaboration of a strategic plan for HCAP. Following these, one of HCAP's primary tasks will include the review of boards of the SOEs and appointment of directors to any vacancies.

**Following the adoption of the most important chapters of the internal regulations as part of the second review of the ESM programme, a limited number of sections have been prepared and adopted by the General Assembly as prior actions for the third review.** As a prior action, the General Assembly has adopted within this framework the chapters of HCAP's internal regulation on (a) the accounting framework, (b) remuneration and compensation policy for the Supervisory Board, and (c) the dividend policy. The internal rules will ensure that HCAP is managed on a professional and independent basis and operates in line with international standards and best practices, including the OECD Guidelines on the corporate governance of SOEs. The HCAP investment policy is expected to be elaborated as a key deliverable for March 2018.

**The review of the boards of Hellenic Republic Asset Development Fund (TAIPED) and the real estate fund (ETAD) and filling of vacant positions has continued under the third review.**

- The Board of Directors of HCAP has filled the vacant posts in the board of TAIPED and replaced executive and non-executive members as needed. Following the assessment of the current members of the Board of Directors of TAIPED by an external consultant under the second review, the CEO, Chairman and other members have been appointed and the new Board of Directors was constituted into a body on the 6 November 2017.
- The Board of Directors of HCAP has reviewed the Board of ETAD with the support of external consultants who provided the assessment report in July 2017. The BoD of HCAP completed the procedure for filling the vacant positions, (Chairman, Executive Director and two non-executive directors) and the selection process has been finalised with a BoD decision on 9 January. The appointment of the new BoD was announced on the 17<sup>th</sup> of January.

**As prior action, legislation has been adopted to amend the HCAP Law (4389/2016) with a view to bringing the SOEs directly under HCAP without the additional layer of a subsidiary.** The changes to the Law

4389/2016 resulting from the change in the structure and operating model for the SOEs, with a view mainly to achieving a more strategic/more effective monitoring of the SOEs, have been identified and included in the omnibus law, which was legislated on 15 January 2018. As part of these legislative changes, two additional members will be appointed to the board of HCAP with specific expertise on SOEs and inter alia these members will participate in the nomination committee that will be responsible for recommending to the Management Board of HCAP, nominees for appointment to the boards of the SOEs falling under HCAP. The law provides for the transfer of the SOEs with retroactive effect, to ensure that the SOEs are under the direct supervision of HCAP as from 1 January 2018. This was necessary for accounting reasons, as it will enable HCAP to present more streamlined accounts for the 2018 financial year.

**A new process for the identification and transfer of real estate assets** has been agreed between the Greek authorities and the European institutions within the framework of the third review.

**It is important that HCAP has a clear strategic plan that is fully in line with HCAP law.** As prior actions for the third review, the Minister of Finance provided ministerial guidance for the Strategic Plan of HCAP on 1 September 2017, in line with the HCAP law. Subsequently, HCAP has completed the preparation of the strategic plan, which was approved by the HCAP BoD on 17 January and by the General Assembly of HCAP on 19 January 2018.

### Privatisation Projects

**Privatisation helps to make the economy more efficient and contributes to reducing public debt.** Implementation of the Asset Development Programme of TAIPED regarding all its core assets is key to stimulate private investment, increase efficiency, and provide financing to the State. Progress has been made in some areas (e.g. the financial closing of the sale and transfer of the 100% stake of the railway operation company TRAINOSE SA to Ferrovie Dello Stato Italiane S.p.A. on 14 September 2017 and significant progress in the transaction on the Thessaloniki port), but equally there have been delays over the past months in the implementation of other aspects of the privatisation programme included in the Asset Development Plan.

**As part of the third review, the authorities have committed to take the necessary measures to move forward with key privatisation projects.** As prior actions for the third review, TAIPED has proceeded to the hiring of advisors for the key remaining tenders under the ADP, whereas the Government Council for Economic Policy (KYSOIP) has endorsed the Asset Development Plan (ADP) approved by TAIPED.

**Progress on key ongoing privatisation projects is as follows.**

- **Hellenic Gas Transmission System Operator (DESFA):** On 22 September 2017, TAIPED announced the bidders qualified to proceed to the next phase of the tender process for the acquisition of 66 % (31 % stake owned by TAIPED and 35 % stake owned by HELPE) of the DESFA's share capital. Two binding offers were submitted on 16 February. It is noted that there were delays in the implementation of the transaction. The SMoU signed in July 2017 was providing for the nomination of the preferred bidder by August 2017 and the financial closing of the transaction by the end of 2017.
- **Egnatia motorway:** The privatisation process for the Egnatia motorway has been characterised by systematic delays although steps to overcome obstacles have been taken over the past weeks. More specifically, as a prior action, Egnatia S.A. has tendered the two operation and maintenance contracts for the motorway and its vertical axes by way of including in the scope of work the design and construction of the bulk of the remaining frontal and lateral toll stations to be constructed. Further, the Minister of Infrastructure, in line with the relevant prior action, has issued a new ministerial decision (MD) providing that any exemptions set out in it will be terminated upon the issuance of a further MD implementing the new toll pricing policy immediately following its approval by DG MOVE. Moreover, TAIPED launched the expression of interest for the concession of the motorway on 16 November 2017, whereas the Hellenic Republic, with TAIPED, submitted to DG MOVE for clearance the new toll pricing policy to be

implemented on the motorway and its vertical axes. Further complications arose more recently, following the launch by the Ministry of Infrastructure of the process for the expression of interest for the procurement, design and installation of an electronic system of tolls (e-tolls) on 18 January 2018. Unless modified, the tendering process risks undermining the launch of the binding offers phase by TAIPED on Egnatia scheduled for March 2018, as it creates uncertainty, inter alia, on the collection of the revenue from the tolls, the allocation of risks between the public sector and the concessionaire etc. Discussions with the Greek authorities are ongoing on an approach that could mitigate such risks, but as yet agreement with the Ministry of Infrastructure has not been found. The issue should be addressed as a matter of urgency so as to avoid complications in the upcoming 4<sup>th</sup> review, for which the launch of the binding offers phase is a key deliverable.

- **Hellinikon** (redevelopment of the site of the former airport of Athens): The project, if implemented, is expected to have a significant positive impact for the Greek economy (creation of a large number of jobs and added value generation). However, it has been recurrently facing headwinds (forestry, archaeology issues). Following the declaration of a 37,000 sqm forest area on the Hellinikon site and an appeal filed by TAIPED and Hellinikon SA against the designation of this forest area, the appropriate Committee decided in favour of TAIPED and Hellinikon SA on 2 October 2017. The Integrated Development Plan was officially submitted by the investors to Hellinikon SA on 15 June 2017, and subsequently the public consultation of the Strategic Environmental Impact Study (SEIS) for the Integrated Development Plan of Hellinikon was launched on 20 July 2017. A positive development has been the convening on 24 November 2017 of the working group (with the participation of the Greek authorities, the investors and a representative of the Commission) that was agreed to be set up between the Greek authorities and the investors, back in June 2017. The working group meets regularly (at least every two weeks), to follow the developments and solve any problems that may arise. It has contributed to a significant improvement in the overall climate of trust between the authorities and the investors. Further, the revised legislative framework for casinos that allows the operation and the tendering procedure of a casino license in Hellinikon site, in line with the requirements and provisions of the Integrated Development Plan, has been legislated. The draft Presidential Decree, regarding the approval of the Integrated Development Plan, has been signed, providing clarity on all potential disputed area issues (heights of the high-rise buildings, procedure to be followed for the handling and preservation of any new archaeological findings within the site etc.). The publication of this Presidential Decree is expected to be decisive for the successful implementation of this project.
- **Thessaloniki Port:** Following a long delay of the privatisation process, binding bids were submitted on 24 March 2017. The selection of the highest bidder and reserve bidder was taken on 24 April 2017, whereas on 20 November 2017 the Court of Audit confirmed that TAIPED can proceed to executing the transaction's legal documents (Share Purchase and Shareholders' Agreement). The Share Purchase Agreement and Shareholders' Agreement were signed on 21 December 2017.
- **Athens International Airport (AIA):** The TAIPED Board of Directors approved on 30.05.2017 the extension of the Concession Agreement of AIA following bilateral negotiations between HRADF and AIA. The financial closure of the transaction is subject to clearance by DG Competition of the European Commission in the context of a State aid notification (Articles 107-109 TFEU). The Greek authorities have pre-notified the transaction to DG Competition for preliminary assessment before formal notification. DG Competition has asked additional information, which the Greek authorities are currently preparing.
- **Other projects:** TAIPED is working on preparatory actions for the implementation of all privatisation transactions included in the ADP.

**Overall, the picture is mixed with progress in some areas being offset by delays elsewhere.** Proceeds in 2017 amounted to EUR 1.4 bn and thus fell short by EUR 0.5 bn vis a vis the EUR 1.9 bn envisaged in the SMoU of July 2017. This was due to delays (mainly on the side of the preferred bidder) in the financial closing of the sale of 67% of the share capital of the port of Thessaloniki and delays in the launching of the process for

the sale of 5% of OTE (telecom company). Delays in the implementation of the privatization programme will impact the expected proceeds in 2018 as well. Based on the current state of play, the proceeds for the first half of 2018 are estimated at around EUR 1.0 bn and are also subject to the financial closing of Hellinikon and the extension of the Concession Agreement of AIA. Thus, aggregate proceeds during the entire ESM programme period are estimated at EUR 3.2 bn. However, additional proceeds of around EUR 1 bn are expected in the second half of 2018, implying a possible shortfall for 2017 and 2018 amounts to EUR 1.0 bn compared to the amount projected in July 2017. If adequate steps are taken by TAIPED, it remains feasible to complete additional key tenders in 2019 which could generate potentially significant yields, although this falls outside the programme horizon.

## 6. Pillar IV: A modern State and Public Administration

### 6.1 PUBLIC ADMINISTRATION

**Public administration reforms are a key pillar of the ESM programme. The package of legislative reforms which was agreed under the programme has been completed as part of the 3<sup>rd</sup> review, and its implementation is ongoing and progressing.** Legislation has been adopted, which will start a process of streamlining the system of allowances for hazardous and dangerous work, based on a report provided by technical support, which will lead to a new system of allowances being in force within a year.

**A modern mobility scheme is being implemented, which operates on a sound basis of job descriptions and organigrams, which are being digitalised into an IT tool.** This has been a significant effort by the public administration, with job descriptions and organigrams for the central administration being finalised. The drafting of job descriptions for the Ministries of Defence (civilian employees) and Foreign Affairs will be part of the 4<sup>th</sup> Review. Moreover, Council of State approval was given on 16 February 2018 for the organigrams of the Ministries of Shipping and Education, which will now be issued in the form of PDs in the coming days. The authorities are committed to roll it out to the wider public sector according to a clear time bound action plan. This scheme has replaced a very cumbersome and inefficient process, which had led to the abuse of secondments as an instrument of mobility. Secondments are now limited to exceptional cases and will generally not last more than one year, while the transfer of employees will become the normal instrument for mobility. The first mobility cycle was launched in October 2017 with more than 800 published vacancies, for which numerous applications were submitted until the deadline of 5 December 2017. Currently, the selection procedures are ongoing and will be concluded by February 2018, with changes of positions taking place by March 2018. At the same time, the first round of the performance assessment has been finalised with good participation rates (81 % on average for ministries). The authorities are already in the process of developing an IT tool in order to facilitate the second round of the performance assessment and to roll it out to the wider public administration.

**Key elements for de-politicisation are being implemented through the renewal of the top management throughout the public administration.** The process will lead to the application of the new selection procedures of law 4369/2016 to all levels of management, including the replacement of politically appointed Secretaries General with Administrative Secretaries, which will have fixed-term contracts and cannot be replaced on a discretionary basis. As prior actions of the third review, the authorities have carried out a number of challenging steps towards this objective:

- Calls have been launched for almost 69 Administrative and (Special) Sector Secretaries
- The calls for 20 "horizontal" Directors General were launched as part of the second review. As part of the third review, those 20 "horizontal" Directors General have been appointed and are now progressively taking up their positions.
- Calls have been launched for 69 remaining Directors General, to which law 4369/2016 applies.
- Law 4369/2016 has been improved to clarify and render the process more efficient, in light of first experiences with the new procedures.

## Box 5. Modernising the public administration: the appointment of managers

To foster transparency and meritocracy in the appointment of managerial positions in the public sector, a new legal framework was put into place with law 4369/2016. This is a very significant change in an area that hitherto lacked a transparent and objective process, and thus was open to interference.

According to the legislation, which was passed as part of the Second Review, the (Alternate) Administrative and (Special) Sector-Level Secretaries, which are key figures at the top of all administrations, are now selected from a National Register of Executive Staff in the Civil Service, set up and maintained by the Supreme Council for Civil Personnel Selection (ASEP). Their selection is carried out by a Selection Board, following a call for expressions of interest by the Ministry concerned. The Board assesses the applicants' qualifications and work experience against the position's job description and conducts a structured interview with shortlisted applicants for each position to be filled. For the first time, relevant experience in the private sector is recognised when applying for managerial positions. The names of the most suitable three applicants are provided to the respective Minister, who selects one amongst them. The appointment is finalised with its publication in the Government Gazette. Appointees will have four-year contracts not linked to the political cycle, and cannot be replaced on a discretionary basis. Similarly, the selection of General Directors, Directors and Heads of Division is carried out by the respective Selection Boards. The candidates are ranked on the basis of their qualifications, work experience, and a structured interview. The appointment is finalised with the selection of the most competent candidate for a specific position by the authority concerned.

The timeline foresees critical appointments to be finalised within the time horizon of the ESM programme. As such, the launching of the calls for 69 (Alternate) Administrative and (Special) Sector-Level Secretaries has been finalised and appointments will be completed no later than June 2018. The existing Secretaries General will be relieved from their duties at the latest three months after the filling of the positions, to ensure a smooth transition. Regarding horizontal General Directors, for whom calls have been launched in April 2017, appointments have been completed as a prior action. Calls for the remaining 69 General Directors, to whom law 4369/2016 applies, have been launched as a prior action. Moreover, as senior managers are involved in the selection process of the managers of the next lower level, all these General Directors will be appointed by March 2018 and subsequently be involved in the selection of the relevant Directors, the calls for which are to be launched in the same month. The cascading of appointments down to the replacement of all Heads of Division is also depicted in Figure 1 below.

**Table 1: Timeline for appointment of managers. Commission services.**

Table 1: Timeline for appointment of managers: Commission services									
	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Administrative Secretary General									
Directors General									
.....sectoral									
.....horizontal									
Directors									
Heads of Division									

**Legislation has been adopted as prior action to create a Committee and define the process to implement the reform to streamline the system of allowances for hazardous and dangerous work in line with the recommendations from technical support.** The authorities are also committed, by May 2018, to publish a short-term plan on protection and prevention, as well as a detailed study and provisional quantifications regarding allowances hazardous and dangerous work; and agree pillars of the reform with the institutions. This will lead to a revised system within a year, with intermediate key actions to be undertaken within the Programme. The process also encompasses quick wins from prevention and protection, as well as from discontinuing payments of allowances where justification is not provided in a strict timeframe.

**In order to facilitate citizens' access to law, the authorities have submitted a first draft proposal regarding a long-term plan of codification of key legislation.** This will include the creation of a publicly accessible and free-of-charge electronic portal providing access to legislation, both in its form as initially published in the Official Journal and in its consolidated version integrating subsequent amendments.

## 6.2 JUSTICE

**The legislative framework (primary and enabling) for the regulation and conduct of electronic auctions has been enacted in 2017 and was strengthened in January 2018,** with the adoption of omnibus law 4512/2018 (see box in section 4). The necessary technical infrastructure has been operationalized, user manuals have been made available to end users and operators (notaries), training is being provided to the latter and 284



notaries have been reported by the authorities as registered with the platform so far (69 of whom outside the Athens jurisdiction); authorities committed, as part of the prior action, to ensure the full geographical coverage of Greece. Although it was initially envisaged that the new electronic auction system would operate in parallel with the traditional auction system at courthouses, as a result of the continuous disruptions of the latter by activists the authorities adopted legislation in January 2018 (articles 207-209 of the omnibus law) converting all auctions to electronic ones and the abolishing physical auctions as of 21 February 2018. To address the problem posed by the ongoing refusal (see box in section 4) of regional notarial associations to perform e-auctions, the new legislation provided for the faculty of creditors facing a shortage of (or refusal of appointment by) registered notaries in any area to appoint substitute notaries at the relevant association's jurisdiction or, as a last resort, notaries of the Athens-Piraeus-Aegean-Dodecanese association. Given that the transitional period for the phasing out of physical auctions was markedly short, the uptake of this solution by creditors is still under assessment. Similarly under assessment is the overall rate of re-notifications of auctions formerly notified as physical, and their gradual uploading on the e-auctions platform. In order to facilitate the monitoring of the implementation of above actions, the institutions agreed with the authorities on a standardized form of periodic reporting; the first two reports, were timely submitted by the authorities on 9 February and 1 March 2018; these will be followed by further periodic updates, which are expected to provide more granular evidence regarding conducted and notified auctions as well as the geographical coverage and distribution. The institutions will continue to monitor closely developments in this area given that removing potential impediments to the conduct of auctions throughout Greece remains a key deliverable for the 4<sup>th</sup> review.

