



EUROPEAN COMMISSION

TFGR - TASK FORCE FOR GREECE

**TASK FORCE FOR GREECE**

**SEVENTH ACTIVITY REPORT**

**JULY 2014**

**(REPORTING PERIOD: FEBRUARY - MAY 2014)**

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# **Seventh Activity report of the Task Force for Greece July 2014:**

## **1. INTRODUCTION**

The Task Force for Greece (TFGR) organises and coordinates the technical assistance (TA) requested by the Greek authorities as they seek to implement commitments for reform under the Economic Adjustment Programme. The TFGR also works to accelerate the absorption of EU Structural funds, including their effective use for the new programming period 2014-2020.

Structural reforms and the full use of EU funds are both critical to restoring Greece to a path of sustained economic growth, competitiveness and employment. Structural reforms facilitate economic adjustment by creating the dynamism necessary to ensure the required reallocation of resources, create conditions for investment and regain competitiveness vis-à-vis trading partners. Structural funds are vital resources to boost economic competitiveness, job creation and social progress. These two objectives underpin all TFGR activities to support the wide range of Greek reforms described in this report.

Since September 2011, the TFGR and Greek authorities have been carrying out continued and thorough policy dialogue to identify technical assistance needs. The technical assistance provided and coordinated by the TFGR is a resource available to the Greek authorities, as they seek to strengthen their public administration, modernise their regulatory system and lay the foundations for a new growth model based on enterprise and investment in line with the Economic Adjustment Programme. During 2012-2013, technical assistance was provided in the design of reforms for the better functioning of the economy, and to help the Greek administration to better serve the needs of its citizens. Important policy reforms, which have benefited from continuous technical assistance, have been adopted, including in the area of business environment, public health, revenue administration and inter-ministerial coordination as previous reports recall<sup>1</sup>.

The recent statement of the Eurogroup<sup>2</sup> on Greece recognises the contribution of technical assistance to the progress in implementing the Economic Adjustment Programme and highlights the need to step up the current technical assistance in support of growth related reforms. The Eurogroup also encourages endeavours by Member States in providing technical assistance and additionally establishing partnerships with Greece, acting as reform partners, and asks for sustainable financing solutions.

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<sup>1</sup> [http://ec.europa.eu/commission\\_2010-2014/president/taskforce-greece/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/president/taskforce-greece/index_en.htm)

<sup>2</sup> [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ecofin/142481.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/142481.pdf)

The period February to May 2014 witnessed sustained technical assistance coordinated by TFGR, and further dialogues with Greek authorities to discuss how implementation of reforms could benefit from additional assistance. Policy reforms, which have benefited from continuous technical assistance since the inception of the TFGR, are now delivering results (see box). Technical assistance remains an enabler of change. However, implementation of reforms depends critically on the use that is actually made of this assistance by the Greek authorities. The full benefits of technical assistance will only be evident when adequately designed reforms have been timely and fully implemented.

***Examples of high-impact reforms which have been supported by technical assistance:***

Partnership Agreement on the use of the European Structural and Investment Funds (ESIF) 2014-2020: the Partnership Agreement (PA) was adopted by the European Commission on 23 May, the third PA to be adopted amongst all the EU-28 Member States. The PA sets out how EUR 15.52 billion in total Cohesion Policy funding, EUR 4.2 billion for Rural Development Policy and EUR 388.7 million for the Maritime and Fisheries programme will be invested in Greece's real economy to tackle unemployment, to create good quality jobs, boosting growth through support to innovation, the low carbon economy and training and education. This swift adoption was facilitated by very close co-operation between the Greek authorities, the ESIF-Directorates General of the European Commission (with the Directorate General for Regional and Urban Policy leading discussions) and the TFGR. Technical assistance helped to improve the quality of the document and clarify the articulation of the strategic vision for growth and employment that is now elaborated in the PA.

Reform of central government administration: The TFGR and the French domain leader have supported Greece to design more efficient reform of central government ministries and bodies. With substantial technical assistance a two year strategy and the related action plan were designed and adopted by the Government Council of Reform (GCR) in April 2014. This action plan - covering all aspects of the central administrative reform, including a Human Resources strategy - sets a path for the reform (actions, targets, milestones and deliverables) and now constitutes a reference tool for the Greek Authorities to manage and effectively coordinate the reform.

Barriers to competition: Extensive support, coordinated by TFGR, has been provided to remove and simplify legislation which hinders competition. In line with the Economic Adjustment Programme and on the basis of OECD recommendations<sup>3</sup> in the area of food processing, retail trade, building materials and tourism, the Greek authorities adopted in March 2014 an Omnibus law implementing most of the recommendations, with a view to removing barriers to competition between suppliers, entry restrictions for new suppliers, and reducing costs that hinder competition.

Institution for Growth in Greece: significant steps have been taken to launch the operations of the Institution for Growth (IfG), which will help the Greek economy and particularly Greek SMEs, to have better access to finance. Greece adopted the legal framework for creating the Institution for Growth in December 2013. The IfG SME Debt-Sub-Fund was established in May 2014 as the first of three sub-funds foreseen for this institution. With EUR 200 million from the Hellenic Republic and the German KfW,

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<sup>3</sup> The OECD report can be accessed at: <http://www.oecd.org/daf/competition/Greece-Competition-Assessment-2013.pdf>

this fund will provide liquidity for SMEs i.e. refinancing of existing loans or working capital credit lines.

Facilitate investment: the TFGR and the World Bank Group supported the Greek government in the preparation of a new framework law, adopted in April 2014, aiming at an overhaul of licenses required for the operation of business activities and investments. Technical assistance included analysis of licensing systems in other countries.

Greek authorities are working on a long-term growth strategy that builds on the Economic Adjustment Programme by stepping policies that raise private investment, facilitate economic activity and eventually lead to more job creation<sup>4</sup>. This is in line with reform initiatives taken by the Greek authorities over the last couple of years. It will require sustained commitment to improving administrative capacity and implementing change over the coming years in many fields. Technical assistance, mobilised by the TFGR, can continue to support these efforts.

## **2. TECHNICAL ASSISTANCE IN INDIVIDUAL POLICY FIELDS**

The programme of technical assistance coordinated by TFGR spans 13 broad policy fields, each comprising a number of sub-projects. The following sections describe the main developments in terms of delivery of technical assistance in each of these policy fields.

### **(1) Acceleration of cohesion policy projects**

Structural Funds are vital to the economic recovery and growth as they constitute the most important source of financing for investments. Their best and fastest possible use is supported through technical assistance in this area.

#### **a) Effective use of Structural Funds 2007-2013**

For the 2007-2013 programming period, Greece has consistently improved its absorption rate of Structural Funds, placing the country in the 5th position at the EU level from 18th at the end of 2011 (see table 1) and ensuring now an absorption rate above EU average for all 3 funds under consideration - whereas in 2010 the result was the opposite. There is, however, a high level of "over commitment" that must be managed very carefully so as to avoid the risk of "pre-empting" utilisation of Funds for the programming period 2014-2020. This applies in particular to the 181 priority projects. 123 of these projects have either been completed already or are well on schedule. However, 11 projects remain "at risk" of not being completed by December 2015. Technical assistance is provided on an ongoing basis to support this work. In particular, work to restart the fifth motorway concession (Moreas Motorway) has nearly been completed notably through the finalisation of a term sheet which should provide the basis for drafting the amended concession agreement and notification to the European Commission services.

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<sup>4</sup> See speech of Prime Minister Samaras of May 20th (in Greek): <http://www.primeminister.gov.gr/2014/05/20/12803>

Table 1: absorption rate of Structural Funds in Greece since 2010

		Structural funds (all funds)	European Regional Development Fund	Cohesion Fund	Social Fund
<b>Total Amount Decided (EUR)</b>		20.210.261.445	12.149.300.178	3.697.160.864	4.363.800.403
<b>Rate absorption by Dec 2010</b>	Greece	<b>21,86%</b>	<b>26,19%</b>	<b>15,90%</b>	<b>14,84%</b>
	EU average	22,94%	26,96%	26,07%	29,06%
	GR Ranking	<b>17</b>	<b>10</b>	<b>13</b>	<b>22</b>
<b>Rate absorption by Dec 2011</b>	Greece	<b>34,94%</b>	<b>39,65%</b>	<b>29,28%</b>	<b>26,60%</b>
	EU average	33,36%	34,31%	28,35%	35,43%
	GR Ranking	<b>18</b>	<b>11</b>	<b>8</b>	<b>22</b>
<b>Rate absorption by Dec 2012</b>	Greece	<b>49,23%</b>	<b>53,58%</b>	<b>46,03%</b>	<b>39,84%</b>
	EU average	46,20%	47,06%	40,74%	48,93%
	GR Ranking	<b>15</b>	<b>8</b>	<b>6</b>	<b>21</b>
<b>Rate absorption by September 2013</b>	Greece	<b>67,46%</b>	<b>69,34%</b>	<b>73,92%</b>	<b>56,72%</b>
	EU average	56,40%	57,25%	49,89%	60,10%
	GR Ranking	<b>6</b>	<b>5</b>	<b>2</b>	<b>16</b>
<b>Rate absorption by January 2014</b>	Greece	<b>77,11%</b>	<b>80,99%</b>	<b>81,80%</b>	<b>62,31%</b>
	EU average	64,08%	64,85%	58,02%	67,59%
	GR Ranking	<b>4</b>	<b>2</b>	<b>2</b>	<b>20</b>
<b>Rate absorption by June 2014</b>	Greece	<b>81,26%</b>	<b>83,32%</b>	<b>81,80%</b>	<b>75,06%</b>
	EU average	69,17%	69,71%	64,91%	71,66%
	GR Ranking	<b>5</b>	<b>3</b>	<b>4</b>	<b>11</b>

Source: Commission services

For European Fisheries Fund, the overall level of commitment and payments has increased to 85% and 73% respectively (including the 10% top-up), and sustained efforts for absorption of this fund needs to continue.

#### b) European Structural and Investment Funds 2014-2020 (ESIF)<sup>5</sup>

The Partnership Agreement (PA) was adopted by the European Commission on 23 May 2014, the third PA to be adopted amongst all the EU-28 Member States. The PA sets out how EUR 15.52 billion in total Cohesion Policy funding (in current prices), EUR 4.2 billion for Rural Development Policy and EUR 388.7 million for the Maritime and Fisheries programme will be invested in Greece's real economy to tackle unemployment, to create good quality jobs, boosting growth through support to innovation, the low carbon economy, and training and education. They will also be used to promote entrepreneurship, fight against social exclusion, and they will make an important contribution to an environmentally- friendly and a resource-efficient economy.

The swift PA adoption was facilitated by very close co-operation between the Greek authorities, the ESIF-Directorates General of the European Commission (with the Directorate General for Regional and Urban Policy leading discussions) and the TFGR. Technical assistance helped to improve the quality of the document and clarify the

<sup>5</sup> ESIF is the collective term for the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

articulation of the strategic vision for growth and employment that is now elaborated in the PA; this included identifying which investments needed to be made at the very beginning of the programming period to help alleviate the social effects of the crisis by stimulating growth and employment, maintaining the social fabric and implementing the "Youth Guarantee"<sup>6</sup>.

In that context, the TFGR also contributed to the work by participating in three working groups facilitated by the Greek Prime Minister's Co-ordination Unit; these have looked in detail at, and reported on: i) simplification of procedures; ii) resources needed for effective implementation; and iii) strengthening the capacity of beneficiaries<sup>7</sup>. Key recommendations of the groups were eventually taken into account in the PA, triggering profound reforms in the management system (e.g. clear demarcation between political and administrative tasks). Technical assistance across the three fields will continue so that as soon as the 20 Operational Programmes and the Rural Development Programme start to be agreed, there is a strong yet streamlined management and control system in place for the implementation of the high quality projects that are needed to implement the commitments endorsed in the Partnership Agreement.

## (2) Financial institutions/Access to finance

Important reforms are taking place at EU level related to the banking and insurance legislative frameworks. The on-going restructuring and recapitalisation of the Greek banking sector is central to maintaining confidence in the stability of the financial system and putting the Greek banks on a sound footing. However the overall situation regarding lending to the real economy in Greece has yet to improve. The sector records still high levels of non-performing loans, lending is limited, characterised by high collateral requirements and high interest rates. Against this background, TFGR activities in the last semester have focused on improving access to finance, notably for SMEs.

Several Financial Engineering Instruments (FEI) from EU Structural Funds are currently available to support lending through commercial banks in cooperation with national and European intermediaries (see table 2). FEIs are still a major source of liquidity for the Greek economy and disbursements have increased for all available EU supported financial instruments. Notably, significant amounts from EIB global loans (those with a state guarantee as well as those under the guarantee fund) were disbursed during the last months. However, additional needs, notably for extra guarantees to alleviate requirements for collateral are to be further addressed. In this regard, TFGR, with the support of other European Commission services, provided technical advice on a temporary guarantee scheme, through possible reallocation of undisbursed structural funds amounts from the previous programming period. While the proposal for this tailor-made instrument has not yet advanced further, discussions have contributed to improve

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<sup>6</sup> The Youth Guarantee is a new approach to tackling youth unemployment which ensures that all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer (i.e. job, apprenticeship, traineeship or continued education) within 4 months of them leaving formal education or becoming unemployed, more information at: <http://ec.europa.eu/social/main.jsp?catId=1079>

<sup>7</sup> "Beneficiaries" are the bodies that are responsible for implementing the projects funded by ESIF.

the design of the new financial instruments which will be made available with the EU structural funds of the new programming period.