**In principle, a system involving electronic auctions could** lead to higher fairness, transparency and maximization of the value of the proceeds through enhanced competition, by providing easy online access to all interested parties worldwide, dispensing with the need of their physical presence at the auction and by guaranteeing legal certainty and security. The first e-auctions were conducted on 29 November 2017; in total, 163 auctions took place by 1 March 2018; by 1 March 2018, 1005 have been uploaded on the e-auctions platform and should be conducted in the following months.

**It should be recalled that auctions have been disrupted in recent months and this is continuing.** Regarding the provision of security facilitating the conduct of both electronic and physical auctions (the conduct of the latter having been severely compromised by violent and regular disruptions by self-styled 'activists'), the authorities have committed as part of the prior action to put in place and implement an action plan for providing timely, complete, enhanced and efficient police protection to auction officials and participants, by enhancing security in courthouses and notaries' premises; moreover, they have *enacted* legislation amending the Criminal Code so as to facilitate the *ex officio* prosecution against perpetrators aiming at obstructing the conduct of physical or electronic auctions; the authorities also undertook as part of the prior action the commitment to deploy in the future any additional effort needed to ensure a regular and unimpeded flow of e-auctions. Amendments to the Penal Code were enacted on 22 December 2017 to enhance the protection of notaries officiating at e-auctions (law 4509/2017, OJ A 201/22-12-2017, article 61). However, on 9 January 2018, the Athens, Piraeus, Aegean and Dodecanese Notaries Association decided to abstain from all physical auctions until the end of January 2018, citing the government proposal to replace physical auctions by electronic ones and the fear of violent incidents expected to be caused by activists. After the enactment of the new legislation (law 4512/2018 (see box in section 4), said notaries persisted in their decision to abstain from physical auctions until the completion of their phasing-out term. As of 1 March 2018, five out of nine notarial associations are abstaining from the conduct of auctions and it appears that a number of their members have already registered with the platform and received training and there have been indications that the associations in question could revise their position in the near future. The adequacy of implementation of the security-enhancing legislation will be kept under review; the scope of its application will henceforth be limited to the conduct of e-auctions at private notarial offices.

**In order to encourage the flow of new credit to viable business ventures, the authorities have legislated the strengthening of the position of secured creditors.** More specifically, the authorities amended the Code of Civil Procedure the Insolvency Code and the Code for the Recovery of Public Revenue to strengthen the position of secured creditors by aligning the treatment of secured credit with EU best practices, placing secured credit in a



position of priority, thus allowing lenders to provide financing based on the market value of the collateral (law 4512/2018, OJ A 5, articles 176-177). This modification of the ranking of claims will only apply to new secured credit extended after the entry of the amendments into force. After deduction of enforcement expenses, satisfaction of secured credit will be subject only to the preferential satisfaction of employees' wage claims that arose prior to the date of determination of the first auction or, in the case of bankruptcy, prior to its declaration and will be limited to the amount of six months' worth of wages up to the amount corresponding, per worker and per month, to 275 % of the legal entry-level salary of an employee of over 25 years of age.

**A new law on mediation was adopted, introducing extensive reforms to the institution of extrajudiciary mediation and further aligning Greek legislation to Directive 2008/52/EC of the European Parliament and the Council on certain aspects of mediation in civil and commercial matters (law 4512/2018, OJ A 5, articles 178-206).** Besides addressing and regulating organizational and operational matters, the new legislation provides for the compulsory recourse to mediation in case of specific instances of disputes (family, medical liability, trademark/patent, condominium disputes etc.); it also defines anew the training and qualification requirements for the certification and enrolment of mediators. An agreed addition to article 182 par. 4A of the omnibus, regarding proof of receipt of the mediation notice, did not make it in time for inclusion in the legislative improvements; it was agreed with the authorities that it will be made as soon as a bill is next tabled at the Parliament.

### 6.3 ANTI-CORRUPTION

**The authorities have amended again, as a prior action, the legal framework for the funding of political parties, in order to comply with GRECO's<sup>4</sup> October report.** The authorities had, as per an SMoU commitment, already modified the legislation on the financing of political parties and candidates. But the law voted in May had not been agreed by the European institutions, who considered that this legislation, which was reinstating anonymous coupons for financing of political parties, was not in line with the recommendation by GRECO "*to abolish the possibility to use anonymous coupons for donations to political parties, coalitions and candidates*". It was agreed that the authorities would ask for a further assessment of the legislation by GRECO, which is the competent authority. The authorities finally amended the legislation in December, following the October report by GRECO. The December amendment reduced the maximum coupon denomination to EUR 15 and the ceiling per party to EUR 75,000 per year or 4 % of the public political funding, whichever is lower. The sanctions framework was also reinforced. The new legal framework has entered into force on 1 January 2018, thus allowing a stable framework to be in place for the full year.

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<sup>4</sup> GRECO is "Groupe d'Etats contre la Corruption", a dedicated Council of Europe institution.

#### Box 6. Financing of political parties

Public funding was the main source of political parties' funding in 2009, providing EUR 68 million, representing about 90% of the resources of the parties. Private funding was limited, and its legal framework was not considered as very sound by GRECO, which emitted in a 2010 report a long series of recommendations. One of these recommendations related to the suppression of anonymous coupons. Coupons were not supposed to be anonymous, but in effect the names of donors were not to be disclosed to the competent control committee. Another recommendation was the need to reinforce the independence of the control committee, which was composed of a majority of members of Parliament.

The improvement of the framework became urgent because public funding dwindled, being reduced to about 10 million euros in 2015. So setting up a proper control of the donations became a strategic objective. Improvement was progressive. The framework was improved first in 2014 by reinforcing the independence of the control committee. In 2016 the independence of the control committee was further enhanced, as a MoU commitment. Six out of the nine members are now independent from the Parliament.

Though the 2014 reform had seen the abolition of the anonymous coupons, during the debate the Parliament reintroduced a system allowing for EUR 150,000 of cash to be collected by the political parties in "fund raising campaigns". This provision was abolished in May 2017 as per a MoU commitment, but in the same legislation the authorities reintroduced anonymous coupons, up to EUR 100,000 or to 5% of the public political funding of the party for the year. The change in legislation within the year 2017 created uncertainties. The authorities suspended in the summer all the new provisions until the end of the year. But, as a consequence, there were three different legal frameworks in 2017, and in practical terms the parties could claim that they were entitled to a total of EUR 250,000 of anonymous funding. Finally the end-December 2017 legislation, consistent with a recent report from GRECO admitting the possibility of anonymous coupons up to limited amounts, confirmed the suppression of the fund raising campaigns and reduced the ceiling for anonymous coupons to the lesser of EUR 75,000 per party and year or 4% of the public political funding. This new legislation should be in place to be applicable for 2018 onwards.

#### 6.4 INDEPENDENT AGENCIES

**The reform of the statutory framework for independent agencies in Greece will strengthen their autonomy and effectiveness** by introducing a unified set of fundamental rules, horizontally applicable to all agencies, constitutionally protected ones and others; these rules will be benchmarked against European best practice and will further integrate EU *acquis* into Greek legislation. Following agreement, in the context of the second review, on the principles and key elements to strengthen the autonomy and effectiveness of all independent agencies and entities, the authorities submitted on 12 January 2018, as the first element of a three-part action, draft legislation bringing horizontal provisions and internal regulations in line with the results of the horizontal review; the two remaining parts (due for completion in February and March 2018 respectively) consist in (a) completing an assessment of existing independent authorities so as to identify overlapping competences and fields of activity with a view to eliminating redundancies and (b) based on this assessment, enacting legislation to reorganize the field, including merging eligible entities, abolishing redundant entities, reassigning functions to relevant services of the central administration and finalizing and enacting, after consultation with the European institutions, the legislation on bringing horizontal provisions in line with the results of the horizontal review. As a separate action, the authorities have also adopted legislation to further safeguard the independence and resources of ELSTAT.

## ANNEX: Debt sustainability analysis and programme financing

### 1. DEBT SUSTAINABILITY ANALYSIS

**Greece's debt-to-GDP increased from 176.8 % in 2015 to 180.8 % in 2016. The debt-to-GDP ratio is expected to slightly increase in 2017 and start gradually decreasing from 2018.** The DSA projections assume that Greece will continue its arrears clearance programme in 2017 and 2018 such that it would have cleared all remaining arrears (EUR 7 bn) by the end of the programme. The projections also assume that the total programme disbursement would be EUR 58.6 bn, which is EUR 27.4 bn lower than the original envelope. The reduction in the estimate of programme financing is mainly due to lower bank recapitalization needs, a higher primary surplus and higher usage of subsectors' financial resources. The DSA also incorporates all the short-term relief debt measures outlined in the Eurogroup statement of May 2016, and currently implemented by the ESM (see Box A1). The assumptions in the DSA scenario A regarding the other main input parameters are the following:

- Short-term real GDP growth has been updated, and assumed to be in line with the Commission's 2017 autumn forecast. Long-term real GDP growth is projected to level off to 1.5 % after 2022, when the output gap has closed, and to decline to 1.25 % after 2030 due to the effects of population ageing. Inflation is projected to gradually converge from 0.9 % in 2017 to about 2 % in 2024 and to maintain this level thereafter. As a result, nominal growth is projected to level off at about 3.25 % over the long run.
- Total privatisation revenues from bank and non-bank assets are estimated at about EUR 17 bn between 2017 and 2060, of which EUR 13 bn from the privatisation of non-bank assets. These projections for privatisation proceeds are based on already agreed sales and concessions. No further bank recapitalisation is foreseen at this stage and it is assumed that more than three-quarters of the funds used for bank recapitalisation in 2015 can be recovered from the privatisation of bank assets (EUR 4.5 bn), of which EUR 2 bn have been already repaid in February 2017.
- In terms of the primary balance path, the analysis assumes that Greece reaches the programme targets of a primary surplus of 1.75 % in 2017 and 3.5 % in 2018. Afterwards, Greece is expected to maintain the 3.5 % primary surplus until 2022, after which the primary surplus starts to decrease 0.5 p.p. per year levelling off at 2.2 % as of 2025.
- Market rates modelled as the expected risk-free rate plus a risk premium, are expected to reach 4.1 % in 2019, and gradually increase to 5.2 % by 2030 in line with the projected increase in the risk free rate, and to slowly converge to 4.5 % by 2060 thereafter. The average market re-financing rate after the end of the programme stands at 4.9 %.<sup>5</sup>

**Based on these assumptions for the scenario A, Greece's debt-to-GDP ratio is expected to reach 181.1 % in 2017, 165 % in 2020, 127.2 % in 2030 and 96.4 % in 2060.** The gross financing need (GFN) is forecasted at 16.7 % of GDP in 2017, before strongly decreasing to 7.5 % in 2021. The GFN-to-GDP rate is projected to increase from the 2020s onwards, reaching 23 % in 2055 and declining to 21.9 % by 2060. This is above the thresholds levels which the Eurogroup, in its statement of May 2016, considered to be sustainable. These projected debt dynamics already reflect the positive impact of the full implementation of the short-term measures

<sup>5</sup> In line with the modelling assumptions of the June 2016 DSA, a lower market rate risk premium sensitivity parameter to the debt level is assumed (3 pp for every 1 % debt-to-GDP higher than 60 %) after the implementation of the short-term debt measures in order to reflect the reduced interest rate risk of the official sector loans to Greece. In the current update, the risk premium given by the above mentioned methodology was reduced in the first decade of the post-programme period in order to reflect the current favourable market conditions and a smooth transition to the long-term.

(see Box A1). Given the high debt-to-GDP and GFN-to-GDP levels, concerns remain regarding Greece's debt sustainability under this scenario.

#### Box A1. Short term debt measures and their implementation

The updated DSA includes an estimated impact of short-term debt measures decided by EFSF/ESM governing bodies in January 2017 of which most have been implemented by the end of 2017, and the remaining will be implemented in 2018. The short-term measures will improve the debt sustainability in the long term by utilizing in full the EFSF's maximum weighted average maturity and reducing interest rate risk, taking advantage of current low market rates. The short-term measures after full implementation are estimated to have a material impact on debt dynamics. The debt-to-GDP ratio in 2060 is expected to be lower by more than 25 percentage points due to the short term measures, while gross financing needs are reduced by more than 5 percentage of GDP in 2060, when compared to a scenario without short-term debt measures.

**1. Smoothing the EFSF repayment profile under the current weighted average maturity.** The maximum weighted average maturity (WAM) under the EFSF Master Financial Facility Agreement (MFFA) was set at 32.5 years. Due to the early repayment of EUR 10.9 bn in February 2015 and other factors, the WAM was reduced to 28.3 years, which allowed extending the WAM by four years and at the same time smoothing the repayment schedule. This measure was completed at the beginning of 2017.

**2. Using the EFSF/ESM funding strategy to reduce interest rate risk without incurring any additional costs for former programme countries.** This is done through three schemes. First, the back-to-back floating rate notes held by Greek banks are exchanged with long-term fixed rate notes and ultimately cash. The funds are raised by issuing longer-term EFSF and ESM bonds. The EFSF and ESM have completed the issuance of this funding scheme by the end of 2017. The second scheme foresaw that the ESM enters into swap arrangements to stabilise the cost of funding charged to Greece. This programme is now in place, and the interest rate risk has been reduced as planned. The third scheme is about introducing matched funding for future disbursements to Greece under the current programme. This will be implemented in 2018.

**3. Waiver of the step-up interest rate margin for the year 2017** related to the debt buy-back tranche of the 2nd Greek programme. This waiver was approved and implemented at the beginning of 2017.

**Two more conservative scenarios were also simulated to reflect a more unfavourable economic environment (scenarios B and C).** In scenario B, the assumed growth rate for nominal GDP is lowered by 0.25 p.p. per year compared to the scenario A between 2023 and 2060, settling at 3 %. The primary balance will level off to 2 % as of 2025. In scenario C, nominal GDP growth is reduced by 0.65 p.p. per year on average compared to scenario A between 2023 and 2060, reaching a long-run level of 2.7 %. The primary surplus is assumed to follow the scenario A path until 2022 and then immediately decrease to 1.5 % as of 2023. In scenario C, the long-run interest rate for EFSF/ESM loans is 3.8 % after 2030 compared to of 3.3 % in scenarios A and B. Additionally, lower privatization proceeds are assumed throughout the DSA horizon.

- Debt-to-GDP stabilizes at a higher level in scenario B and starts increasing slowly from 2040 onwards, reaching 145 % in 2060. The debt dynamics in scenario C become explosive from the mid-2030s onwards and debt reaches 244 % of GDP in 2060.
- The picture is similar for GFN-to-GDP. In scenario B, it exceeds the 20 % threshold constantly after 2036 and reaches almost 34 % by 2060; in scenario C, it exceeds 20 % from 2031 and goes close to 57 % by 2060.

**The scenario D assumes more favourable long-term growth and a better fiscal performance.** Growth is assumed to be 0.2 pp higher compared to the scenario A after 2030. The overall primary surplus is assumed to average at 2.3 % of GDP in the 2023-60. In this scenario debt-to-GDP is at 165 % in 2020 and 126 % in 2030, before decreasing to 79 % in 2060. The GFN-to-GDP starts increasing slowly after 2021 and surpasses the 20 % threshold only marginally and temporarily in the early 2050's before declining to 18 % of GDP in 2060.

**The high debt-to-GDP ratio and gross financing needs resulting from the DSA analysis points to serious concerns regarding the sustainability of Greek public debt.** These concerns should be addressed inter alia through the sustained implementation of the far-reaching reform programme contained in the supplemental MoU, a process which requires strong ownership on the part of the Greek authorities. It also will require the implementation of additional debt-mitigating measures, building upon the conditions and commitments set down in the Eurogroup statements of 25 May 2016 and 15 June 2017. An appropriate combination of debt management measures (including the full implementation of the short-term measures), extension of maturities

and grace periods for principal and interest, plus the use of SMP and ANFA equivalent profits would allow bringing Greek debt back to a sustainable level in gross financing needs terms.