Table 2: Existing instruments to support bank lending to business sector:

In million EUR per 31.05.2014	Total available	Public contribution	Private sources	Total disbursements (public contribution)	Disbursements February – May 2014 –
<b>EIF</b>					
JEREMIE	500	250	250	70.0	15.0
<b>EIB</b>					
SME global loans (Guarantee fund)	<b>1,000</b>	500	500	153.0	93,5
<b>ETEAN</b>					
Entrepreneurship Fund	<b>266</b>	133	133	168.4	60.4
Business Restart – Working Capital	<b>550</b>	275	275		
Tourism on the Islands	<b>80</b>	80	0		
<i>Guarantees</i>	<i>150</i>	<i>50</i>	<i>100</i>		
Energy Efficiency for households	<b>480</b>	241**	239	71.9	10,1
<b>Total</b>	<b>3,026</b>	<b>1,529</b>	<b>1,497</b>	<b>463,3</b>	<b>179,0</b>

Source: Ministry of Development of Greece

Significant steps were taken over the last months with the view to launch the operations of the Institution for Growth ("IfG"), an investment fund which is intended to provide liquidity to the Greek real economy. The IfG SME Debt-Sub-Fund was established in May 2014 as the first of three sub-funds foreseen for this institution. With a total amount of EUR 200 million from the Hellenic Republic and the German KfW, this fund will provide liquidity for SMEs. Preparatory work with TFGR assistance for the establishment of the other sub-funds of the IfG advanced, notably on the equity-sub-fund.

Technical assistance has also been concentrated on enhancing the transparency and information flows related to the various sources of funding available. Two IT projects with the Ministry of Development have been launched in the context of the banks/SMEs discussion forum and are supported by the TFGR on: a) the enhancement of an existing information portal ([www.espa.gr](http://www.espa.gr)) in order to further facilitate access by SMEs to information and available means of funding and b) the development of a flow management tool, which will be used for the launching and processing of funding requests submitted by SMEs. Some quick improvements have been made to the information portal and more results are expected in the next quarter.

In addition, TFGR continued providing technical assistance to the public agency Hellenic Fund for Entrepreneurship and Development (ETEAN SA). The staff of ETEAN SA received expert advice on the issue of risk management during two workshops, supported by Austrian and German experts in this field.

Further work has been carried out in the area of microfinance with the completion of research by an independent organisation on the possibilities of launching a microfinance project under the current legal framework in Greece. At this stage, the Greek authorities

have not expressed any interest in proceeding with a particular follow-up, notably to launch pilot projects in this area.

### (3) Administrative reform

Technical assistance to the reform of the public administration continued with the view to building an efficient and modern public administration at the service of citizens and companies, capable of implementing reforms needed to transform the Greek economy.

The Greek Administration has continued the very significant rationalisation of the workforce based on the attrition rules (non-replacement of retirees<sup>8</sup>, achieving substantial results - the total number of employees in the general government fell from over 900,000 employees in December 2009 to fewer than 720,000 employees in the first quarter of 2014<sup>9</sup>. With a reduction by 35% of the total wage bill over the period, the cost of the public administration as a share of GDP is now below the OECD average. In addition, important quantitative milestones of the second Economic Adjustment Programme have been met. 5,000 employees exited the administration, mainly resulting from restructuring of various public services and from the improved management of disciplinary cases. In addition, 25,000 employees were placed in the mobility scheme.

Technical assistance was delivered to support the qualitative actions of the wide-ranging reform necessary to increase the efficiency of the central public administration in a sustainable manner. An important step was achieved with a reform strategy and a two year action plan, which was adopted by the Government Council of Reform (GCR) in April 2014. This action plan - covering all aspects of the central administrative reform, including a Human Resources strategy - sets a path for the reform (actions, targets, milestones and deliverables) and now constitutes a reference tool for the Greek Authorities to manage and effectively coordinate the reform implementation. This action plan sets out a common understanding of the objectives and outputs of the reform throughout the administration, including at management level, as well as explains the reform to civil servants and civil society.

Work has started for the implementation of this action plan: A procedure has been prepared for selecting the managers and top managers of the Greek Administration with the aim to ensure that those with the most appropriate profiles are selected to develop leadership and management capacity in the administration. The objective is to fill all senior appointments (Directors General, Directors) by December 2014 and complete the appointment process for middle managers (Heads of Unit) by June 2015. Proposals for revising the wage grid of the civil servants, as well as for implementing a new performance appraisal system are under development. Regarding the process for

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<sup>8</sup> The general attrition rule provides for the replacement of 1 official for each 5 retirees. For a certain type of mandatory exits however, the attrition rule is 1 replacement for 1 exit (in cases of exits resulting from disciplinary cases, cases of incapability, illegal hiring, temporary injunctions, downsizing of private law legal entities, redundant positions as a result of further organizational restructuring). In that case, the recruitment focuses on staff with critical skills to serve the public and ease the pressure in the private labor market.

<sup>9</sup> As reported by the Greek Ministry of Administrative reform and E-government and in [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2014/pdf/ocp192\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp192_en.pdf)

improving key services to citizens, including services for citizens provided through the Citizens' Services Centres (KEP<sup>10</sup>), discussions were also initiated to exchange at state level some experience with France as a reform partner. This was done through a dedicated workshop, in cooperation with TFGR. In parallel, a proposal is being prepared for developing a system of internal control and audit within the administration. This should provide Greece with an additional managerial tool and enhance the role of inspectorate bodies.

Finally, following the decisions taken by the GCR on the reorganisation of the line ministries, the corresponding presidential decrees have been produced and transmitted to the Council of State (all ministries except the Ministries of Interior, Foreign Affairs, and Public Order). Once adopted, the reorganisation decisions will need to be implemented in the Ministries within two months, including the development of job descriptions, mission statements and the allocation of resources.

Following the provision of technical assistance, the e-Government Strategy (which is a key component of the Greek Digital Strategy) has been developed and approved by GCR. An action plan is now under development, listing in detail all projects that are relevant for the state operated projects which provide services to citizens, to corporations and to the wider public sector, and including the critical elements of governance of the e-Government plan across the administration.

Regarding the reform of the local and regional administration, operational plans were produced for implementation of the different elements of the existing roadmap. These plans are the result of the work of the scientific committee, appointed by the Ministry of Interior, the association of Regions (ENPE) and the association of Municipalities (KEDE). The proposed actions benefitted from discussions with other stakeholders, mainly other Ministries with competence for specific policy areas (e.g. spatial planning, social policy, development). These actions need to be endorsed by the newly elected Presidents of Regions and Mayors, who will assume office in September 2014. Meanwhile, the Ministry of Interior requested TFGR to support the coordination of preparatory work for further advancing those actions which were identified as top priority for the short term.

In the context of the project '*Strengthening local government in Greece*', implemented by the GIZ (German Gesellschaft für Internationale Zusammenarbeit), a number of workshops were organised on:

- Capacity building in operational planning and absorption of EU Structural Funds, in the five pilot municipalities (Thessaloniki, Karpenissi, Prespes, Skopelos and Sparta). Those five municipalities were selected in agreement with the Ministry of Interior, the Union of Municipalities and the Mayors concerned as representative in terms of size and special characteristics (urban, semi urban, mountainous, island). The rationale behind this methodology was to identify the special needs

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<sup>10</sup> Citizens service centers (approx. 1000 physical centers across Greece, supported by online and phone services) provide general administrative information to citizens and handle particular administrative requests

and problems that each category of municipality faces and elaborate a form of tailor made solutions on them.

- Financial management of the five municipalities, with emphasis on budgeting procedures. A tool to facilitate management of the budget is currently being developed.
- Improved organisational structures for the five municipalities, guidelines for developing organograms in relation to size and special characteristics of the municipality.
- Implementation of performance management at municipal level mainly by implementing the methodology of 'Management By Objectives'.

A number of draft studies with good practices from abroad and tools for the municipalities made to help them perform every day work more effectively were submitted to Greek authorities. This will help the municipalities and eventually contribute to rapid implementation in the five pilot areas. They will also provide ideas, to be further elaborated by the Greek authorities, for more general reform proposals in the context of the road map for local government administrative reform.

#### (4) Revenue administration and Public Financial Management

Support for the sound functioning of the revenue administration and public financial management is crucial both in terms of enabling Greek authorities to increase public revenues and also in terms of delivering a fairer and more equitable distribution of the tax burden. TFGR, together with the Directorate-General for Taxation and Customs Union (DG TAXUD) and the IMF, continued to provide technical assistance to help the Greek authorities in this regard and to preserve the benefits of the recent achievements in public finances.

In the field of Revenue Administration, the eighth Joint IMF-European Commission TA Review Mission took place in late March-early April 2014, and concluded that overall, the Greek tax administration had achieved real progress, both in terms of organisational arrangements for the tax administration (adoption of a Secretary General decision outlining the new organizational chart) and in terms of core business processes, notably regarding results in debt collection and VAT refunds.

The three additional resident experts, recruited under a contract between the European Commission and BTC (Belgian Technical Cooperation) and facilitated by TFGR, arrived between March and early June 2014 and started providing support in the areas of large taxpayer audit, intelligence and investigation, as well as revenue analysis and overall steering of local operations. Technical assistance was also intensified in the field of VAT (review of VAT legislation, enhancement of fight against VAT fraud to better detect so-called missing trader fraud) and is expected to re-start in the field of audit of high-wealth individuals and high-income self-employed, following management changes in the Greek tax administration and a renewed willingness to receive targeted TA in this field.

In the meantime, the Secretary General for Public Revenue, with a key function in modernising the tax administration, resigned in early June 2014 and a new Secretary has been appointed. The revenue administration plays a key role in the reform programme and continues to be a focal point for technical assistance to support the delivery of planned reforms to improve the efficiency of the administration, combat fraud and evasion, and secure increasing government revenues as this is not only a matter of economic efficiency, but also of social justice.

In the field of Public Financial Management, work continued notably on the payment process and the reform of the Organic Budget Law. Technical assistance also started with regard to the development of policy analysis competences within the General Accounting Office (GAO) and to the preparation of a spending review process. An IMF technical assistance mission with TFGR participation covering all these issues took place in the second half of June 2014. It helped the GAO kick start work on a spending review and also assisted the Ministry of Development in a review of the public investment budget payment process.

Technical assistance to the Hellenic Court of Audit (HCA) also continued. During the reporting period two of the three ex-post financial audits on hospitals procurement and EU funds for educational programmes of the first cycle of audits have been presented by the HCA to the Greek Parliament. At the same time technical assistance has continued to further strengthen financial audit with a second cycle of audits. In addition a workshop is foreseen to review the current Annual Audit Plan and prepare a multi annual follow-up.

#### (5) Anti-money laundering and anti-corruption

So far, 700 participants from the Greek Financial Intelligence Unit, the Financial Economic Police, the Financial and Economic Crime Unit (SDOE), General Secretariat for Public Revenue, Prosecutors and the Bank of Greece have received training on anti-money laundering matters. This has led to the development of 30 project plans. The training programme has now entered into a more operational phase, where Greek investigators in specific cases receive "on-the-job" coaching by experts. One case has been finalised and has been submitted to the prosecutor, leading to substantial confiscation and an arrest. Two cases are ongoing. A new inter-agency project has started, led by the Financial Economic Police, which will include the investigation of several cases.

Beginning of 2014, the indirect registry of bank accounts has been launched to support Greek law enforcement effectively. This is an important step forward, as information on bank statements is now available for investigations within 1 day. So far more than 2,700 requests have been submitted by the different law enforcement agencies. Work is ongoing to extend the system before summer with information on financial transactions.

Using the link between anti money laundering and tax evasion as identified in the Road Map, the Financial Intelligence Unit reported 2,628 cases of suspected tax evasion to the authorities, transmitted 472 cases to the Prosecutor's Office and froze of assets worth EUR 205 million since early 2012. Advice has been given to set up a coordination mechanism and prioritisation of criminal investigations under the leadership of the financial and anti-corruption prosecutors. A new Anti-Money Laundering Working Programme has been developed, including steps to improve asset recovery and additional operational training. The Working Programme is waiting for approval from the Ministry of Finance.

The national coordinator on anti-corruption is gradually progressing with the implementation of the national strategy, supported by the Coordination Committee and the Advisory Body, on which the TFGR is participating. A new Anti-Corruption Law has been approved by the Greek Parliament with the intention to bring it more in line with international standards. Draft codes of conduct have been developed for both Government and Parliament. Work is ongoing for laws on financing of Political Parties, the Declarations of Assets and restricting immunity of elected persons. TFGR is supporting with advice in all these areas when requested.

Under the Ministry of Health, a working group on anti-corruption has finalised a sector-specific anti-corruption strategy with support of the TFGR that now needs to be implemented. Steps are still to be taken to set up a working group and develop such a strategy under the Ministry of Defence. TFGR has developed a review of the Anti-Corruption Strategy as a regular annual process, including more feasible timeframes and additional concrete actions. Funding opportunities have been opened but need to be operationally finalised in order to provide proper support to the National Coordinator in implementing the National Strategy in a more structured way. Operational independence is of crucial importance.

Fraud relating to EU funds presents a substantial risk. On 26-27 February 2014, the European Anti-Fraud Office (OLAF) hosted a High Level Event in Athens on "Fighting fraud in the area of EU cohesion policy". This event brought together high representatives of the Greek national authorities, the TFGR with the other relevant European Commission' services and Transparency International. At this occasion, a technical assistance report identifying the most needed actions was presented. Further discussions were held on methods to design proficient national anti-fraud strategies and avenues to strengthen cooperation between the EU and the Greek authorities tasked with fighting fraud. The Event was followed by training seminar with the aim of providing local authorities with state-of-the-art fraud prevention tools. This has led to the build-up of the Greek anti-fraud strategy for EU funds sent to the European Commission early June. Technical assistance and the European Commission will continue to support Greece in its efforts to fight fraud and corruption.

#### (6) Business environment

Technical assistance by the TFGR concentrated on a number of priorities related to product market reforms, including actions concerning small and medium-sized enterprises (SMEs) in Greece. This aims at contributing to the creation of a supportive and stable business environment with easy access to liquidity and markets.