Debt sustainability, and thus the need for additional debt measures, should be assessed in a manner that caters for a number of downside risks. There is uncertainty surrounding the capacity of the Greek government to sustain high primary surpluses over several decades. In addition, there are significant downside risks to growth linked to ageing populations and trends in total factor productivity.

Table 3. Greece: main DSA results

		2016	2017	2018	2019	2020	2030	2040	2050	2060
Debt-to-GDP	Scenario A	180.8	181.1	179.9	172.3	165.0	127.2	113.5	104.3	96.4
	Scenario B	180.8	181.1	179.9	172.3	165.0	133.5	127.6	131.1	145.1
	Scenario C	180.8	181.2	180.0	172.5	165.5	145.8	157.7	189.8	244.1
	Scenario D	180.8	181.1	179.9	172.3	165.0	126.4	108.8	94.5	79.5
GFN-to-GDP	Scenario A	11.7	16.7	14.2	11.7	7.7	15.6	19.9	22.4	21.9
	Scenario B	11.7	16.7	14.2	11.7	7.7	16.7	23.0	28.8	33.6
	Scenario C	11.7	16.8	14.2	11.8	8.0	19.3	30.0	42.6	56.6
	Scenario D	11.7	16.7	14.2	11.7	7.7	15.4	18.9	20.1	17.9

Source: European Commission

Table 4. Underlying assumptions

												Avg	Avg
		2017	2018	2019	2020	2030	2040	2050	2060	2019-60	2023-60		
Assumptions	Primary surplus (% of GDP)	Scenario A	1.8	3.5	3.5	3.5	2.2	2.2	2.2	2.2	2.4	2.2	
		Scenario B	1.8	3.5	3.5	3.5	2.0	2.0	2.0	2.0	2.2	2.0	
		Scenario C	1.8	3.5	3.5	3.5	1.5	1.5	1.5	1.5	1.7	1.5	
		Scenario D	1.8	3.5	3.5	3.5	2.3	2.3	2.3	2.3	2.4	2.3	
	Nominal growth (%)	Scenario A	2.6	3.4	4.1	4.0	3.3	3.2	3.3	3.3	3.4	3.3	
		Scenario B	2.6	3.4	4.1	4.0	3.0	3.0	3.0	3.0	3.1	3.0	
		Scenario C	2.6	3.4	4.1	4.0	2.7	2.7	2.7	2.7	2.8	2.7	
		Scenario D	2.6	3.4	4.1	4.0	3.5	3.5	3.5	3.5	3.5	3.5	
	Re-financing rates (%)	Scenario A		3.5	4.1	4.4	5.2	5.0	4.7	4.5	4.9	4.9	
		Scenario B		3.5	4.1	4.4	5.3	5.4	5.5	5.9	5.3	5.4	
		Scenario C		3.5	4.1	4.4	5.7	6.0	6.0	6.0	5.7	5.9	
		Scenario D		3.5	4.1	4.4	5.2	4.9	4.4	4.0	4.7	4.7	
	EFSF rates (%)	Scenario A, B & D	1.5	1.4	1.3	1.4	3.1	3.3	3.3	3.3	3.2	3.3	
		Scenario C	1.5	1.4	1.3	1.4	3.1	3.3	3.6	3.8	3.2	3.4	
	Non-bank privatisation proceeds (€bn)	Scenario A, B & C (Total = €12.7 bn)	1.4	2.0	0.2	0.2	0.2	0.2	0.2	0.2			
		Scenario C (Total = €4.3 bn)	1.4	2.0	0.0	0.0	0.0	0.0	0.0	0.0			
Bank privatisation proceeds (€bn)	Scenario A, B & C (Total = €4.5 bn)	2.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0				
	Scenario C (Total = 2 bn )	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				

Source: European Commission

## 2. Programme financing

**The ESM programme with an envelope up to EUR 86 bn was agreed with the Greek authorities in August 2015.** A total of EUR 40.2 bn have been released up to the second review, split in many disbursements from August 2015 until October 2017 (see Table 5). Of the total disbursed amount, EUR 27.5 bn covered debt servicing needs, EUR 7.3 bn covered other fiscal needs (including EUR 5.5 bn for arrears clearance and EUR 0.5 bn for structural funds needs) and EUR 5.4 bn covered bank recapitalisation needs, of which EUR 2 bn have already been repaid to the ESM. Overall, EUR 45.8 bn out of the EUR 86 bn available under the ESM programme envelope have not yet been disbursed.

Table 5. Greece disbursements under the ESM programme (August 2015 – October 2017), in € billion

Dates of disbursement	Amount disbursed	Purpose	Review
20/08/2015	12.0	Debt service needs	Launch of the programme
20/08/2015	1.0	Fiscal needs	Launch of the programme
24/11/2015	1.3	Debt service needs	Launch of the programme
24/11/2015	0.4	Arrears clearance	Launch of the programme
24/11/2015	0.3	Structural funds needs	Launch of the programme
01/12/2015	2.7	Bank recapitalisation	Launch of the programme
08/12/2015	2.7	Bank recapitalisation	Launch of the programme
23/12/2015	0.5	Debt service needs	Launch of the programme
23/12/2015	0.3	Fiscal needs	Launch of the programme
23/12/2015	0.2	Structural funds needs	Launch of the programme
21/06/2016	5.7	Debt service needs	1st review
21/06/2016	1.8	Arrears clearance	1st review
26/10/2016	1.1	Debt service needs	1st review
26/10/2016	1.7	Arrears clearance	1st review
10/07/2017	6.9	Debt service needs	2nd review
10/07/2017	0.8	Arrears clearance	2nd review
30/10/2017	0.8	Arrears clearance	2nd review
<b>Total Aug-15 to Oct-17</b>	<b>40.2</b>		

**Greece's financing needs from January to August 2018 are expected to amount to a total of EUR 11.1 bn.** More specifically:

- As regards loan servicing requirements for the remainder of the programme (January-August 2018), Greece would need to cover EUR 7.8 bn in amortisation and interest payments; , whereas the attainment of state cash primary surpluses in line with the ESM programme targets would reduce financing needs by EUR 0.7 bn.
- The authorities are expected to clear arrears of about EUR 4 bn, of which up to EUR 1.5 bn could be covered through new programme funds and EUR 0.8 bn through previously disbursed funds. The remaining stock of arrears needs to be cleared through own resources in order to ensure zero stock of arrears by the end of the programme.

**Financing needs can be further reduced by around EUR 1.5 bn over the remainder of the programme,** taking into account expected financing sources from privatisation revenues and proceeds from the ANFA and SMP profits held by the Bank of Greece.

**Compared to August 2015, the following main changes were made in the projected financing needs and resources.**

- Lowering the bank recapitalization needs by EUR 19.6 bn following the comprehensive assessment and the significant private capital raising of banks in the recapitalization exercise undertaken in 2016,
- Lower domestic proceeds by EUR 3.2 bn throughout the programme period, of which the majority (EUR 3.1 bn) is due to delays in privatisation projects and the rest (EUR 0.1 bn) is due to a slight deterioration in the state cash primary fiscal surplus throughout the programme period. Despite the over-performance of the general government primary balance target in all programme years, the composition of the over-achievement has shifted between the state and the subsectors. The general government primary balance in 2017 and 2018 is now projected to be over-achieved through a higher contribution from the subsectors which overcompensates the deterioration in the state primary balance (see section 3.1 for more details).
- Higher proceeds from market issuances by EUR 4.4 bn. In the launch of the programme no market issuances were taken into account. Over the recent months, Greece has tapped the markets three times in July 2017, November 2017 and February 2018, raising EUR 4.4 bn of net issuances and executing liability management operations aimed at improving the liquidity and consolidating the yield curve of Greek bonds.
- No repo unwinding<sup>6</sup> due to the ongoing Single Treasury Account (STA) reform and, thus, an increase by at least EUR 3.5 bn of the projected subsectors cash reserves in the Bank of Greece available to the state for liquidity management purposes.

**Based on the factors above, the tranche linked to the completion of the third review could amount to EUR 6.7 bn.** This envelope would cover Greece's debt service needs until end-June 2018 while also contributing to the cash buffer and arrears clearance. Of this tranche, a total of EUR 1.5 bn could be used for arrears clearance, EUR 3.3 bn would cover debt service needs and EUR 1.9 bn could be disbursed for the cash buffer. The size of the disbursement takes into account the utilisation of available domestic resources for debt service as well for arrears clearance. The EUR 6.7 bn disbursement could be released to Greece in two parts. A first disbursement of EUR 5.7 bn could be released following the completion of the prior actions by the Greek authorities, of which EUR 3.3 bn would cover debt service needs and EUR 1.9 bn could contribute to the cash buffer and EUR 0.5 bn would be disbursed for domestic arrears clearance conditional on achievement of the set targets. The remaining amount of EUR 1 bn could be made available for arrears clearance after April subject to positive reporting by the European institutions on the clearance of net arrears using also own resources in the proportion of 1:1 relative to the programme funds disbursed for arrears clearance under the first disbursement of the fourth tranche as defined in the Technical Memorandum of Understanding. With respect to this second disbursement, an additional condition requiring a favourable reporting by the institutions on the effectiveness of the e-auctions system will need to be fulfilled before the release of the funds. The modalities of the disbursement will be spelled out in the ESM Managing Director proposal.

**The European institutions confirm that net arrears clearance until end-December 2017 is satisfactory and complies with the requirements set in the Technical Memorandum of Understanding.** The stock of net arrears decreased by EUR 2.5 bn between end-July and end-December 2017, or by 158 % of the cumulative disbursements for arrears clearance under the third tranche, thus over performing (by EUR 0.1 billion) the target of 150% set in the programme (see Table 6). The contribution to this reduction is broad-based, as spending arrears and tax refunds decreased equally by EUR 1 bn and pension claims decreased by EUR 0.5 bn. Out of the total EUR 2.5 bn net clearance between July and December, EUR 0.9 bn came from programme financing and the remaining from own resources. It is noted, though, that the absorption of programme financing is lagging behind. By end-December 2017 about EUR 0.3 bn were stuck in the government entities and almost half of the

<sup>6</sup> The initial assessment in August 2015 included EUR 3.5 bn repo unwinding. The ongoing reform of the STA will further improve the centralization of subsectors resources for liquidity management purposes ( see *section 2.4.1 in the SMoU* ) and therefore no need for repo unwinding is anymore foreseen. On the contrary, the state has the capacity to increase repos.



EUR 0.8 bn last disbursement has not even been transferred to the entities. These delays are partly explained by the phased in transfer of funds and administrative constraints in processing the payments; and partly due to seasonal factors related to the change of the budget year. These remaining funds are expected to be fully exhausted in the coming weeks. Despite the liquidity provided through the programme and the available domestic resources, structural weaknesses that cause the accumulation of arrears remain and should be tackled by the reforms of the Public Financial Management system described in the new SMoU and the action plan for the late payments.

**As Greece approaches the expiry of the ESM programme on 20 August 2018, official disbursements should consider financing needs both within and beyond the programme horizon, in order to target an appropriate cash buffer that could facilitate Greece's market access after the end of the programme.**

**Assuming a total of EUR 18.4 bn of official financing until the end of the programme in line with the European institutions' assessment at the end of the second review, this would result in cash buffer of around EUR 16.4 bn on the basis of the latest data<sup>7</sup> including proceeds from the latest bond issuance.** A cash buffer of EUR 16.4 bn would cover financing needs of less than 12 months following the end of the programme in August 2018. Potential market issuances and progress in the ongoing cash management reform could also increase further the cash buffer above this level while liability management operations could reduce financing needs in the critical early post-programme period. The cash buffer could be increased further if Greece succeeds in delivering more in terms of privatisation receipts.<sup>8</sup> The question of the appropriate cash-buffer for Greece at the end of the programme warrants reflection in light of the experiences of other euro area countries. A cash buffer of EUR 17 bn would cover financing needs for 12 months after the end of the programme, while EUR 20.3 bn is needed to fully cover financing needs through to end 2019 and some EUR 30 bn until end 2020.

**As a result of the above, it is suggested to stick to the EUR 18.4 bn estimate of disbursement needs up until the end programme.** This would leave an unused buffer from the ESM financing envelope of EUR 27.4 bn at the end of the programme, which could increase if the new precautionary IMF-supported Stand By Arrangement (about EUR 1.6 bn) becomes effective and the authorities decide to draw on IMF resources. The unused amount derives mainly from the substantially lower public bank recapitalisation needs compared to what was originally foreseen<sup>9</sup> and from higher domestic proceeds from the cash management of the General government resources through increased repo operations.

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<sup>7</sup> The realisation for state deposits at end-January was higher than projected in the first version of the compliance report because the Greek authorities used available resources in the common capital to increase repos.

<sup>8</sup> The assumption assumes privatisation proceed receipts of EUR 1 bn up until the end of the programme from (a) the sale of 67% of the share capital of the Thessaloniki Port Authority, (b) the sale of 5% of the shares of OTE (c) extension of the concession of the Athens International Airport S.A. and the payment of the first instalment (d) sale of 100% of the shares of Hellinikon S.A. It is also assumed that additional proceeds of 0.8 bn will be yielded in the remainder of 2018 from tenders related to (a) the sale of 66% of the shares of DESFA (b) Sale of part of the shares of HELPE (c) 2<sup>nd</sup> instalment from extension of the concession of the Athens International Airport S.A. (d) long-term concession of the Alimos marina. This is a conservative assumption and more proceeds could be generated with the programme period if the Greek authorities take urgent steps to accelerate the tenders for (a) sale of 65% of the shares in the Public Gas Corporation (DEPA) (b) Sale of 17% of the shares of PPC (c) sale of 11% of the shares of Athens Water Supply & Sewerage S.A. (EYDAP) (d) sale of 23% of the share capital of Thessaloniki Water Supply & Sewerage S.A. (EYATH) and (e) long-term concession for the Egnatia motorway. Moreover, additional proceeds could be yields from tenders related to the Asset Development Plan of TAIPED but where it is too early to include a data of completion, although late 2018 or 2019 could be realistic.

<sup>9</sup> Only EUR 5.4 bn were used for bank recapitalisation out of an estimated total of EUR 25 bn, of which EUR 2 bn have been already repaid.