Regarding trade facilitation, the Greek authorities have continued with implementation of the National Trade Facilitation Strategy and Roadmap, with the help of the TFGR, the United Nations Economic Commission for Europe (UNECE) and the World Customs Organization (WCO). Important steps have been achieved towards the target of reducing cost and time for exports in particular with the extensive reforms in customs procedures based on recommendations by the WCO and the European Commission and with the implementation of an approved trader scheme for agricultural exporters.

In particular, customs controls for export are now fully risk-based, significantly reducing the average number of documentary and physical controls. Coupled with other reforms in customs, including extended opening hours in key pilot offices, exporters have reported a decrease in time of up to 50% for clearance, and cost reductions of 20% to 50% in the past half year. Over 40 agricultural traders for fresh fruits and vegetables, accounting for almost half of Greek trade in the sector, have registered as approved traders, which facilitates receipt of the certificates needed for exports. The arrival of a full-time UNECE resident trade facilitation advisor at the end of 2013 has greatly assisted Greek project management of the reform.

For the future, moving further and faster towards the analysis and simplification of pre-customs procedures and obtaining relevant certificates beyond the area of fruits and vegetables exports will be a key focus. New products include olive oil, wine, dairy products and also aluminium, pharmaceuticals and dual use goods (civil and military). In

parallel, work is under way to build a Single Window for exports. As a first step, the customs IT system ICISnet will be interconnected with the system for risk-based controls for certificates for fresh fruits and vegetables (MENO) of the Ministry of Agriculture.

On export promotion, the Greek authorities completed the creation in April 2014 of a new Agency ("Entreprise Greece"<sup>11</sup>) to stimulate export promotion and to attract investments to Greece.

TFGR has coordinated technical assistance on an ambitious reorganisation plan of the customs administration on the basis of an Action Plan and Roadmap adopted in November 2013. The actions include a full assessment of the current organisation: ranging from the overall current and possible future architecture of the customs administration at central, regional and local level to the respective distribution of competences, staffing, geographic distribution, work flows and work load, training needs assessment and strategic planning.

Extensive support, coordinated by TFGR, has been provided to remove and simplify legislation which hinders competition. In line with the Economic Adjustment Programme and on the basis of the recommendations from the Organisation for Economic Co-operation and Development (OECD) in the area of food processing, retail trade, building materials and tourism, the Greek authorities adopted in March 2014 an Omnibus law implementing most of the recommendations, with a view to removing barriers to competition between suppliers, entry restrictions for new suppliers, and reducing costs that hinder competition. TFGR is currently supporting the Greek government in the preparation of a follow-up project, i.e. to perform a competition assessment and identify obstacles in competition in some other sectors (wholesale trade, e-commerce, manufacturing, and telecommunications).

The OECD finalised the assessment of administrative burdens to businesses in 13 areas ranging from Company law, to Public Procurement, VAT law and Agriculture and Fisheries, and identified options for reducing them. The costs to businesses of this administrative burden were estimated at around EUR 3.28 billion annually<sup>12</sup>. TFGR is supporting the Greek administration - notably through financing expertise for legal drafting - to transform these recommendations into legislative reforms in the coming months.

Building on recommendations provided by the World Bank Group (WBG) last year, the Greek government has further decreased the cost of starting up a business and the taxes for transferring property. Additional recommendations were provided in March 2014 on simplifying the system of building permits and the governance of the building control system. Further reforms in these areas are being discussed between TFGR and the Greek authorities before implementing some of the medium to long-term recommendations from WBG. A draft law on logistics and a National strategy were produced with

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<sup>11</sup> More information available at:  
[http://www.hepo.gr/portal/site/ope/menuitem.301c5c3db23fe0e0f5c45f10c51000a0/?vgnextoid=2d080c0e85e7b110VgnVCM1000005c01000aRCRD&lang\\_chosen=el](http://www.hepo.gr/portal/site/ope/menuitem.301c5c3db23fe0e0f5c45f10c51000a0/?vgnextoid=2d080c0e85e7b110VgnVCM1000005c01000aRCRD&lang_chosen=el)

<sup>12</sup> Estimations from the OECD using the Standard Cost Model methodology. Information is available at:  
<http://www.oecd.org/greece/measurement-and-reduction-of-administrative-burdens-in-greece.htm>

technical assistance provided by the WBG and TFGR (see section 13). In addition, discussions are ongoing to identify potential areas for improvement in the Greek corporate insolvency systems.

The WBG and other experts coordinated by the TFGR also supported the Greek government in the preparation of a new framework law, adopted in April 2014, aiming at an overhaul of licenses required for the operation of business activities and investments. Technical assistance included analysis of licensing systems in other countries. Priority is now on the implementation of the law; technical assistance will focus on the preparation of secondary legislation and other administrative acts, while supporting the coordination and governing structure to monitor implementation.

In the area of public procurement, the Greek authorities will adopt a new codified law overhauling the current legal framework. They are also working to increase the capacity of key public purchasers to procure in a cost efficient manner. The efforts of the Greek authorities, with the active support of the TFGR, have started to produce the first tangible results; apart from the legislative reform, tendering procedures for the first wave of framework agreements (for toner, computer screens and printing paper) have been launched and will shortly be finalised. In this respect, the Greek authorities received support from experts on capacity building and training on framework agreements and central purchasing bodies, on the basis of an agreement concluded between TFGR and the OECD. Work is going on to make full use of the two available e-procurement tools (e-platform and transparency portal), based on recommendations of EU experts commissioned by the TFGR. Technical assistance is also provided to the Single Public Procurement Authority for the shaping of a national public procurement strategy.

The Ministry of Infrastructure, Transport & Networks has requested technical assistance in developing a comprehensive approach in technical specification costing methods when tendering out public infrastructure works. A workshop was organised in April 2014 with experts from the Dutch Ministry of Infrastructures, bringing expertise on a standardized and transparent system for tendering procedures in the area of public works. Follow-up through bilateral contacts between the Greek and Dutch authorities are ongoing.

Regarding liberalisation of regulated professions, experts from the Foundation for Economic and Industrial Research (IOBE) commissioned by TFGR have analysed the effects from liberalisation in key sectors with cross-sectoral effects for the Greek economy; lawyers, notaries and chartered accountants, civil engineers and architects, stevedores, electricians and plumbers, as well as the coastal maritime transport sector. The reports list the obstacles to competition, restrictions to the functioning of markets and harmful administrative practices, in particular by professional associations.

Three economic studies contracted by TFGR with IOBE and other economists on the potential impact on the Greek economy of business environment reforms have been published and completed with the view to support the Greek authorities in their strategic planning<sup>13</sup>.

Finally, TFGR, with the help of external expertise, has been examining the overall regulatory and administrative environment related to the operation of SMEs. Draft

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<sup>13</sup> See at: [http://ec.europa.eu/commission\\_2010-2014/president/taskforce-greece/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/president/taskforce-greece/index_en.htm)

proposals to relieve SMEs' regulatory bottlenecks are being finalised for presentation in September.

#### (7) Healthcare reform

Healthcare reform is considered a crucial component of Greece's efforts to increase the effectiveness and efficiency of public spending and ensure public welfare. Technical assistance is provided to support reforms designed to curb health expenditure while building an effective primary healthcare system accessible to all and increasing the quality of care delivery.

Over the period of this report, technical assistance focussed primarily on supporting the completion and implementation of the first Contribution Agreement with the World Health Organisation (WHO), to conclude the assessment phase of the "Health in Action" strategy (for which Germany is the reform partner) and to support the inclusion of healthcare reform priorities in the new programming period of the Structural Funds.

After the approval (6 February 2014) of the law on the purchaser / provider split of the national organization for health care services provision (EOPYY), with an offer for service provision staff to be transferred to the strengthened and reformed primary health care system, the TFGR has supported its implementation against the background of the two priorities of building an effective network of primary healthcare, and ensuring universal access to health care, including specialist care. Both priorities are also guiding the preparation for the new programming period of the Structural Funds in the field of public health.

Technical assistance was also provided for implementation of the policies agreed in the Economic Adjustment Programme relating to pricing and reimbursement of pharmaceuticals, management of EOPYY, and hospital management.

The Greek government is currently negotiating a second Contribution Agreement with the WHO. This agreement, which in essence is a continuation of the first Agreement, will permit further implementation of technical assistance for the first steps of the strategic priorities in the overarching health reform initiative ("Health in Action") with a focus on primary health care and hospital management, including a reformed reimbursement system (Diagnosis Related Groups, DRGs). Agreement is expected in autumn 2014.

#### (8) Judicial reform

The functioning of the Greek judicial system has been characterised by long delays and inefficiencies, which hamper citizens and businesses in obtaining effective legal redress. In line with the Economic Adjustment Programme, legislative action to revise the Code of Civil Procedures and the framework for administrative review of cases are foreseen in 2014. TFGR is currently supporting the Ministry of Justice and relevant stakeholders in designing an Action plan to improve the functioning and management of the Courts, including adequate support to judges, simplification of internal procedures, aiming at increasing efficiency of the justice system.

Main developments include the legislative proposal for the revised Code of Civil Procedure, which is to be submitted to Parliament for vote in the coming weeks and the legislative framework for administrative review of cases for which a proposal has been made and is being discussed.

## (9) Central State Aid Unit (CSAU) and Infringements

The Central State Aid Unit (CSAU) within the Ministry of Finance has become operational. It acts as single contact point with the European Commission and its main task is to control all draft state aid measures with the aim of safeguarding their compatibility with EU State aid rules. An Action Plan for CSAU was designed, covering nine work streams, concentrating on matters linked to process, procedure, substantive analysis and training. TFGR also supported the CSAU in establishing a process in respect of the competent/granting authorities and defining the respective roles.

With TFGR support, further progress has been achieved in sharing information about relevant infringement cases among stakeholders in the Greek administration. Support was aimed, on the one hand, to help Greek authorities address certain long-standing infringement issues and, on the other hand, to develop a more efficient horizontal coordination of infringement handling among the various entities involved in the Greek administration.

## (10) Labour market, social security, innovation and education

Given the very high (26.8%<sup>14</sup>) unemployment and youth unemployment (57.7%<sup>15</sup>) rate in Greece, the Greek labour market situation remains difficult. To alleviate this and to contribute to a permanent improvement in the functioning of the Greek labour market, the Economic Adjustment Programme foresees a set of reforms to improve labour market institutions and support employment creation. The TFGR provides extensive technical assistance in this domain.

The Youth Guarantee is planned to be gradually introduced for all 15-24 year olds in the form of a job, apprenticeship, traineeship or continued education four months after leaving education or leaving employment. Funding from the Youth Employment Initiative and the European Social Fund of EUR 350 million will support a target group of young people not in education, employment or training (NEET) covering approximately 240,000 persons<sup>16</sup>. As part of technical assistance, TFGR and a French expert<sup>17</sup> (commissioned by TFGR) have helped to refine the Greek Youth Guarantee Implementation Plan.

Various steps of the OAED (the Greek Public Employment Service) Re-engineering programme<sup>18</sup> are now being taken in line with the action plan. Twelve local PES<sup>19</sup> offices

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<sup>14</sup> Seasonally-adjusted unemployment rate for March 2014, data obtained from Eurostat, [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/3-01072014-AP/EN/3-01072014-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-01072014-AP/EN/3-01072014-AP-EN.PDF).

<sup>15</sup> Seasonally-adjusted youth (under 25) unemployment rate for March 2014, data obtained from *ibid*.

<sup>16</sup> According to Eurostat data in 2012 on NEET

<sup>17</sup> See the report on the Youth Guarantee in Greece available at: [http://ec.europa.eu/commission\\_2010-2014/president/pdf/tfgr/youth\\_guarantee\\_report\\_march2014\\_en.pdf](http://ec.europa.eu/commission_2010-2014/president/pdf/tfgr/youth_guarantee_report_march2014_en.pdf)

<sup>18</sup> This Programme is gradually redeveloping the whole business model of OAED in order to provide a more effective and efficient service to the unemployed, jobseekers and employers.

<sup>19</sup> Public Employment Services.

have been selected as pilot offices where the reforms are first being tested. The appeals process has been simplified. Other actions launched include: mapping and re-designing processes with the aim of cutting through red tape, automated renewal of the unemployment card through the web portal, launch of various collaborations with external organizations and social partners on delivery of services, assignment to regional units of the mapping and profiling of their local market needs, portal revisions and improvements, and a number of apprenticeship initiatives and activities which aim to support the increasing workload of OAED in the field of apprenticeship.

Missions from the Public Employment Services of Germany, on apprenticeships, and the United Kingdom, on partnership with the private and third sectors, took place in March and April 2014 respectively, followed by study visits of OAED senior management and staff to the United Kingdom and Germany.

In mid-March, the Ministry of Labour and the Labour Inspectorate (SEPE) adopted OECD recommendations on seven areas within the employment sector where administrative burdens could be reduced (see section 6 on business environment). The recommendations covered topics such as the elimination of the obligation to keep annual leave records, health and safety requirements on construction sites, and workplace injury records. The Ministry of Labour has started implementation.

A cooperation agreement between the Ministry of Labour and the World Bank Group (WBG) was signed at the end of October on developing and rolling out a pilot project on the establishment of a means tested income support program, which is intended to provide the basic architecture for subsequent national roll out. WBG has made detailed proposals for implementation of the pilot, which are being considered by the Greek authorities.

At the end of May, the Ministry of Labour assigned a study on the administrative reform and operational modernisation of the social insurance structure to KEPE, the centre for economic planning and research. KEPE requested technical assistance on identifying best practices from countries that have undergone transition from many small funds to a few larger ones. Therefore, TFGR will provide assistance with independent advice from two already identified experts who will work on complementary reports for the study and guide policy proposals.

The General Secretary for Research and Technology (GRST) prepared a new draft law on modernising the framework applicable to R&D, which is currently under public consultation. At the request of GRST, TFGR organised a workshop on the relationship between regional and central levels of administration regarding the design and implementation of Science, Technology and Innovation policies. The workshop was held in May 2014, with presentations by France, Germany, the Netherlands and Austria. Three expert reports coordinated by TFGR will provide the analysis of the feasibility of improving and further creating science and innovation parks, introducing new financial instruments to finance innovation, and the identification of EU best practices in Science, Technology and Innovation policy governance.