Table 6. Greece Financing needs until August 2018 with programme financing

	2018							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>A. Financing needs</b>	<b>-2.1</b>	<b>1.5</b>	<b>2.1</b>	<b>1.8</b>	<b>1.4</b>	<b>3.3</b>	<b>2.3</b>	<b>0.8</b>
State cash primary balance ('-'= surplus)	-2.7	0.0	0.5	1.0	0.5	1.3	-1.4	0.0
Debt service	0.6	0.7	0.9	0.2	0.2	1.2	3.1	0.8
Amortisation and maturing debt	0.4	0.0	0.2	0.0	0.0	0.8	2.4	0.0
Interest payments	0.2	0.7	0.7	0.2	0.2	0.4	0.7	0.8
Arrears clearance (Total)	0.0	0.8	0.6	0.5	0.7	0.7	0.5	0.0
<b>B. Financing sources</b>	<b>-2.1</b>	<b>1.5</b>	<b>2.1</b>	<b>1.8</b>	<b>1.4</b>	<b>3.3</b>	<b>2.3</b>	<b>0.8</b>
State deposit financing	-5.7	-7.5	1.9	1.8	0.4	2.3	-9.4	0.8
Privatisation revenues	0.0	0.0	0.2	0.0	0.0	1.0	0.0	0.0
ANFA/SMP profits	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Use of subsector deposits through repo operations	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond issuances	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Programme financing	0.0	5.7	0.0	0.0	1.0	0.0	11.7	0.0
<b>Total State Deposit Stock (end-of-month)</b>	<b>6.6</b>	<b>14.2</b>	<b>12.3</b>	<b>10.5</b>	<b>10.1</b>	<b>7.8</b>	<b>17.2</b>	<b>16.4</b>

	2015	2016	2017	2018	Total
	Aug-Dec			Jan-Aug	
<b>A. Financing needs</b>	<b>22.7</b>	<b>11.7</b>	<b>21.0</b>	<b>11.1</b>	<b>66.5</b>
State cash primary balance ('-'= surplus)	2.4	-3.9	0.3	-0.7	-1.9
Debt service	14.5	12.5	17.7	7.8	52.5
Amortisation and maturing debt	13.4	7.5	12.1	3.8	36.8
Interest payments	1.1	5.0	5.6	4.0	15.7
Arrears clearance (Total)	0.4	3.1	3.0	4.0	10.5
<b>B. Financing sources</b>	<b>22.7</b>	<b>11.7</b>	<b>21.0</b>	<b>11.1</b>	<b>66.5</b>
State deposit financing	-1.6	-1.0	3.7	-15.4	-14.3
Privatisation revenues	0.0	0.5	3.4	1.2	5.1
ANFA/SMP profits	0.0	0.4	0.3	0.3	1.0
Use of subsector deposits through repo operations	0.3	1.4	3.6	5.0	10.2
Bond issuances	0.0	0.0	1.4	3.0	4.4
Programme financing	21.4	10.3	8.5	18.4	58.6
<b>Total State Deposit Stock (end-of-month)</b>	<b>2.2</b>	<b>3.2</b>	<b>0.9</b>	<b>16.4</b>	<b>16.4</b>

Table 7. Progress in net arrears clearance between July and December 2017 (million €)

		Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
<b>1</b>	Stock of net arrears	6,501	6,966	5,050	4,770	4,458	3,970	
<b>1a</b>	Spending arrears	3,177	3,128	2,877	2,805	2,594	2,163	
<b>1b</b>	Tax refunds	2,001	2,557	1,264	1,120	1,035	1,036	
<b>1c</b>	Pension claims	1,323	1,281	909	845	828	770	
<b>2</b>	Monthly change in net stock of arrears		465	-1,917	-279	-312	-488	-2,532
<b>2a</b>	o/w accumulation of new arrears		1,294	567	831	880	1,108	4,680
<b>2b</b>	o/w total reduction in arrears		-829	-2,484	-1,110	-1,192	-1,596	-7,211
	with programme financing		-152	-261	-135	-144	-173	-866
	with own funding		-677	-2,223	-975	-1,048	-1,423	-6,345
	<b>ESM assessment criterion for release of next disbursement</b>	<b>clearance of at least 150% of 3rd tranche dedicated to arrears vs stock of July 2017</b>						
	Cumulative change in stock of arrears	-86	378	-1,538	-1,731	-2,044	-2,532	
	% of ESM disbursement	11%	-47%	192%	108%	128%	158%	
	ESM targeted reduction						-2,400	
	Over-performance vis-à-vis ESM target						132	



## Implementation of Prior Actions– state of play as of 1 March 2018

#	SMoU Action	Lex required	Status	State of play
	<b>I. Delivering sustainable public finances</b>			
	<b>2.1 Fiscal policy</b>			
1	<b>Budget 2018.</b> Adopt a budget for 2018.	Yes	Done	The budget was adopted. Compliance with targets was verified.
	<b>2.2 Tax policy reforms</b>			
2	<b>Tax reform.</b> Revise TPC provisions to provide for reduced fines imposed in connection of an audit taking account of the cooperation of the taxpayer.	Yes (Omnibus bill)	Done	Legislation adopted as part of the Omnibus bill (Art. 397-398 of Law 4512/2018).
3	<b>Tax reform.</b> Revise the fines provisions of pre-TPC legislation in line with TPC fines.	Yes	Done	Article 49 of Justice Act 2017
4	<b>Tax reform.</b> Complete the assessment of a possible increase in the VAT threshold.	No	Done	IAPR: "Study on the Effects from Increasing the Limit of Gross Revenues for the Exemption of Small Businesses from Declaring and Paying VAT" September 2017
5	<b>Tax reform.</b> Review the Code of Public Revenue Collection (KEDE) to align with the Code of Civil Procedure including for e-auctions, revising the law as appropriate.	Yes (Omnibus Bill)	Done	Legislation adopted as part of the Omnibus bill (Art. 404-405 of Law 4512/2018). JMD on valuation procedure is issued (FEK B63/18.01.2018).
6	<b>Tax reform.</b> Review business income tax incentives and integrate the tax exemptions, eliminating those deemed inefficient or inequitable.	Yes (Omnibus bill)	Done	Legislation adopted as part of the Omnibus bill (Art. 353-354 of Law 4512/2018).

#	SMoU Action	Lex required	Status	State of play
7	<b>Tax reform.</b> Accelerate VAT deregistration procedures and limit reregistration.	Yes (Omnibus bill)	Done	Legislation adopted as part of the Omnibus bill (Art. 355-356 of Law 4512/2018).
8	<b>Tax reform.</b> Legislate to reinstate the responsibility for GAO for the Tax Expenditure Report (with retrospective effect).	Yes (Omnibus bill)	Done	Legislation adopted as part of the Omnibus bill (Art. 403 of Law 4512/2018).
	<b>2.3 Public revenue reforms</b>			
9	<b>IAPR. Performance contract.</b> The authorities will ensure that the performance contract between the Minister of Finance and the head of the Agency is signed.	No	Done	The contract was signed on 19/12. (It is not a public document)
10	<b>IAPR. Human resources.</b> All staff transferred to IAPR will be assessed and allocated to appropriate job descriptions.	Yes (Secondary)	Done	IAPR governor decision on suitability assessment published (FEK 4162 B/29-11-2017). Authorities sent a report on 15/01/2018. The Independent authority for public revenue assessed 11 990 staff. All staff have been allocated to job positions, except those who were not to be allocated to job positions for various motives, agreed by the institutions (leave for health problems, suspended by disciplinary action etc).
11	<b>IAPR. Human resources.</b> Decision will be taken, in agreement with the institutions, on defining and providing the appropriate level of organic positions for the medium term.	No	Done	Joint ministerial decision increasing the number of organic positions of the IAPR by 1800 positions has been published: Government Gazette: II 4373/13-12-2017
12	<b>Organisation of the fight against financial crime (prosecutor orders).</b> Make the new system of cooperation between justice and tax administration fully operational.	Yes (primary in Omnibus bill and secondary)	Done	Primary legislation has been passed in law 4512/2018, articles 381 to 394. Secondary legislation (2 ministerial decisions and one decision by Governor of IAPR) have been issued (FEKs B 63/18.01.2018 and B 64/18.01.2018 for all documents).
13	<b>Fight smuggling and improve customs efficiency. Customs.</b> The scanners of the main three international "ports" shall be made fully operational.	No	Done	Authorities informed institutions on 05/12/2017 that the last scanner to be put in place is now operational in the land border point of Kipoi, after the scanners of Piraeus and Thessaloniki

#	SMoU Action	Lex required	Status	State of play
				ports have become operational earlier.
14	<b>Centralize the collection of social security contributions. Social security contributions collection.</b> The authorities will produce, a policy paper laying out the key features, steps and timeline for a future merger of social security contributions collection with IAPR.	No	Done	Final version of the Policy paper from the authorities with comments in reply to institutions questions was sent to the institutions on 12/12/2017. Authorities confirmed their commitment to produce detailed action plan, by 20 January 2018.
	<b>2.4 Public Financial Management and Public Procurement</b>			
	<b>2.4.1 Public Financial Management</b>			
15	<b>Chart of Accounts. Central government.</b> Adopt the Chart of Accounts for central government as designed so far and submit the necessary legal documents.	Yes (secondary)	Done	After consultation with ELTE (Hellenic Accounting and Auditing Standards Oversight Board), the draft PD on the Chart of Accounts was signed by the Minister of Finance and submitted to the Council of State on 8 January 2018 (submission number ΣΔ 6/2018).
16	<b>Arrears clearance. Independent auditor contract.</b> The authorities will ensure that an independent auditor will be selected to audit the government accounts payable and the use of ESM programme funds from end-June 2016 up to end-December 2016.	No	Done	On 6 December 2017 the authorities submitted a detailed report on the contents of the scope of the audit and data on the coverage of audited entities The AORC will issue a report on its cooperation with the HCA. The HCA's plan foresees a report by individual entities by 10 January 2018 and a final report by March 2018.
17	<b>State guarantees.</b> Prepare an action plan to improve the management of state guarantees based on the diagnostic carried out previously.	No	Done	Final action plan received on 20 December 2017.
	<b>2.4.2 Public Procurement</b>			
18	<b>Remedies Review Body. First instance remedies.</b> The authorities will take as a prior action all necessary measures and actions to ensure the full operation of the Remedies Review Body. Specifically, the authorities will (a) complete the procedure for the selection of the remaining members of the Body (temporary list of selected candidates); (b) appoint the general director of the Body; (c) appoint the legal counsels; and (d) start the procedure for the selection of the scientific and administrative personnel (as provided for in Law 4412/2016) by publishing the relevant invitation.	No	Done	Considerable progress; The Body has been established and reviews applications on public supply and service contracts. The body will start to review appeals on public works contacts in 2018. Human resources: the General Director has been appointed; 21/30 members already formally appointed and assumed their duties – 9/10 selected, formal appointment pending; Legal Counsels (five) already appointed; Invitation for the selection of personnel published. The appointment of all members and personnel has to be

#	SMoU Action	Lex required	Status	State of play
				completed by April 2018 (SMoU, 3.12.17, Key Deliverable (April 2018)).
19	<b>Remedies Review Body. Second instance remedies.</b> The authorities will adopt measures to improve the judicial remedies system in the area of public procurement (second-instance remedies), taking into account the establishment of the Remedies Review Body.	Yes	Done	Measures have been adopted by the Greek authorities on 13 October 2017 (Law 4491/2017)
20	<b>Centralised procurement.</b> The authorities will submit to the Court of Auditors the award of the three (3) framework contracts under the new centralised procurement scheme as agreed with the institutions.	No	Done	Computers: submitted to CoA on 13/12 LED: submitted to CoA on 21/12 Paper: consent from CoA received
21	<b>E-procurement.</b> The authorities will continue to implement the actions on e-procurement (KHMDHS and ESHDHS) as agreed with the European Commission in the action plan.	No	Done	Technical adjustment of the platform to include public works complete (assessment of DG GROW, 10 <sup>th</sup> Steering Committee)
	<b>2.5 Sustainable Social Welfare</b>			
	<b>2.5.1 Sustainable Social Welfare: Pensions</b>			
22	<b>Recalibration of pension benefits.</b> The individual recalculation of the pension benefit under the new uniform rules must be finalised.	No	Done	Institutions have received a letter from the governor of EFKA on 19/1 stating that the recalibration has been finalised.

#	SMoU Action	Lex required	Status	State of play
23	<b>Recalculate and process pension applications</b> according to the new benefit rules. (i) At least 30% of all main pension applications submitted between 13 May 2016 and December 2016 have to be recalculated and processed; (ii) at least 3500 supplementary pension applications submitted from 1.1.2015 will be recalculated and processed, without any disruption to finalising the calculation of final pensions to previous applicants.	No	Done	(i). Institutions have received a letter from the governor of EFKA on 17/1 stating that 45.84% of the main pension applications have been awarded. (ii) Institutions have received a letter from the governor of ETEAEP on 30/1 confirming that the target of processing 3.500 pending pension applications from 1.1.2015 has been reached.
24	<b>Eliminate EKAS.</b> The authorities will adopt as a prior action the Ministerial Decision setting all the details for the awarding of EKAS in 2018.	Yes (secondary)	Done	FEK number: B '4553 / 21-12-2017
25	<b>Full implementation of the pension reform.</b> The Ministerial Decisions of art. 70.2 and the Presidential Decree of art. 52 must be issued.	Yes (secondary)	Done	The MD on article 70.2 has been issued (FEK 4689 / 29-12-2017) The PD on art. 52 has been signed by the Minister. The authorities have agreed to finalise and implement the PD of art.52 as key deliverable soon after the opinion of the Council of State.
26	<b>EFKA.</b> Issue the Joint Ministerial Decision and any other legal requirement for incorporating the public-sector pension scheme in EFKA.	Yes (primary in Omnibus bill and secondary)	Done	Primary legislation adopted as part of the Omnibus bill (Art. 210) and secondary legislation issued (FEK 55/18 -10 – 2018).
27	<b>EFKA.</b> The authorities (ELSTAT) will ask Eurostat to deliver an official opinion on whether EDOEAP is a private entity and thus, from a fiscal point of view, stays outside the general government (according to ESA 2010 definition).	No	Done	A request for an opinion was sent on 18 December by ELSTAT.
28	<b>EFKA.</b> Take any necessary steps including legislative measures to prevent EFKA to provide guarantees and direct lending to private entities.	Yes (Omnibus bill)	Done	Omnibus bill adopted

#	SMoU Action	Lex required	Status	State of play
29	<b>EFKA.</b> Further ensure that EFKA can maintain automatic electronic records on service history for retirees.	No	Done	Institutions have received a letter from the governor of EFKA on 19/1 stating that the recalibration has been finalised.
	<b>2.5.2. Sustainable Social Welfare: Health care</b>			
30	<b>Rationalisation of health expenditure.</b> Take structural measures as needed to address the remaining part of the recent overspending on "other items" in the EOPYY budget for "Other Illness Benefits" which was not included under the clawback; to this end EOPYY will contract optometrist services.	No	Done	The contracting procedure has started and the clawback for the relevant category has been legislated (KAD number 9714).
31	<b>Rationalisation of health expenditure.</b> Take further structural measures as needed to ensure that the estimated gap between spending for 2018 and the claw back ceilings for pharmaceuticals, diagnostics, private clinics, "other items" is reduced compared to the previous year.	Yes (partly in Omnibus bill)	Done	MD signed.  Action plan received
32	<b>Rationalisation of health expenditure. Primary health care.</b> EOPYY will launch the procedure for contracting family doctors.	No	Done	Institutions have received the KAD of the MD and evidence of the launch of the call.
33	<b>Rationalisation of health expenditure. Education and training.</b> Develop a plan to restructure academic curricula and specialty training in medicine in order to increase the availability and enhance the training of general practitioners	No	Done	The authorities provided information on the introduction of curricula (or elements thereof) in universities around Greece. An inter-ministerial committee to strengthen the work in this area (Law 4486/2017) has also been set up.
34	<b>Execution of clawbacks and regular audit.</b> EOPYY will finalise the legal procedure to offset all outstanding clawback amounts for past periods (2013-2015) with accumulated arrears.	No	Done	Institutions have received formal transmission of the documents concerning the procedure as well as the annexed quantification table.
35	<b>Reducing pharmaceuticals spending.</b> The authorities will publish the revised price bulletin in November 2017.	Yes (secondary)	Done	The revised price list has already been published with a later list of corrections incorporated.
36	<b>Reducing pharmaceuticals spending.</b> Set up a Health Technology Assessment (HTA) committee to prepare the establishment of an HTA centre.	Yes	Done	The establishment of the HTA committee was legislated as part of the broad package in the May 2017 Omnibus bill. Additional legislation to set-up the HTA committee has been finalised.
	<b>2.5.3. Sustainable Social Welfare: Social safety nets</b>			

#	SMoU Action	Lex required	Status	State of play
37	<b>Social Welfare Review. Family benefits.</b> Legislate a major reform of the family benefit system resulting in improved targeting and increased equity among supported children starting by January 2018.	Yes (Omnibus bill and secondary)	Done	Primary legislation adopted as part of the omnibus bill (Art. 214 of Law 4512/2018). JMD issued (FEK 57B' / 18.01.2018).
38	<b>Social Welfare Review. Disability benefits.</b> Adopt legislation for a pilot disability benefits reform to move from the current impairment assessment to an assessment including functioning conditions to determine eligibility (i.e. the ability of the person to perform activities of daily living).	Yes (Omnibus bill and secondary)	Done	Primary legislation adopted as part of the omnibus bill (Art. 215 of Law 4512/2018). JMD issued (FEK 57B' / 18.01.2018).
39	<b>Social Welfare Review. Educational benefits.</b> Complete a study and implement reforms for the rationalization of educational benefits.	Yes	Done	The report on the student housing benefit provided on 26 November 2017 with savings of EUR 15 million in 2017. Report implemented by joint ministerial decision (KYA 140832/Z1/25-8-2017, ΦΕΚ 2993B.
<b>III. Safeguarding financial stability</b>				
<b>3.1 Preserving liquidity and capital in the banking system</b>				
40	<b>Less systemic institutions.</b> BoG ensured that identified capital shortfalls of less systemic institutions (LSIs) have been funded	No	Done	BoG has taken action to recapitalise LSIs as needed.
<b>3.2 Resolution of Non-Performing Loans (NPLs)</b>				
41	<b>Out-of-Court Workout (OCW).</b> Register all coordinator positions and adopt all required ministerial decisions.	Yes (secondary)	Done	Coordinator positions were registered and three Ministerial Decisions (MDs) were published regarding methodology and criteria for decision-making by the public sector, the KEAO in OCW proceedings and the treatment of small claims (total debts between EUR 20000 and under EUR 50000) . The last MD is



#	SMoU Action	Lex required	Status	State of play
				mentioned in the primary legislation as optional.
42	<b>Out-of-Court Workout (OCW).</b> Complete and enact all remaining implementing actions of the OCW law.	No	Done	The electronic platform for the processing of debt restructuring petitions is operational, training sessions and materials have been provided.
43	<b>In-court insolvency. Insolvency administrators.</b> The authorities will fully operationalise the profession of insolvency administrators, by completing the enrolment of successful applicants into the relevant registry.	No	Done	65 insolvency administrators who successfully stood the certification procedure were enrolled in the registry, which is available online at the site of the MoJ.
44	<b>Household insolvency. Assessment of current framework.</b> The authorities will assess the effectiveness of the legal and institutional framework for the <i>household insolvency law</i> (Law 3869/2010) and present a report setting forth (a) the data gathered from courts dealing with Household Insolvency law petitions and (b) stakeholders' proposals, along with an assessment and suggestions by the authorities to address identified shortcomings, especially the speed of processing of cases and the elimination of the risk of procedural abuses.	No	Done	Authorities submitted the report on 25.11.2017, listing stakeholders' proposals as received.
<b>IV. Structural policies to enhance competitiveness and growth</b>				
<b>4.1 Labour market and human capital</b>				
45	<b>Review of labour market institutions. Industrial action - quorum.</b> The authorities will analyse and adopt legislation to increase the quorum for first-degree unions to vote on a strike to 50 percent.	Yes (Omnibus bill)	Done	Legislation adopted as part of the Omnibus bill (Art. 211 of Law 4512/2018).
46	<b>Simplification of labour legislation.</b> The technical assistance project for the codification of labour laws will be launched	No	Done	Tendering process for the technical assistance project launched in June and completed in August. Contract with provider signed in September 2017.
47	<b>Undeclared work. Targeted inspections.</b> By June 2017, develop new risk-analysis rules for targeting inspections.	No	Done	Information on new risk-analysis rules received on 31 July 2017.
48	<b>Vocational Education and Training (VET). Partnerships.</b> The Ministry of Labour with the support of the Public Employment Service (OAED), the Ministry of Education and relevant	No	Done	Relevant documentation has been received.