#### (11) Migration, Asylum and Borders

With the European Asylum Support Office (EASO) and the European Commission Directorate General for Home Affairs (DG HOME), TFGR continued to assist the Ministry of Labour and Welfare in managing the national envelope of the European programme "Solidarity and Management of Migration Flows" (SOLID), in particular the

"European Refugee Fund". A call for experts on funding (SOLID, AMIF<sup>20</sup>, EEA Grants and Structural Funds) has been sent out by EASO in April. The deployment of the funding experts is foreseen for June 2014.

(12) Privatisation and land registry

The Greek authorities continued their effort to strengthen the functioning of the recently created Water Regulator. The powers of the Special Secretary for Water, in the Ministry of Environment, Energy and Climate Change, as water regulator, were reinforced. Staff was transferred from other services to the Special Secretariat. As regards the privatisation of the water company of Attica (EYDAP), the Council of State decided to annul the transfer of shares from the Government to the Hellenic Republic Asset Development Fund (HRADF). Notwithstanding the effect of this decision, the Government will continue efforts, in line with the Economic Adjustment Programme, to improve the functioning of the water regulators. TFGR has been requested to support the transfer of know-how in this area. In particular, the United Kingdom regulators for Scotland, England and Wales, discussed training priorities with the Special Secretariat and water companies. Further contacts between the UK and Greek regulators are planned for the coming months.

In the field of public real estate holdings, exchange of know-how organized by TFGR took place between the Italian Public Properties Agency (Agenzia del Demanio), the Secretary General for Public Property (SGPP), and the public property company (ETAD), the agency in charge of the management and preparation of real estate assets, and HRADF (the Hellenic Republic Asset Development Fund). Issues under discussions concerned the organisation of a national registry of public real estate, management of public buildings, clustering of assets for valorisation purposes, an organisational model for the relationships between ETAD, SGPP and HRADF, and specifications for e-auctions.

The German Ministry of Finance, assisted by German AgriForest Privatisation Agency (Bodenverwertungs- und verwaltungs GmbH - BVVG) and coordinated by TFGR, provided their experience to the Ministry of Finance on the draft laws on occupied public properties and on resolution of disputes between government and individuals. These two draft laws were submitted to public consultation in April.

In the field of land administration/cadastre, the Dutch cadastre (on behalf of the Ministry of Foreign Affairs and commissioned by TFGR) is coordinating the provision of expertise (also via experts from other member states - mainly from Austria, Germany and Spain) in this field.

In particular, technical assistance was provided in the area of organisation of Project Management Office (PMO) functions in the Cadastre and Mapping Company (EKXA SA), and institutional and capacity building. The different deliverables have been prepared in consultation with EKXA, the Ministry of Environment, Energy and Climate Change, and the main stakeholders (e.g. Ministry of Finance, Ministry of Justice, Notaries, Registrars, Registrars employees, Surveyors, Banks). This TA should be completed in July. The intention is to continue to provide assistance in support of the

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<sup>20</sup> The Asylum, Migration and Integration Fund

completion of the Greek cadastre. At an event organised by the TFGR in April, the Minister presented the project to EU Ambassadors as a priority of the Greek government for the spatial and economic development in Greece. The second semester of 2014 will be crucial for progress of the cadastre under different related aspects, e.g. tendering procedures, forest maps, shorelines, functioning of EKXA.

The efforts of the Government to review the existing framework for spatial planning were intensified in the first semester of 2014. The objective is to reduce the number of planning levels, from seven to four between the national and the local level and to provide a framework favourable for economic development. TFGR provided support to the inter-ministerial working group in charge of finalising the legal text. Similarly, TFGR is providing support to the revision of the forestry legislation with the support of Greek experts. Looking ahead, Member States were invited to provide their experience on the organisation of competencies between national and local level, on participation processes, sustainable development of protected areas (i.e. forests), and the implementation capacity of local government.

### (13) Industry sectors and Services

In relation to energy, efforts focused on ensuring that renewable energy sources can be developed in a financially sustainable manner, and on the development of the electricity market, both being commitments stemming from the second Economic Adjustment Programme. Technical assistance for the reform of the sector of Renewable Energy Sources (RES) continued in the first quarter of 2014 following recruitment of Greek and German renewable energy experts. Priority areas for the technical assistance include renewable energy technology and project costs, support mechanisms, financing options, licensing procedures, electricity grid integration as well as renewable energy on islands. A first tangible contribution of this assistance is the fact that these reports have been used by the Ministry for Environment as a basis for the establishment of the new feed-in tariffs for future renewable energy projects in the context of Law 4254/2014 that was adopted by the Hellenic Parliament in March 2014 and published in the Official Gazette on the 7th of April 2014.

In relation to ports and given the recent developments in relevant national legislation and the on-going privatization process, TFGR coordinated technical assistance to the Greek authorities for the establishment of an effective Regulatory Port Authority, with a focus on factors determining the main features of the Regulatory Port Authority, using know-how from similar EU structures and providing recommendations on the powers, accountability and responsibility of this newly created entity. Analysis will be pursued on the implications of ports privatisation, especially from the perspective of ensuring a fully competitive environment and on the expected contribution of ports to the public interest.

On 30 April 2014 a draft bill on logistics was submitted to the Hellenic Parliament based, among other, on technical assistance provided by the World Bank Group facilitated by TFGR. The law aims to support the implementation of the National Strategy on Logistics whose objective is to transform Greece into a competitive logistics hub in South East Europe. The law aims at removing barriers to doing business in this sector and at aligning the legal framework with the most advanced European countries. The law introduces also the concepts of urban logistics and green logistics.

In the area of aviation the transformation of the Hellenic Civil Aviation Authority into a body responsible for economic regulation and for ensuring safety and security in civil aviation led the Greek authorities to request technical assistance. The content of the TA

is being discussed with the Greek authorities with the view to identify the appropriate body for supplying such TA support.

Cooperation with the Ministry of Environment, Energy and Climate Change continued in the area of solid waste management policy. The scope and objective of cooperation for the near future were set in the updated work programme. In the context of provision of technical assistance by the city of Florence to the city of Thessalonica to prepare a separate collection system of urban solid waste, TFGR organised a visit of the latter to the former. It arranged a first workshop on data management with experts from Austria and Belgium and ensured exchange of experience between Attica and Flanders' Region (BE) on the preparation of the new regional waste management plan. Finally, the European Environment Agency continued to provide support to the Greek authorities for the finalization of the waste prevention plan.

In the area of tourism the actions focussed on the preparation of a feasibility study for the setting-up of a one-stop-shop for tourism development.

### **3. DELIVERY AND FINANCING OF TECHNICAL ASSISTANCE – STATE OF PLAY**

In response to TA demands expressed by the Greek authorities, the TFGR mobilises expertise or relevant support from Member States, international organisations or other specialist bodies which have directly relevant and recent experience in implementing similar reforms<sup>21</sup>. This expertise is used to design and implement reforms of legislation, institutions and/or working methods and processes.