#	SMoU Action	Lex required	Status	State of play
	stakeholders will by July 2017 launch pilot tenders for a series of major business community-led partnerships for VET, involving sectoral and local employer representative bodies and social partners, targeting initially a total of 4,000 apprenticeship places between 2017-18 and 2018-19.			
49	<b>VET. Governance.</b> A cohesive and inclusive governance structure for VET will be put in place (JMD) by July 2017.	Yes (secondary)	Done	Relevant documentation has been sent to institutions.
50	<b>Education. Teaching hours.</b> The authorities will adopt legislation on i) the obligatory presence of teachers in schools to 30 hours per week; ii) the criteria and the timeline for the merging of school units starting in the school year 2018-2019 and iii) the exclusion of the lunch hour from the teaching hours of teachers. The authorities together with the OECD will review all relevant indicators including latest data by April 2018.	Yes (Omnibus bill)	Done	Legislation adopted as part of the law 4512/2018 (omnibus). Circular issued in line with the agreement No 14181 of 26/01/18
	<b>4.2 Product markets and business environment</b>			
51	<b>Toolkit I. Building materials.</b> The authorities will fully adopt the pending recommendations on building materials. Specifically, the authorities will (i) submit the draft Ministerial Decision on the harmonised 70 technical specifications (Project 1) of building materials by the Standardisation Body for consultation to the European Commission (TRIS) and (ii) will adopt the categorisation of the remaining 372 technical specifications by the Standardisation Body (Project 2).	Yes (secondary)	Done	(i) 70 specifications which are to be harmonised have been submitted to the Commission services (TRIS) for consultation.  (ii) The delivery of the categorisation of the 372 specifications has been completed.
52	<b>Toolkit I. Pharmacy ownership.</b> On pharmacy ownership, following the decision of the Council of State 1804/2017 and in order to ensure adequate access for non-pharmacists, the authorities in agreement with the institutions will (i) amend primary legislation; (ii) submit the Presidential Decree to the Council of State; and (iii) adopt the agreed transitional measures until the enactment of the Presidential Decree.	Yes (primary and secondary)	Done	Primary legislation (including transitional measures) has been adopted (Law 4509/2017)  Draft Presidential Decree submitted to the Council of State on 8 January 2018.
53	<b>Toolkit I. Sunday trade.</b> By June 2017, the authorities will adopt legislation to further address the OECD recommendation on Sunday trade in line with the Council of State (CoS) ruling.	Yes (secondary)	Done	Primary and secondary legislation have been enacted in May and July respectively.  Applications against the regulations are pending before the

#	SMoU Action	Lex required	Status	State of play
				Greek courts.
54	<b>Toolkit III. Remaining recommendations.</b> The remaining Toolkit III recommendations will be adopted (including legislation and issuing of frequency maps and launching of the tender for the digital service provider for the digital radio frequency license tenders – fulfilment of M26.2/3, 38, 42.2, 43 and 66) except for six recommendations which will be implemented according to the timeline specified in TMU Section GG ¶128.	Yes (partly in Omnibus bill)	Done	All 365 recommendations have been fulfilled through primary and secondary legislation, as well as further implementation steps.
55	<b>Investment licencing. Quarry and remaining mining.</b> The authorities will adopt legislation (primary and secondary), in the quarry sector (second leg of the first round) and in the remaining mining sectors.	Yes (primary in Omnibus bill and secondary)	Done	Primary and secondary legislation finalised.
56	<b>Investment licencing. Second round.</b> The authorities will adopt the following legislation in the areas selected for the second round: inspections (primary legislation), the first phase of installation licensing (primary and secondary legislation), and logistics (primary and secondary legislation)	Yes (primary in Omnibus bill and secondary)	Done	Omnibus law included agreed text on inspections, installation and logistics. Secondary legislation adopted (FEK 60/B/18.01.2018 and FEK 61/B/18.01.2018).
57	<b>Investment licencing. Follow up phase.</b> The authorities will agree with the institutions on the specific sectors to be reformed and on the second phase of installation licensing (third round)	No	Done	Mapping of 4442/16 sectors delivered. Rest of the economy will be mapped as KD by the end of February.
58	<b>Ex-post impact assessments.</b> The Government will address the pending recommendations of the ex-post assessments launched in October 2015 and adopt measures accordingly, in agreement with the institutions.	Yes (Omnibus bill)	Done	Business Parks: authorities sent table identifying the implementation of all the non-dropped recommendations (except Recommendations 4 and 17, which will be implemented as a key deliverable by May 2018).  Tourism and Book prices: The selection of contractors to conduct the relevant studies has been completed. (SRSS for tourism and GSC for book prices).
59	<b>Regulated professions. Engineers.</b> The Government will submit the presidential decree to the Council of State towards liberalizing the reserved activities of engineers, in agreement with the institutions, by June 2017	No	Done	Next step: Comments from CoS, discussion if necessary and issuing of the PDs
60	<b>Regulated professions. Public works engineers.</b> The authorities will, in agreement with the institutions, submit the Presidential	No	Done	Next step: Comments from CoS, discussion if necessary and issuing of the PDs

#	SMoU Action	Lex required	Status	State of play
	Decree on public works engineers' registries to the Council of State.			
61	<b>Regulated professions. External advisor's recommendations – first set of measures.</b> To address the external advisor's recommendations on the remaining professions/activities the authorities will adopt, a set of measures to alleviate unjustified and disproportionate restrictions.	Yes(Omnibus bill)	Done	Dentists and physiotherapists: provisions adopted;  Medical Code (doctors): provisions adopted (Omnibus Law)  School of Hauliers Vocational Training: provisions adopted  Car rental with driver: provision adopted (Omnibus Law)  Provisions on hairdressers/manicurists adopted (Omnibus Law)  Provisions on Schools of dance/drama (5 professions) adopted (Omnibus Law)  Roadside Assistance: provisions adopted (Omnibus Law)
62	<b>Regulated professions. Private clinics.</b> On private clinics, the authorities in agreement with the institutions will enact one single law to revise and modernise the legal framework on private clinics. Specifically, the authorities as prior action will submit to the institutions draft provisions of the law relating to the requirements and procedure for the establishment of private clinics.	Yes	Done	Due to delays, this reform was agreed to be fully implemented by May 2018. Intermediary steps have been agreed. The initial step (prior action) is the submission of the draft provisions of the law on private clinics relating to establishment/operation by 10 January 2018 to 4i for comments.
63	<b>Land use.</b> The authorities will submit to the Council of State a Presidential Decree with the procedures, approval and revisions of plans.	Yes (secondary)	Done	Submitted to COS on 17/01/2018 Letter no 106 of 17/01/18
64	<b>Land use.</b> The authorities will submit to the Council of State a Presidential Decree to harmonise older legislation with Law 4269/2014.	Yes (secondary)	Done	Submitted to COS on 16/11/2017. Letter no 2118 of 16/11/17
65	<b>Cadastral.</b> The authorities will adopt primary legislation in line with the agreed framework for nationwide cadastral offices.	Yes (Omnibus bill)	Done	Legislation adopted as part of the Law 4512/2018 (Omnibus bill).
66	<b>Cadastral.</b> The contracts between EKXA and contractors necessary for the cadastral mapping of the entire country (the remaining contracts of the 2013 tender "KTIMA11a" and the contracts of the 2016 tender "KTIMA16") will be signed, such	No	Done	Thirty one (out of a total of 36) contracts have been signed between 20 and 28 December 2017. In line with the TMU, this completes the PA. The remaining five contracts will be signed after the issuance of the relevant court decisions.

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	that full cadastral mapping data for the entire country will be available at the latest by the end of 2020.			
67	<b>Structural Funds.</b> The authorities will (a) adopt legislative and administrative acts and/or other appropriate means with equivalent effect to streamline the expropriation procedures under a new unified legislative framework; (b) submit to the General Secretariat for Digital Policy a project proposal for an integrated geo-spatial and cadastral information system to manage and monitor expropriations including their costings (c) Streamline and simplify the procedures related to archaeological works by codification of legislation and/or through other appropriate means with equivalent effect, including the application of binding deadlines for the delivery of permits; (d) adopt legislation to set up a registry of experts to ensure the supervision of co-financed projects as required by article 28.8 of law 4314/2014.	Yes (a) (c) and (d): Omnibus bill	Done	(a) Adopted as part of the Law 4512/2018 (omnibus bill), Joint Ministerial Decision FEK no 28 of 15/01/18, Ministerial Decision no 0000250 of 08/01/2018. (b) Project proposal submitted on 18/9/2017 to the SG for Digital policy. Greek authorities sent the required information to the Commission. (c) Adopted as part of the law no 4512/2018, decision of Secretary General no 14-20/1736 of 28/11/2017, PD submission to COS by letter no 62, of 16/01/2018. (d) Adopted as part of the law 4512/2018 (omnibus bill).
68	<b>Structural funds. ESIF structures - selection of managers.</b> The procedure for the selection of management posts of all European Structural and Investment Funds' structures will be launched with the official publication of the call for interest.	Yes (secondary)	Done	The Ministerial Decision for the Selection of Management for all Special Services was published to the Government Gazette 3354B'/22.9.2017. Call for expression of interest was published on 19 December 2017: <a href="https://www.mou.gr/el/Pages/NewsFS.aspx?item=460">https://www.mou.gr/el/Pages/NewsFS.aspx?item=460</a>
69	<b>Structural funds. Absorption.</b> The authorities will agree with the European Commission a list of 15 to 20 large, emblematic projects for the period 2014-2020 including timelines from approval to completion.	No	Done	The list of large projects was agreed by the Commission. A close steering process for the implementation of the projects will be established in the context of the monthly monitoring meetings.
	<b>4.3 Regulated Network Industries (Energy, Water, Transport)</b>			
70	<b>Energy. Lignite-fired generation capacity.</b> Taking into consideration the feedback from the market test regarding the specific Divestment Business(es), the Hellenic Republic shall, as a prior action, officially submit a revised, if needed, and final commitment offer deemed suitable by DG COMP addressing the issues that may have arisen in the market test in relation to the lignite-fired generation capacity to be divested and all its related assets, so that the Commission can adopt a binding commitment decision.	No	Done	Proposal for market test was submitted on 1 December 2017. Formal submission to DG COMP sent on 19 January 2018.
71	<b>Energy. NOME auctions.</b> With a view to continuing reducing,	No	Done	RAE decision 82/2018 (FEK B192, of 26 January 2018).

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	progressively, PPC's retail and wholesale market share below 50% in a sustainable and permanent way, promoting competition in the electricity market and removing distortions, RAE will decide, in accordance with the provisions of the KYSOIP NOME Action Plan, (i) the overall ex-ante quantities to be auctioned for 2018, i.e. 19% (13% multiplied by the total volume of electricity in the interconnected system in 2017 plus 6% rollover of the 2016 total volume in the interconnected system, with the physical deliveries of the rollover starting in December of the year), unless promptly adjusted by the monitoring mechanism in the two auctions following the ascertainment of a deviation, (ii) the number of auctions which will need to be launched in 2018 in order to achieve the target and (iii) the quantities per auction.			
72	<b>Energy. NOME auctions.</b> The authorities will adapt the KYSOIP action plan and legislation related to NOME to appropriately adjust the eligibility criteria of the participants in the NOME auctions in line with the EU acquis. Related secondary legislation will be adapted in accordance with the aforementioned amendments.	Yes	Done	Legislation adopted: Law 4512/2018, Articles 401, 402 (FEK A5, of 17 January 2018), and Law 4514/2018, Article 123 (FEK A14, of 30 January 2018). KYSOIP action plan adopted (FEK B58, of 18 January 2018). Auction code amended through RAE decision 81/2018 (FEK B193, of 26 January 2018). Auction was held on 7 February 2018.
73	<b>Energy. PPC Financial situation - arrears.</b> The authorities will clear all central government arrears to PPC.	No	Done	The authorities have provided GAO's estimate of central government arrears as of 31 December 2017 which are due for at least 90 days, which amount to around EUR 6 mio, as well as a confirmation that these have been paid, except for a negligible amount, which will be settled in the next days.
74	<b>Energy. PPC Financial situation - PSO.</b> (i) The accumulated deficit for PPC from the PSO of EUR 360 million will be covered from the 2017 budget; (ii) following RAE's recommendation, the PSO level going forward will be adjusted, such that no new deficit will be accumulated on an annual basis, taking into account the interconnections entering into operation in each year, which will be ensured by a monitoring and adjustment mechanism that provides for the respective actions taken through secondary legislation in case of any over or under performance of the PSO account. Any financing from the State budget will be dependent on the available fiscal space for that year.	Yes (primary and secondary)	Done	i) Enabling legislation adopted (Article 3 of law 4501/2017). MD ΔΟΔ 0002445 ΕΞ 2017 was issued on 19 December 2017 (FEK B 4487, point 3). Confirmation of payment to PPC received. ii) Legislation was adopted by authorities in December 2017. Agreed amendments were voted as article 400 of law 4512/2018 (FEK A5, of 17 January 2018).

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75	<b>Energy. RES account.</b> The authorities will implement the revised legislation on the RES account and balance the account which will be kept in balance with an adequate safety buffer on an annual basis going forward.	No	Done	Annual Report 2017 received on 17 January 2018 (small adjustment over the next months possible, as further data becomes available).
76	<b>Energy. ADMIE.</b> By June 2017, (ii) PPC will contribute 51% of ADMIE's share capital to HoldCo, (iii) HoldCo will proceed to the formal filing of the listing prospectus with the Hellenic Capital Market Commission; (iv) the transaction will be formally notified to the European Commission for regulatory and merger clearance.	No	Done	Transaction was closed in June 2017.
77	<b>Energy. Capacity Mechanism.</b> Pre-notify a new flexibility mechanism, replacing the temporary one, which has expired in April 2017, in line with Energy and Environmental Aid Guidelines. In particular, the flexibility mechanism should be based on a thorough adequacy assessment including a reliability standard and it should be based on a competitive allocation process. In order to achieve this, the authorities will also implement the commitments agreed with the European Commission under the approval decision on the temporary flexibility mechanism scheme (review of secondary reserve price cap, actual hydro power availability, market-based methods for tertiary reserve).	No	Done	Draft provided to DG COMP on 15 January 2018.
78	<b>Energy. Gas market. Draft roadmap.</b> A draft of the roadmap for the gas market will be submitted to the institutions by June 2017.	No	Done	Draft roadmap received in June 2017.
79	<b>Energy. Gas market. Roadmap including DEPA and EPAs.</b> KYSOIP, following RAE's opinion and also based on the outcome of technical support, will adopt a medium term (2017-2020) roadmap, incorporating a detailed action plan, which will lead inter alia to full compliance of the Greek gas market with EU Network Codes' provisions, in particular but not limited to the Network Code on Interoperability, Capacity Allocation Mechanisms and Balancing and the manner in which the required IT platforms will be developed and/or procured. The roadmap will include all necessary actions on removing remaining obstacles to effective competition in the wholesale and retail markets, managing and promoting interconnections, promoting the diversification of the sources of supply, extending the distribution and transmission network, and creating a balancing platform and a	No	Done	Roadmap was adopted by KYSOIP. (FEK B59, of 18 January 2018).



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	gas exchange. The roadmap will also include any necessary action to eliminate any existing horizontal or vertical conflict of interest between DEPA and the EPAs supply companies by March 2018 (key deliverable). In case of the exit of any of the current shareholders of the EPAs and upon the conclusion of the relevant transaction, RAE in collaboration with the Hellenic Competition Commission after consultation with the European Commission will make an assessment of potential obstacles to competition, prior to the tender of DEPA being launched. In the event of major obstacles being identified, the tender process will be adjusted accordingly.			
80	<b>Energy. Target Model.</b> To implement the day ahead, intraday, forward and balancing markets by August 2018, as a first step, the authorities will as (i) run a public consultation and adopt the necessary amendments to law 4425/2016 including the assignment of all tasks to a specific legal entity by December 2017; and (ii) launch the official public consultation of all market codes by January 2018.	i) Yes (Omnibus bill) ii) No	Done	i) Voted as articles 73-99 of law 4512/2018 (FEK A5, of 17 January 2018). ii) Public Consultation Phase A by LAGIE and ADMIE was launched in December 2017 and finalised in the week of 22 January 2018. Due to the changed legal frame work (recent amendments to law 4425/2016, part i) of this prior action, the need for further public consultations based will be determined as part of a 1-day workshop on 1 March 2018.
81	<b>Water utilities. Information system.</b> The Special Secretariat for Water (SSW) will launch gradually a system of regular collection of information	No	Done	The authorities have provided certification from Technical Assistance of the correct setting up of the system.
82	<b>Water utilities. Autonomy of Special Secretariat for Water (SSW).</b> The authorities will adopt secondary legislation agreed with the institutions to strengthen the governance, administrative capacity and financial autonomy of the Special Secretariat for Water (SSW) through distinct budgeting in the MTFS.	No	Done	Agreement has been reached with the authorities on the governance structure of SSW and on its distinct budgeting.
83	<b>Water utilities. Governance.</b> The authorities will amend legislation to (a) comply with the commitment to professionalise and de-politicise the Greek administration at all levels by reforming the governance of local water companies (DEYAs), particularly the appointment of independent board members and of the Director-Generals and (b) to clarify that the geographical scope of activity of local water companies (DEYAs) and of the Athens Water Company (EYDAP) and the Thessaloniki Water Company (EYATH) will not overlap in order to provide legal certainty for investments and long-term planning.	Yes (Omnibus bill)	Done	Agreed text in Omnibus bill (article 348).



#	SMoU Action	Lex required	Status	State of play
	<b>4.4 Privatisation</b>			
84	<b>Tenders. ADP.</b> The ADP will be updated on a semi-annual basis and approved by TAIPED. KYSOIP will endorse the updates of the plan	No	Done	The BoD of TAIPED approved the updated ADP on 21 December 2017. KYSOIP has endorsed the updated plan on 15 January 2018.
85	<b>Tenders. Asset development plan (ADP).</b> TAIPED will hire advisors for the key remaining tenders of the ADP including Hellenic Petroleum (HELPE); the electricity company (PPC), the gas company (DEPA), the water companies for Thessaloniki and Athens (EYATH, EYDAP, respectively), the telecom company (OTE) and the 30% stake in the Athens International Airport.	No	Done	<p>DEPA: TAIPED appointed on the 14 June 2017, the consortium “Piraeus Bank S.A -KANTOR Management Consultants Greece S.A” as its strategic advisors regarding its participation in DEPA;</p> <p>EYDAP/ EYATH: TAIPED appointed on the 2 August 2017, the consortium “KANTOR Management Consultants Greece S.A - K&amp;O Advisory Services S.A.- Economic Consulting Associates LTD” as its strategic advisors for EYDAP and EYATH;</p> <p>HELPE, OTE, AIA: The evaluation process for the selection of strategic and financial advisors has been completed; The BoD of TAIPED took a decision on the financial advisor for TAIPED's participation in OTE, as well as on the strategic and financial advisor for HELPE and for AIA in October/November 2017.</p> <p>PPC: Relaunch of the tendering process for the provision of strategic advisory services. The BoD of TAIPED on 21 December 2017 took the decision on the strategic advisors for PPC.</p>
86	<b>Tenders. DESFA.</b> The submission of binding offers for 66% of DESFA will be completed.	No	Done	Two binding offers were submitted on 16 February.

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87	<b>Tenders.</b> The authorities will conclude the remaining Government Pending Actions identified by the Institutions and TAIPED and which are due by December 2017 and that are not listed in this section (continuous action)	Yes (partly in Omnibus bill)	Done	All GPAs have been completed.
88	<b>Tenders. Egnatia.</b> (a) The Hellenic Republic, with TAIPED, will submit to DG MOVE for clearance the new toll pricing policy to be implemented on the motorway and its vertical axes after the technical advisors of TAIPED conclude their study; the draft toll pricing policy that is proposed for submission to DG MOVE must be agreed with TAIPED prior to its submission to DG MOVE.	No	Done [(a) Done]	On 17 January 2018, the Greek authorities forwarded the new toll policy to the Permanent Representation of Greece in Brussels for submission to DG MOVE.
	<b>Tenders. Egnatia.</b> (b) the Minister of Infrastructure and Transport, shall issue an interim Ministerial Decision putting the stations, whose construction has been completed (Pamvotida, Evzonoi, Ieropigi, Mesti) in operation under the current toll pricing policy;	Yes (secondary)	[(b) Done]	The construction of 4 toll stations is completed (Pamvotida, Evzonoi, Ieropigi, Mesti) and their operation was due to begin as from 1 September 2017. Draft JMDs necessary for the operation have been submitted in August by TAIPED to the Ministry of Finance and the Ministry Infrastructure. The Minister of infrastructure signed a decision, with exemptions from the obligation to pay tolls for residents and businesses of several - adjacent to the motorway - areas. The four new toll stations were put in operation between 14 and 22 December 2017.
	<b>Tenders. Egnatia.</b> (c) The Minister of Infrastructure will issue a new ministerial decision (MD) to replace the MD regulating exemptions issued on 27/11/2017 in FEK. The new MD will be agreed with TAIPED prior to its issuance. The MD will provide that any exemptions set out in it will terminate immediately upon the approval of the new toll pricing policy by DG MOVE and the issuance of a further MD implementing the new toll pricing policy as approved by DG MOVE.	Yes (secondary)	[(c) Done]	A new ministerial decision was published on 18 December. Clarifications have been given to TAIPED from the Ministry of Infrastructure on the deviations from the agreed with TAIPED text. Following the clarifications, the prior action can be considered as done.
	<b>Tenders. Egnatia.</b> (d) Egnatia S.A. shall tender the two (2) operation and maintenance contracts for the Motorway and its vertical axes by way of including in the scope of work (and/ or by way of including a relevant unilateral option right of Egnatia Odos SA in the tender documents) the design and construction of the four frontal toll stations located in Siatista, Ardanion, Kavala and	No	[(d) Done]	The tenders were launched (TED notification) on 28/12/2017 and were uploaded on the website of Egnatia SA on 3/1/2018

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	Strymonicon and the construction of the total number of the lateral stations included in the Joint Ministerial Decision nr. ΔΝΣγ/οικ.35897/ΦΝ 393 (Government Gazette 1867/B/29.05.2017;			
	<b>Tenders. Egnatia.</b> (e) Tender documents to be agreed with TAIPED prior to tender approval by the Board of Egnatia Odos SA and commencement of the tender process;	No	[(e) Done]	The tender documents have been agreed with TAIPED.
	<b>Tenders. Egnatia.</b> (f) TAIPED will launch the expression of interest for the concession of the motorway	No	[(f) Done]	TAIPED launched the expression of interest for the concession of the motorway on 16 November 2017.
89	<b>Tenders. Hellenikon.</b> (a) The proposed Integrated Development Plan will be presented to the Central Administration Council and immediately after its formal submission, the Secretary General of Public Property will in turn forward this to the relevant ministries for processing according to the relevant laws.	No	<b>Done</b> [(a) Done]	The presentation to CAC took place on 3 July 2017 and the Secretary General of Public Property has forwarded this to the relevant ministries for processing according to the relevant laws.
	<b>Hellenikon.</b> (b) The Authorities will launch the public consultation of the Strategic Environmental Impact Assessment Study of the proposed Integrated Development Plan for Hellenikon, no later than one month from its official submission.	No	[(b) Done]	The public consultation of the Strategic Environmental Impact Assessment Study (SEIS) for the Integrated Development Plan of Hellenikon (IDP) was launched on 20 July 2017.
	<b>Tenders. Hellenikon.</b> (c) The Authorities will issue the Presidential Decree for the Integrated Development Plan no later than six months from its formal submission, in accordance with the relevant provision of Law 4062/2012.	Yes (secondary)	[(c) Done]	Following the opinion of the Special Committee of Experts issued on 23 November 2017 regarding the draft IDP, and the delivery of the positive recommendation provided on 21 December 2017 by the Central Administrative Council (CAC) on the draft P.D. approving the proposed IDP, the General Secretariat of Government has officially submitted on 29 December 2017 to the Council of State for review the final draft presidential decree on the Integrated Development Plan, as proposed and signed by the competent Ministers of Finance, Environment and Culture. The Council of State has delivered a positive opinion and the PD has been signed by the President of the Republic.
	<b>Tenders. Hellenikon.</b> (d) complete the revision of the legislative framework for the operation of casinos.	Yes (Omnibus bill)	[(d) Done]	A draft law regarding the revision of the relevant legislative framework for casinos has been prepared and uploaded for public consultation in late November 2017, whereas the final legislative provisions were included in the omnibus bill submitted for voting to the Greek Parliament. It has been legislated on the 15 <sup>th</sup> of January 2018.

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	<b>Tenders. Hellenikon.</b> (e) The working group, agreed between the authorities and the investors in June 2017, and made up of all involved Government services, the representatives of the investors, TAIPED and a representative of the European Commission, will be convened on a regular basis to follow the developments and solve any problems that may arise.	No	[(e) Done]	The first meeting of the working group took place on 24 November and regular meetings are taking place.
90	<b>Tenders. OLTH.</b> On the Thessaloniki Port Authority S.A. (OLTH), the Share Purchase Agreement and Shareholders' Agreement will be signed, with a view to a closing before the end of April 2018.	No	Done	The Share Purchase Agreement and the Shareholders' Agreement were signed on 21 December 2017.
91	<b>HCAP. Hellenic Aerospace Industry.</b> The Government will take a formal decision on the transfer of the Hellenic Aerospace Industry to HCAP in agreement with the institutions and taking into due consideration the report produced by the external advisor on whether the company can be transferred without compromising national security	No	Done	The Greek Government's position has been submitted to the institutions. The authorities are against the transfer mostly to avoid changing the current manner in which HAI works with the Hellenic Defence Forces. National security arguments have not been explored in detail. HAI will be put aside and be reviewed once HCAP has a track record of managing SOEs (within the framework of the regular review provided for in the MoU).
92	<b>HCAP. Internal regulations.</b> The General Assembly shall adopt the chapters of the company's <b>internal regulation</b> for the following issues: (a) remuneration and compensation policy for the Supervisory Board; (b) accounting framework; (c) dividend policy, following agreement with the institutions on the specific content of these documents.	No	Done	(a) Agreement has been reached between the authorities and the institutions on the English and the Greek text. Adoption by the General Assembly on 18 January (done).  (b) Agreement has been reached between the authorities and the institutions on the English and the Greek text. The General Assembly has adopted the accounting framework chapter (done).  (c) Agreement has been reached between the authorities and the institutions on the English and the Greek text. Adoption by the General Assembly on 18 January (done).
93	<b>HCAP. Governance.</b> The Board of Directors of HCAP will fill the vacant posts in the board of TAIPED and replace executive and non-executive members if needed.	No	Done	The assessment of the current members of the BoD has been undertaken by external consultants, who provided the assessment report in May. The announcement for the appointment of the new CEO was made on the 3 October (he

#	SMoU Action	Lex required	Status	State of play
				assumed his duties on 16 October), whereas the appointment of the other new BoD members was announced on 27 October. The new BoD was constituted into a body on 6 November.
94	<b>HCAP. Governance.</b> The HCAP Law (4389/2016) will be amended with a view to bringing the SOEs directly under HCAP without the additional layer of a subsidiary; the transfer of the SOEs to HCAP will take place on 31 December 2017 for the avoidance of financial consolidation issues.	Yes (Omnibus bill)	Done	The mechanical changes to the Law 4389/2016 resulting from the change in the structure and operating model of EDIS have been identified and agreed. They were legislated as part of the Omnibus bill.
95	<b>HCAP. Governance.</b> The Board of Directors of HCAP will review by July 2017 the Board of ETAD.	No	Done	The assessment of the current members of the BoD has been undertaken by external consultants, which provided the assessment report in July. The BoD has completed the assessment and submitted a relevant proposal to the SB. The SB endorsed the proposal.
96	<b>HCAP. Governance.</b> The Board of Directors of HCAP will replace executive and non-executive members of the Board of ETAD if the preceding review indicates this is needed.	No	Done	The BoD of HCAP has finalised its position on the size and composition of the BoD of ETAD and launched the procedure for filling the vacant positions (Chairman, Executive Director and two non-executive directors) and the selection process has been finalised with a BoD decision on 9 January. The appointment of the new BoD was announced on the 17 <sup>th</sup> of January.
97	<b>HCAP. Assets transfer.</b> The process for determining the remaining portfolio of real estate that will be transferred to ETAD / HCAP will entail the hiring of external consultants by HCAP to screen the following data bases using the criteria already agreed between the Greek authorities and the institutions: (a) the national cadastre and more specifically the assets already registered as belonging to the state or to an unknown owner; (b) the database of all Ministries and the database of the GSPP on the real estate assets; (c) the data base created from the work done by TAIPED with external consultants back in 2011 and 2012; the consultants should have full access to the above data bases, via excel files, to be provided by GSPP. The consultant will be provided with any required authorization to review the relevant registrations at the cadastre offices. To that end they will sign any non-disclosure agreements required. The transfer process is described in Article 209 of Law 4389/2016. No transfer can be done for assets that belong to exceptions described in paragraph 4 of article of the	No	Done	The BoD of HCAP approved the RfP for hiring consultants on 15 December 2017. Submission of offers on 5 January 2018. The BoD selected an advisor on 9 January 2018.

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	Law 196 4389/2016. The hiring of consultants and the screening process should start at the latest by January 2017. The Ministry of Finance and the institutions will receive on a regular basis reports of the process.			
98	<b>HCAP. Review of asset portfolio.</b> The Ministry of Finance, using the technical support of HCAP or other experts as it judges appropriate, will review on a regular basis the portfolio of real estate assets belonging to the State as well as the portfolio of SOEs (including newly set up SOEs). The State shall transfer to HCAP those complying with the purposes of HCAP.	No	Done	Ongoing action. For the purposes of this review, the action is "done" with the completion of PAs #94 and #97.
99	<b>HCAP. Strategic Plan.</b> The Minister will provide the Ministerial Guidance for the Strategic Plan.	No	Done	The ministerial guidance was provided to the BoD of HCAP on 1 September 2018.
100	<b>HCAP. Strategic Plan.</b> The General Assembly will approve the Strategic Plan.	No	Done	The BoD of HCAP has approved the Strategic Plan on 17 January 2018. Approved by the General Assembly on 19 January 2018.
<b>V. A modern State and Public Administration</b>				
<b>5.1 Public administration</b>				
101	<b>Mobility.</b> For the implementation of the new mobility scheme, generic and specific job descriptions will be completed for all ministries, with the collaboration of technical support, a plan for rollout to the wider public administration will be submitted to the institutions and organigrams for all Ministries finalised.	Yes (secondary)	Done	Job descriptions: Authorities informed the institutions that job descriptions were finalised for 16 ministries. Job descriptions for the Ministries of Defence (civilian employees) and Ministry of Foreign Affairs will be finalised as part of the 4 <sup>th</sup> Review.  Plan for rollout was submitted, Further technical follow-up to be undertaken in view of implementation..  Organigrams: 2 organigrams (Ministries of Shipping and Education) have been approved by the Council of State on 16 February 2018. The relevant organigrams will now be issued in the form of PDs in the next days.
102	<b>Appointments.</b> The authorities will (a) launch the call for those Administrative, Alternate Administrative and (Special) Sector-Level Secretaries specified in the TMU; (b) appoint Directors General for HR and financial services; and (c) launch the call for thematic Directors General; (d) amend law 4369/2016 to	a) No b) Yes (secondary) c) No d), e) Yes	Done	a) 69 out of 69 calls launched b) 20 appointment decisions issued c) Calls for 69 positions out of 69 were launched d), e) Voted as articles 239, 240 and 243 of law 4512/2018 (FEK A5, of 17 January 2018).