Over the last months, the provision of technical assistance continued at a comparable level to the previous reporting period<sup>22</sup>. About 145 expert-days (see figure 1 a) of technical assistance was delivered and organised by TFGR or through partners (such as the French public agency ADETEF). This reduction of short-term visits by experts is partly due to the state of maturity of a number of projects. It is matched by increased long term support and sustained presence in the country, such as the arrival of three additional resident advisors via the Belgian Technical Cooperation for the reform of revenue administration and one UNECE resident advisor for the trade facilitation reform. This longer term investment is particularly needed as reforms progress from diagnosis to implementation.

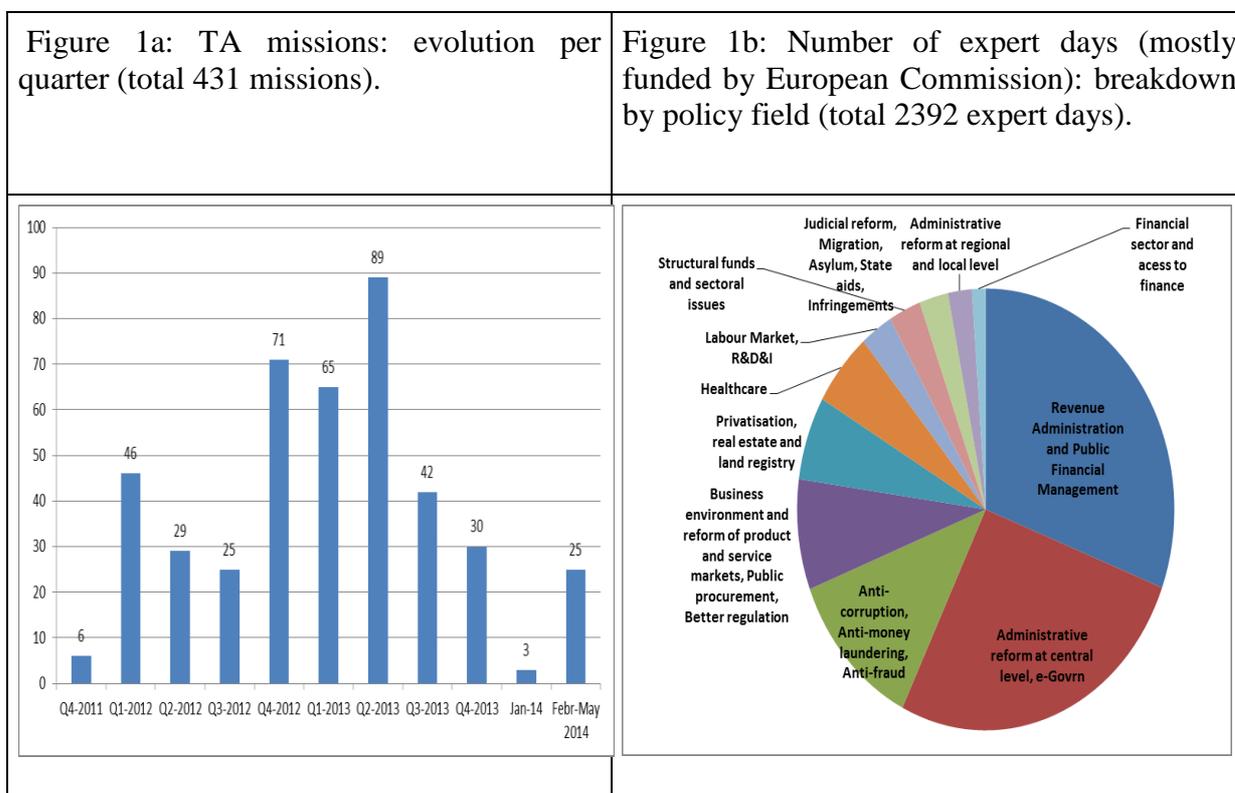
Furthermore, TFGR members intensified the direct provision of technical assistance in crucial reform areas, notably tax administration, the management of the structural funds, the reform of the public administration, the coordination of monitoring of compliance with EU law as well as state aid coordination. For most of the around 30 TFGR members in the Athens office, this includes working on a sometimes daily basis in

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<sup>21</sup> In addition to EU Member States this includes EFTA EEA states such as Norway and Iceland, as well as EU and international institutions such as the EIB, EIF, OECD, Council of Europe, IMF, and the World Bank. For ease of reference all these are addressed by the term "TA providers", which includes actual TA providers as well as TA providers who have expressed their general interest in making TA available.

<sup>22</sup> October 2013 to January 2014, for more information see [http://ec.europa.eu/commission\\_2010-2014/president/pdf/q6\\_en.pdf](http://ec.europa.eu/commission_2010-2014/president/pdf/q6_en.pdf)

ministries in order to accompany and facilitate the reform process and the necessary coordination with the providers of technical assistance, and where necessary other European Commission services. Beyond purely coordinating TA, they thus contribute directly to the strengthening of the administrative capacity of the Greek administration in the ongoing reforms.



Note: TFGR computations. It covers the period from September 2011 to 30 May 2014.

To finance technical assistance, TFGR has continued to use small value contracts funded by the ESF, allowing for targeted, specialist support for specified projects at usually rather short notice. For longer-term technical assistance, the TFGR has deployed efforts over the last years in order to arrange for 10 grants and/or contribution/delegation agreements from the European Commission managed part of the structural fund budget for an amount of approximately EUR 10.4 million. Discussions with the Greek authorities are ongoing for about 8 additional grants in the field of revenue administration, business environment, land registry/cadastre, development of Archive Document Management for the Secretariat General for Coordination, justice, and review of the social security, social welfare and promoting inclusion and setting up a system for vocational education and training.

In addition and as a new vehicle for the support of reforms and the related TA, the Greek authorities have indicated in the Partnership Agreement (on the use of cohesion policy funds for the 2014-2020 programming period) that they request the activation of Article 25 of the Common Provision Regulation concerning the cohesion policy funds. Through this means, an amount of EUR 15 million of the 2014 Greek technical assistance budget is transferred from the technical assistance (TA) allocation of the Member State (under shared management) to the TA allocation of the European Commission (under central management). Further to this transfer, the common target is for the European Commission to commit and in principle contract by the end of 2014 the full amount of money through TA actions/projects agreed with the Greek authorities. This mechanism is

aimed at establishing a more stable and sustainable financing envelope for the implementation of the TA activities accompanying the necessary structural reforms.

TFGR, with the Directorate General for Employment, Social Affairs and Inclusion and the other relevant European Commission services have started the preparatory work with a view to ensuring the effective and timely use of this legal possibility before end of 2014.

In this framework, a number of potential TA projects are being identified and the associated negotiations (with the Greek counterparts as well as with national or international partners and stakeholders) are starting or have already started.

In its statement on Greece of 5 May 2014, the Eurogroup explicitly encouraged Greek authorities to make use of these new funding arrangements for TA also beyond 2014<sup>23</sup>.

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<sup>23</sup> [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ecofin/142481.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/142481.pdf)