#	SMoU Action	Lex required	Status	State of play
	introduce a time limit of 3 months for the appointment procedures for all General Directors, Directors and Heads of Division; and (e) amend law 4369/2016 to ensure that the existing Secretaries General will be relieved from their duties at the latest 3 months after the filling of the positions listed in the TMU.	(Omnibus bill)		
103	<b>Performance assessment.</b> The first assessment exercise on the basis of the reformed performance assessment scheme will be performed.	No	Done	Information on participation percentage per ministry was provided on 29 November 2017.
104	<b>Allowances.</b> (i) Legislation will be adopted to streamline allowances for dangerous and hazardous work, through, inter alia, the expertise provided by the available technical support programme; and (ii) article 32 of law 4483/2017 will be amended to limit to the provision of in-kind benefits of food and accommodation by municipalities of remote areas and islands to temporary teachers and other critical professions and emergency staff in agreement with the institutions.	Yes (Omnibus bill)	Done	i) Voted as article 396 of law 4512/2018 (FEK A5 of 17 January 2018) and Article 7 of law 4517/2018 (FEK A22 of 8 February 2018). ii) Voted as article 349 of law 4512/2018 (FEK A5, of 17 January 2018).
	<b>5.2 Justice</b>			
105	<b>Electronic auctions.</b> The authorities will ensure a regular and unimpeded flow of e-auctions.	Yes (primary)	Done	The platform is operational and the first two e-auctions took place on 29.11.2017. 29 e-auctions were conducted up to 20 December 2017, all launched by banks. A Ministerial Decision on the unseizable bank account for the deposit of auction-related amounts was enacted on 29.11.2017. Security concerns regarding the protection of notaries were partly addressed by the authorities. Amendments to the Penal Code were enacted on 22 December 2017 to enhance the protection of notaries officiating at auctions (law 4509/2017, OJ A 201/22-12-2017, article 61). However, on 9 January 2017, the Athens, Piraeus, Aegean and Dodecanese Notaries Association decided to abstain from all physical auctions until the end of January 2018, citing a government proposal to replace physical auctions by electronic ones and the fear of violent incidents expected to be caused by activists. Legislation for the integration of the e-auction mechanism in the Code for the Recovery of Public Revenue was adopted as part of the omnibus bill (law 4512/2018, OJ A 5, article 404). The Notarial Association will develop and add for this purpose a



#	SMoU Action	Lex required	Status	State of play
				special module to the platform and to assume the related expense. As part of the omnibus bill, the authorities adopted legislation providing for the mandatory conversion of all auctions to the electronic platform and the cessation of physical auctions as of 21 February 2018 (law 4512/2018, OJ A 5, articles 207-209). . Data received by the institutions on 1 March 2018 confirm an increase in the number of auctions conducted and which have been notified with an expansion of the geographical coverage and distribution across Greece.
106	<b>Code of Civil Procedure.</b> The authorities will amend the Code of Civil Procedure, the insolvency law and other related laws to strengthen the position of secured creditors by aligning the treatment of secured credit with EU best practices.	Yes (Omnibus bill)	Done	The final version of the agreed provision was legislated as part of the omnibus bill (law 4512/2018, OJ A 5, articles 176-177).
107	<b>Mediation.</b> Enact the new legal framework on mediation.	Yes (Omnibus bill)	Done	Legislated as part of the omnibus bill (law 4512/2018, OJ A 5, articles 178-206).
	<b>5.3 Anticorruption</b>			
108	<b>Anticorruption. Political financing.</b> The authorities will amend legislation to fulfil all GRECO's recommendations on the funding of political parties and electoral campaigns in light of its October 2017 report.	Yes	Done	GRECO report was produced by authorities on 24/10/2017. Authorities amended the legislation on political parties financing by article 65 of law 4509/2017.
	<b>5.4 Independent agencies and regulatory bodies</b>			
109	<b>ELSTAT.</b> The government will in consultation with the Institutions: (i) legislate to facilitate the set up and staffing of the President's office consistent with the Mobility Law; (ii) legislate to give the President of ELSTAT greater autonomy and flexibility in deciding how the organisation's agreed budget should be spent; (iii) increase ELSTAT's budget from January 2018 to facilitate the recruitment and retention of highly skilled staff through the introduction of compensations based on job descriptions, consistent with the unified wage grid legislation; (iv) set up a framework for staff-level agreements to allow ELSTAT to contribute on a cost-paid basis to specific projects of other public bodies; (v) legislate the State indemnification of the ELSTAT	Yes (Omnibus bill)	Done	Item (v) was previously addressed in Art. 48 of 4484/2017 and item (i) in Art. 78 of Law 4484/2017. Remaining items addressed through the Omnibus bill (Art. 379 of Law 4512/2018).



#	SMoU Action	Lex required	Status	State of play
	President - and other ELSTAT officials acting upon his/her authority - against legal and other costs (including counsel's actual fees and personal financial liabilities) incurred as a result of legal challenges/actions/proceedings taken or threatened against them in relation to decisions made and actions taken (including potential omissions) pursuant to carrying out their official functions in compliance with applicable provisions and rules, statutory or otherwise.			
110	<b>Independent agencies and entities. Horizontal review: horizontal provisions.</b> The authorities and independent agencies will provide draft legislation as appropriate so as to bring horizontal provisions and internal regulations in line with the results of the horizontal review	Yes	Done	Authorities submitted draft bill (except for the section on the scope of application and the transitional provisions) for review on 12 January 2018; the scope of application will be defined later on, as per the SMoU, on the basis of the authorities' decision on mergers of overlapping Independent Authorities and abolishment of redundant ones.

## List of key deliverables for the 4th review

	SMoU action	Deadline
	I. Delivering sustainable public finances	Deadline
	2.1 Fiscal policy	
1	<b>MTFS 2018-2022.</b> Adopt the MTFS 2018-2022.	May 2018
2	<b>Post-programme package.</b> The authorities, in May 2018, will bring forward the implementation of the personal income tax measures to 2019 if the IMF, in cooperation with the European Institutions and the Greek authorities consider that a frontloaded implementation is needed in order to reach the agreed 3.5% primary surplus fiscal target in 2019 without growth-detrimental measures, and if needed will adopt legislation, in agreement with the institutions, to ensure the exact achievement of the fiscal target, in a manner that is positive for growth. In addition and based on an assessment and agreement by all institutions and in consultation with the Greek authorities, following a transparent process, the authorities will adopt the necessary secondary legislation for the implementation of the expansionary package starting in 2019 in May 2018.	May 2018
	<b>2.2 Tax policy reforms</b>	
3	<b>Tax codes.</b> As <b>key deliverable</b> , they will for March 2018 (a) review preferential tax treatments for the shipping industry in the light of the indications of the European Commission; (b) undertake a technical review of the ITC provisions after its 3-year application, identifying problems and loopholes and proposing amendments with the objective of clarifying and ameliorating its application and eliminating conflicting provisions; (d) codify and simplify the VAT legislation, aligning it with the Tax Procedure Code and eliminating outstanding loopholes and (e) review the TPC interest regime; and (f) if not already completed, the authorities will amend the Code of Public Revenue Collection to provide for the extension of the e-auctions mechanism to auctions conducted by the revenue authorities under the Code of Public Revenue Collection under its provisions.	March 2018
4	<b>Tax policies. Review KEDE.</b> In parallel with the review by the Ministry of Justice, the IAPR will review the effectiveness of the application of the KEDE for auctions e-auctions undertaken by the tax administration; and, if needed, adopt legal or procedural amendments that fall under the responsibilities of the IAPR by April 2018.	April 2018
5	<b>ENFIA.</b> By May 2018, the authorities will legislate to adjust tax rates and broaden the property tax base if necessary in a revenue neutral way in order to issue ENFIA bills by August 2018.	May 2018
6	<b>VAT.</b> The authorities will ensure that the VAT discount on the remaining islands is eliminated by end-June 2018	End-June 2018

	SMoU action	Deadline
	<b>2.3 Public revenue reforms</b>	
7	<b>Improving fight against tax evasion. Cooperation Justice – IAPR.</b> The previously received pending orders not in their final stage of audit will be transferred back to the prosecutors by February 2018.	February 2018
8	<b>Improving public revenue collection and debt management.</b> The procurement of the software allowing for further automation of the debt collection, embracing notably fully automatized garnishment procedure, with a key procedural step as specified in the TMU completed by February 2018	February 2018
9	<b>Fight smuggling and improve customs efficiency.</b> The authorities will pass, if necessary, legislation, by March 2018 (key deliverable) to reinforce domestic tobacco manufacturers' responsibility of their distributors by supply chain agreements to be implemented by May 2018.	March 2018
10	<b>EFKA. Single SSC debt database.</b> <i>(In order to ensure full completion of the registration of all social security contributions debts in the single social-security-contribution debt database managed by KEAO, the authorities will set up a dedicated team, by December 2017, to start clearing the paper cases and introduce the relevant information into KEAO database).</i> By March 2018, the team will produce a report about the cases that have been dealt with until then, and based on the number of the remaining cases to be checked, will propose a timeplan for completion of the integration into KEAO debt database	March 2018
	<b>2.4 Public Financial Management and Public Procurement</b>	
	<b>2.4.1 Public Financial Management</b>	
11	<b>Chart of Accounts - Financial Management Information System.</b> Finalize the integration of the Financial Management Information System (FMIS) and the new Chart of Accounts (key deliverable, May 2018) so as to ensure the full use of the FMIS to support the implementation of the new Chart of Accounts in the 2019 State budget.	May 2018
12	<b>Arrears audit. Measures to tackle structural problems.</b> Based on the recommendations of the final report presented to the authorities and the institutions, the authorities will take corrective actions to address structural shortcomings before end-April 2018	April 2018
	<b>2.4.2 Public Procurement</b>	
13	<b>Remedies Review Body.</b> As a key deliverable, the authorities, by February 2018, will appoint the remaining members of the Body and, by March 2018, will complete the selection procedure and appoint the scientific and administrative personnel.	March 2018
	<b>2.5 Sustainable Social Welfare</b>	
	<b>2.5.1 Sustainable Social Welfare: Pensions</b>	
14	<b>Recalibrate pension benefits.</b> The cross-check between digital records and paper documents will be completed by mid-March 2018	Mid-March 2018

	SMoU action	Deadline
15	<b>Recalculate and process pension applications.</b> As <b>key deliverable</b> , by April 2018, the authorities will calculate and process all main pension applications of 2016 and 30% of main pensions applications submitted in 2017 and at least 13.800 of supplementary pension applications submitted from 1.1.2015 and 31.12.2016.	April 2018
16	<b>EKAS.</b> The Ministerial Decision setting all the details for the awarding of EKAS in 2019 will be issued by June 2018.	June 2018
17	<b>Full implementation of the pension reform.</b> Within one month after the Council of State will have delivered its opinion on the Presidential Decree related to Art. 52 of Law 4387/2016, the authorities will finalise and implement this Presidential Decree (key deliverable).	
18	<b>EFKA. Full merge.</b> (i) The full merge of all insured persons and related data into the single pension fund EFKA including transfers of relevant staff from GAO and any legal or administrative step required for the actual transfer of databases, software and IT infrastructure, will be fully completed by May 2018; (ii) the authorities, within one month following the official opinion on the statistical classification of EDOEAP by EUROSTAT, will adopt the necessary measures in consultation with the institutions and in compliance with the supreme court ruling (5/2002)	May 2018
19	<b>EFKA. Portfolio.</b> By May 2018, EFKA will take concrete steps for the diversification of its investment portfolio in line with best practices, to ensure that it holds no controlling stakes in any private company.	May 2018
	<b>2.5.2 Sustainable Social Welfare: Health care</b>	
20	<b>Rationalisation of health-care expenditure.</b> Take structural measures as needed to address the remaining part of the recent overspending on "other items" in the EOPYY budget for "Other Illness Benefits" which was not included under the clawback; to this end, by April 2018, EOPYY will directly purchase optometrist services and contract providers of special education services	April 2018
21	<b>Rationalisation of health-care expenditure.</b> The authorities will by April 2018 implement the 14 measures included in the EOPYY Action Plan to reduce the amount of excess spending.	April 2018
22	<b>Rationalisation of health-care expenditure.</b> At least additional 20 of the therapeutic protocols for patient care pathways (primary and secondary care) will be introduced in the e-prescription system between December 2017 and May 2018.	May 2018
23	<b>Rationalisation of health-care expenditure.</b> Compulsory patient registration shall be finalised and become fully operational by March 2018, with gatekeeping to be gradually implemented over 2018.	March 2018
24	<b>Execution of clawbacks.</b> As key deliverables (i) by March 2018, EOPYY will finalise the legal procedure for the collection of the residual outstanding clawback (2013-2015) that can legally not be offset; (ii) by March 2018, any outstanding uncollected claw back amount related to 2016 will be offset and collected and (iii) the authorities will extend the 2018 claw back ceilings for diagnostics, private clinics and pharmaceuticals to the next three years; (iv) by May 2018 the clawbacks of 2017 will be collected/offset according to the timetable specified in the TMU (Section P)	March / May 2018
25	<b>Centralised procurement.</b> In May 2018 present the plan to increase the proportion of centralised procurement further in 2019; the appointment procedures under the rules set by Law 4369/2016 must be started by March 2018 at the latest and completed by May 2018 at the latest	May 2018
26	<b>Reducing pharmaceuticals spending.</b> Publish a revised price bulletin in May 2018.	May 2018

	SMoU action	Deadline
27	<b>Reducing pharmaceuticals spending.</b> By February 2018, the authorities will adopt further measures to improve cost-effectiveness of pharmaceutical spending with a view to reaching the 40% generics penetration target.	February 2018
	<b>2.5.3 Sustainable Social Welfare: Social safety nets</b>	
28	<b>SSI. Activation pillar.</b> By April 2018, the requirement will be introduced for all SSI beneficiaries who are able to work and are not employed nor in education or training, to register as jobseekers at OAED.	April 2018
29	<b>Social Welfare Review. Disability benefits.</b> The pilot programme of the functional disability assessment system will be rolled out by February 2018. The legislation for the national rollout of the new scheme will be adopted in May 2018, applying the new disability assessment to all contributory disability and welfare benefits including under Law 4387/2016, with a view to commence national implementation by June 2018 taking account of guidance from technical assistance;	May 2018
30	<b>Social Welfare Review. Transport benefits.</b> By May 2018, commence the implementation of the reform of the system of transport subsidies, following the introduction of the electronic ticket reform by transportation companies, starting from the city of Athens;	May 2018
31	<b>Social Welfare Review. Housing benefits.</b> New legislation will be adopted by March 2018 to specify the design of a means-tested housing benefit, developed with advice from the World Bank, to be fully rolled out as part of the growth-enhancing measures.	March 2018
	<b>III. Safeguarding financial stability</b>	
	<b>3.2 Debt restructuring and insolvency procedures</b>	
32	<b>OCW.</b> By March 2018, impediments identified in the OCW assessment will be addressed, including through necessary legal amendments.	March 2018
33	<b>Insolvency legislation. Household insolvency.</b> In consultation with the institutions, by February 2018, the authorities will amend the household insolvency law and take additional actions to address the identified shortcomings as specified in the Technical Memorandum of Understanding.	February 2018
	<b>IV. Structural policies to enhance competitiveness and growth</b>	
	<b>4.1 Labour market and human capital</b>	
34	<b>Review of labour market institutions. Representativeness mechanism.</b> With a view to promote and monitor the representativeness of sectoral collective agreements, the Government, in consultation with the social partners and in agreement with the institutions, are developing a reliable administrative system to assess representativeness, to be made operational by March 2018.	March 2018
35	<b>Review of labour market institutions. Arbitration in collective bargaining.</b> By March 2018, the authorities, (a) in consultation with the social partners, will review the current procedures for mediation and arbitration; and (b) taking account of the independent legal report and the outcome of the consultations with the social partners, will adopt any necessary measures, in consultation with the institutions and in compliance with the Council of State ruling.	March 2018

	<b>SMoU action</b>	<b>Deadline</b>
36	<b>Undeclared work. Information exchange.</b> Complete by May 2018 the automatic exchange of information between the databases of the Ministry of Labour, the Ministry of Finance, SEPE, IAPR, OAED, IKA (EFKA) and the Greek police.	May 2018
37	<b>ALMP.</b> Introduce the new delivery model for ALMPs, starting with a pilot in May 2018.	May 2018
38	<b>Education.</b> By March 2018, (i) adopt legislative measures on future appointments and evaluation of head teachers and senior ministry of education staff to ensure a depoliticised, transparent and meritocratic process including the involvement of ASEP in relevant committees and upgrade their role within the school units and specifying their career prospects (ii) pass a law on upgrading the bodies responsible for evaluations and (iii) pass a law on the evaluation of senior education staff, school self-evaluation and rational use of resources.	March 2018
	<b>4.2 Product markets and business environment</b>	
39	<b>Toolkit I. Building materials.</b> As to the implementation of Project 2, by March 2018, the authorities will start the award procedure for the harmonisation of technical specifications according to the categorisation by the Standardisation Body.	March 2018
40	<b>Investment licencing. Follow-up phase.</b> The authorities will implement reforms in the specific sectors agreed with the institutions and the second phase of installation licensing (third round) by May 2018, including notification through an IT system.	May 2018
41	<b>Investment licencing.</b> A mapping of the status of investments licensing reform in the Greek economy will be completed by the end of February 2018 (key deliverable), including sectors included in law 4442/2016 as well as the rest of the economy.	End-February 2018
42	<b>Investment licencing.</b> The authorities will adopt by December 2017 a time-bound action plan for the promotion of effective and coordinated ex-post controls and inspections for businesses. For slaughterhouses, the training activities will be finalised by February 2018 and pilot inspections will be launched by March 2018.	March 2018
43	<b>Ex-post assessments.</b> By May 2018, the government will adopt measures to address (i) the pending recommendations nr. 4 and 17 related to business parks of the ex-post assessments launched in October 2015; and (ii) the recommendations of the ex-post assessments on book prices and tourism by May 2018	May 2018
44	<b>Modernise the Company Law.</b> The government will (a) prepare a review by December 2017 on changes needed to bring Law 3190/1955 in line with best practices. The review should be carried out in cooperation with the European Commission and involve the consultation of key stakeholders. Based on the recommendations of the review, the government will amend Law 3190/1955 by February 2018; (b) prepare an assessment by February 2018 of current provisions on mergers and acquisitions. The review assessment should be carried out in cooperation with the European Commission and involve the consultation of key stakeholders. Based on the recommendations of the review, the government will adopt legislation on mergers and acquisitions by April 2018; (c) prepare a review by mid-March 2018 on changes needed to bring Law 2190/1920 in line with best practices. The review should be carried out in cooperation with the European Commission and involve the consultation of key stakeholders. Based on the recommendations of the review, the government will amend Law 2190/1920 by April 2018.	February/April 2018
45	<b>Regulated professions. Private clinics.</b> The authorities will (a) agree by February 2018 with the institutions the draft provisions of the law relating to requirements and procedure for the establishment of private clinics; (b) agree by April 2018 with the institutions the draft provisions of the law relating to technical requirements, specifications, equipment and staff of private clinics as well as transitional provisions; and (c) enact the law by May 2018.	May 2018

	SMoU action	Deadline
46	<b>Regulated professions. One-day clinics.</b> By March 2018, the authorities will amend the legal framework in agreement with the institutions in order to reduce restrictions (including on different medical specialties and on mixed operations) to the establishment and operation of one-day clinics, taking into consideration EU best practices.	March 2018
47	<b>Cadastral.</b> By April 2018, the authorities will produce and agree with the Institutions a roadmap and timetable with key steps for a) the completion of the cadastral mapping and b) the completion and ratification of the forest maps, with a final deadline 31/12/2020 for both.	April 2018
48	<b>Agriculture.</b> By March 2018, ensure that the Greek Payment Authority of Common Agricultural Policy Aid Schemes (OPEKEPE) is staffed with the necessary permanent staff in specific fields (technicians, agronomists and surveyors) trained in Geographic Information System and photo-interpretation in order to perform the regular update of the Land Parcel Information System (LPIS) and assure the correct yearly execution of the LPIS Quality Assessment, including the definition of appropriate remedial action when so required	March 2018
49	<b>Structural funds.</b> The Ministerial Decision associated with legislation setting up a registry of experts to ensure the supervision of co-financed projects will be agreed with the Institutions and adopted by February 2018.	February 2018
	<b>4.3 Regulated Network Industries (Energy, Water, Transport)</b>	
50	<b>Energy. Lignite.</b> The Hellenic Republic will ensure that all the necessary steps for the effective divestment to the purchaser(s) of the Divestment Business(es) as specified in the commitment offer made binding by the European Commission, including the adoption of all the necessary legislative, regulatory and corporate measures and/or resolutions, the carve-out and spin-off of the Divestment Business(es), as well as the official launch of the international open tender procedure run by PPC, that will be based on a fair valuation and will ensure the legitimate financial interests of the company and its shareholders, are fully and correctly implemented by May 2018	May 2018
51	<b>Energy. NOME. Joint assessment.</b> The first joint assessment by the authorities and institutions will be carried out in February 2018, taking into account inter alia (i) the introduction of the Target Model forward market, (ii) the lignite structural measures, for which it will specify the timely adjustment of the NOME mechanism. This will include the gradual de-escalation of the quantities to be auctioned, which will be phased in parallel with the implementation of the divestment and become proportionate to the lignite capacity being divested at the time of financial closing of the sale of the Divestment Business(es); and (iii) the possible need to adopt additional structural measures in line with the characteristics of PPC's generation portfolio.	February 2018
52	<b>Energy. PPC financial situation.</b> Clear all arrears of public sector entities covered by the electricity supply contract between PPC and the Hellenic Republic by May 2018	May 2018
53	<b>Energy. RES account.</b> By March 2018 ( <b>key deliverable</b> ), the supplier surcharge will be reduced by the forecasted annual surplus in the RES account and a plan for its full replacement by the end of 2018 agreed, for example through the introduction of Guarantees of Origin/Green Certificates.	March 2018
54	<b>Energy. Capacity mechanism.</b> The new capacity mechanism will be notified by March 2018.	March 2018
55	<b>Gas market.</b> Take any necessary action to eliminate any existing horizontal or vertical conflict of interest between DEPA and the EPAs supply companies by March 2018. In case of the exit of any of the current shareholders of the EPAs and upon the conclusion of the relevant transaction, RAE in collaboration with the Hellenic Competition Commission after consultation with the European Commission will make an assessment of potential obstacles to competition, prior to the tender of DEPA being launched. In the event of major	March 2018



	SMoU action	Deadline
	obstacles being identified, the tender process will be adjusted accordingly	
56	<b>Energy. Target model.</b> With a view to implement the day ahead, intraday, forward and balancing markets by August 2018, the authorities will (i) issue all market codes by March 2018, (ii) set up any entity to be created as a successor of LAGIE by February 2018 and (iii) put functional IT systems into place by May 2018 for the day ahead, intraday and forward market; and (iv) the authorities will undertake a joint assessment with the institutions on the progress made regarding the corporate and technical aspects of the project, and take the necessary actions no later than June 2018 to ensure that the Target model is functioning by August 2018.	February/March/May/June 2018
57	<b>Water utilities. Full Information System.</b> By February 2018, the SSW, with technical support, will deliver an evaluation report on the existing system of regular collection of information towards the development of the Full Information System and finalise the assessment of the business plans of the Athens Water Company (EYDAP) and the Thessaloniki Water Company (EYATH).	February 2018
58	<b>Water utilities. Strategic plan.</b> By March 2018, the authorities, with technical support, will finalise the strategic plan for SSW for a six year period, from 2018 to 2023, with the aim to strengthen the governance, the administrative capacity and the financial autonomy of the SSW within the Ministry of Environment and Energy;	March 2018
59	<b>Water utilities. Business plan.</b> By April 2018 an operational plan for the years of 2018-2019 will be finalized, including specific actions, steps, timelines for the remainder of 2018 and for 2019, that will contribute to the implementation of the 6 year Strategic Plan.	April 2018
60	<b>Water utilities. Governance.</b> By February 2018, amend law 3199/2003 to further strengthening the inclusiveness, transparency, and efficiency of the decision-making process in the water system by reviewing the composition and functioning of the National Water Commission, the National Water Committee and the Advisory Commission for Water.	February 2018
61	<b>Water utilities. Costing and pricing services.</b> By April 2018, the new unit "Costing & Pricing of Water Services" of SSW will be operational.	April 2018
	<b>4.4 Privatisation</b>	
62	<b>Tenders. DESFA.</b> On DESFA, the nomination of the preferred bidder will be completed by February 2018. The Share Purchase Agreement and Shareholders' Agreement will be signed by April 2018, with a closing by June 2018.	February/April/June 2018
63	<b>Tenders. Egnatia, On Egnatia,</b> the Ministers of Infrastructure and Transport and Finance will issue a JMD setting out the new toll pricing policy in a form agreed with TAIPED (April 2018); the new toll pricing policy will be implemented immediately upon its approval by DG MOVE;	April 2018
64	<b>Tenders. Egnatia.</b> Until the endorsement of the new toll pricing policy to be applied to all toll stations of the motorway and the vertical axes, the Minister of Infrastructure and Transport, upon completion of construction of any new toll station, shall issue an interim Ministerial Decision putting such stations in operation under the current toll pricing policy.	Continuous
65	<b>Tenders. Egnatia.</b> Egnatia S.A. will (i) sign the contract for the construction of the Asprovalta toll station with the preferred bidder and instruct the constructor to commence its construction immediately (February 2018); and (ii) ensure the commencement of operation of the –currently under construction – Thessaloniki (Oreokastro) Frontal Toll Station. Commencement be effective immediately after the issuance of the necessary JMD ( <i>to be agreed with TAIPED</i> ) by the Ministers of Transport and Infrastructure and Finance (March 2018).	March 2018
66	<b>Tenders. Egnatia. TAIPED</b> will launch the binding offers phase (March 2018)	March 2018
67	<b>Tenders. Hellenikon.</b> The Authorities will (c) by February 2018 complete all key Conditions Precedent (as specified in the Share Purchase Agreement) with a financial closing (June 2018).	February 2018



	<b>SMoU action</b>	<b>Deadline</b>
68	<b>Tenders. Other projects.</b> Launching of the tender for the sale of 30% of AIA, 65% of DEPA and 5% of OTE, on the basis of the recommendations of the hired by TAIPED advisors (March 2018). By March 2018, launch the tender for the sale of 35.5% of HELPE; the percentage of shares to be sold could be lower, if by that date, agreement has been reached with the institutions on an alternative form of monetization with at least equivalent financial benefits for the Hellenic Republic. By June 2018, launch the tender for the sale or other form of monetisation of 17% of PPC provided it generates at least equivalent financial benefits to the Hellenic Republic compared to the sale.	March / March /June 2018
69	<b>Tenders. AIA.</b> The extension of the concession agreement will be ratified in parliament by April 2018.	April 2018
70	<b>Tenders. OLTH.</b> The concession agreement will be ratified in Parliament by March 2018.	March 2018
71	<b>Tenders. Review of DEPA and Egnatia boards.</b> The Board of Directors of TAIPED, with the help of external advisors, will (a) review the corporate governance structure of DEPA and Egnatia S.A. and assess the Board of Directors of the specific companies by February 2018 and (b) replace executive and non-executive members if needed, by April 2018.	April 2018
72	<b>HCAP. Internal Regulations.</b> The General Assembly shall adopt the chapter of the company's internal regulation on the investment policy, following agreement with the institutions on the specific content of this document (March 2018).	March 2018
73	<b>HCAP. SOEs business plans.</b> Submission of business plans to HCAP by the SOEs transferred to HCAP, in which HCAP is the majority shareholder (April 2018).	April 2018
74	<b>HCAP. Boards of SOEs</b> The Board of Directors of HCAP will review the Boards of ELTA, OASA (STASY, OSY), and replace executive and non-executive members if needed (May 2018). For the listed companies, the review and replacement of executive and non-executive members if needed, will be in full compliance with the regulatory framework in place.	May 2018
75	<b>HCAP. Boards of Directors.</b> The additional non-executive members of the Board of Directors of HCAP will be appointed by March 2018.	March 2018
76	<b>HCAP. Real estate transfer.</b> Based on the process agreed among the authorities and the institutions, identification by March 2018 of the real estate assets to be transferred. Completion of the transfer of the real estate assets will take place by May 2018.	March 2018
75	<b>HCAP.</b> Amendment of the articles of association of the SOEs transferred to HCAP, in which HCAP has the majority shareholding, so that there is compliance with the codified company law 2190/1920 and adopt law provisions for transforming OAKA to an S.A., by March 2018.	May 2018
	<b>V. A modern State and Public Administration</b>	
	<b>5.1 Public administration</b>	
78	<b>Mobility.</b> The appointing authorities of the receiving services will issue the decisions regarding the first cycle by February 2018 and changes of position by employees will take place by March 2018	March 2018
79	<b>Appointments.</b> (a) The appointments of Administrative, Alternate Administrative and (Special) Sector-Level Secretaries listed in the TMU will be completed no later than June 2018; and (b) the appointments of all thematic Directors General will be completed by March 2018.	Jan / March 2018
80	<b>Appointments.</b> (a) In March 2018, the call for all Directors will be launched, and Directors will be appointed by June 2018, and (b), the	March / June 2018

	SMoU action	Deadline
	call for all Heads of Division will be launched in June 2018, and Heads of Division will be appointed.	
81	<b>Performance assessment.</b> By June 2018, (i) an all-inclusive plan for rollout according to the scope of Part B of law 4369/2016 will be developed, including the implementation of goal-setting for the public administration and an electronic platform for performance assessment; and (ii) the second performance assessment exercise will be performed.	June 2018
82	<b>Hazardous job allowances.</b> By May 2018 (key deliverable), the authorities will (i) publish the short-term plan on protection and prevention as specified in the law, (ii) provide to the institutions the initial opinion of the Committee regarding allowances for hazardous and dangerous work, together with the detailed study and provisional quantifications, as specified in the law, and (iii) agree with the institutions the guidance provided by the ministers to the Committee.	May 2018
83	<b>Coordination.</b> By February 2018, the authorities will in cooperation with technical support develop a manual of (i) structures and procedures within the government and the public administration, which includes the preparation, coordination and arbitration of policies; and (ii) effective process of inter-ministerial consultation prior to the launching of legislative proposals, including a process to ensure that the submission of all amendments to legislation is coordinated in a centralised manner. The manual of formal structure and processes of effective inter-ministerial cooperation will be implemented by March 2018.	February / March 2018
	<b>5.2 Justice</b>	
84	<b>E-auctions. Legal and technical impediments.</b> In order to support lenders' capacity to auction foreclosed properties, the authorities will make an assessment of potential legal and technical impediments to the further improvement of electronic auctions by February 2018. These impediments, if any, will be addressed, by adopting necessary legal amendments no later than April 2018.	April 2018
	<b>5.3 Anticorruption</b>	
85	<b>Political parties financing.</b> The authorities will fully implement the legal framework for the financing of the political parties, notably by ensuring that all necessary secondary legislation is taken by March 2018.	March 2018
86	<b>National anticorruption plan.</b> The update of the national anti-corruption plan by March 2018 will include a commitment to assess by April 2018 the implementation of the Code of Conduct of members of Parliament and, based on this assessment, it will be revised, if needed, by June 2018.	March 2018
87	<b>Independent entities. Horizontal review.</b> The authorities and independent agencies will by March 2018 enact legislation to reorganize the field, including merging eligible entities, reassigning functions to relevant services of the central administration and abolishing redundant entities; and finalize and enact, after consultation with the institutions, the legislation on bringing horizontal provisions in line with the results of the horizontal review.	March 2018
88	<b>Independent entities. HCC, RAE, RAEM.</b> By April 2018, the authorities will amend any primary and secondary legislation in line with the results of the horizontal review on independent agencies, including on issues relating to (i) the Hellenic Competition Commission; (ii) the energy regulator RAE and (iii) the Regulatory Authority for Passenger Transport (RAEM).	April 2018