



EUROPEAN COMMISSION

TFGR - TASK FORCE FOR GREECE

Task Force for Greece

Second Quarterly Report

(March 2012)

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Second quarterly report of the Task Force for Greece

March 2012:

1. GENERAL OVERVIEW

The Task Force for Greece was established by President Barroso following a request from the Greek Prime Minister Papandreou in Summer 2011. The objective is to support the delivery of the Greek adjustment programme and to accelerate the absorption of EU funds through a comprehensive programme of technical assistance.

The Task Force supports Greece in this process by mobilising relevant expertise from Member States and European or international organisations. The programme of technical assistance should promote a sound and sustainable regulatory environment that supports enterprise-led growth and address market failures in a proportionate and consistent manner. This programme of technical assistance also aims to improve the ability to implement legislative or administrative requirements effectively and equitably. Efforts to build this administrative capacity will take time to deliver their full dividend. However, visible steps to implement the necessary structural reforms will send a signal that Greece is committed to reform.

In the meantime, Greek society is faced with immediate challenges. The programme of technical assistance seeks to 'front-load' actions that can support economic activity in the short-term. These considerations are central to some of the initiatives described in this report – to unblock obstacles to the expenditure of structural funds, and the use of EU funds to mitigate the credit crunch that threatens many Greek businesses.

Since its creation, the Task Force has been involved in setting-up and launching technical assistance work-streams. It is currently working with the Greek authorities on over 20 technical assistance projects in 9 different policy domains. Some of these work-streams are already active; a number are ripe for launch. In addition, exploratory discussions are underway on a number of other projects.

The work is supported by Member States, European and international organisations (IMF, OECD, ILO, UNECE) and a number of Commission services. Currently, 12 Member States are contributing technical expertise. Annex 1 provides a first overview of the policy domains where needs for technical assistance have been identified; projects that have been agreed, or are under consideration; and the Member States or organisations that are contributing expertise or experience to these projects.

How does the Task Force work?

The technical assistance provided (TA) by the TFGR responds to demands expressed by the Greek authorities, for which the TFGR seeks to mobilise expertise or relevant support from Member States and other potential providers of TA.¹ Starting from the MoU, a first

¹ 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

list of potential TA needs was drawn up in October 2011. From this list, the Greek authorities have identified the most compelling needs in terms of their urgency, maturity, and contribution to lasting structural reform in Greece.

TA needs are mainly grouped in policy domains (budget and taxation; financial sector; cohesion funds and agriculture; business environment, public procurement and competition; labour market, public health, justice and home affairs; administrative reform, e-government, statistics; civil society and social partners).

Following the identification of a need, the Task Force assists in defining a work programme that is finally agreed with the Greek authorities. It usually contains clear deliverables, deadlines and intermediate milestones, terms of reference for TA assignments, specifying the required resources and the Greek entities whose involvement will be necessary. The Task Force also helps the Greek authorities to mobilise the inputs that are needed to implement the TA work programme. This may involve mobilising relevant expertise from other Member States, and European or international organisations which can share best practices or experience in responding to similar challenges.

- Such assistance may take the form of short-term expert missions or workshops where national administrations present their solutions to their Greek counterparts. This should allow the Greek authorities to identify the most appropriate solution to their needs.
- Technical assistance may also take the form of more sustained support from particular Member States or organisations with specialised know-how. This could involve longer-term presence of experts or cooperation with the Greek authorities to provide technical solutions in areas like ICT.
- In some instances, a Member State or an international organisation with strong track record in a policy field may assume the responsibility of 'domain leader'. The domain leader may be involved at an early stage of the project, including in the definition of road-maps. In these instances, the TFGR facilitates ongoing cooperation between the Greek authorities, the domain leader and other TA providers.

The matching of TA supply and demand is organised through quarterly high-level coordination meetings organised by the TFGR and involving the Greek authorities, (potential) TA providers and European Commission services. Prior to these meetings, Member States or other international organisations are requested to express their interest in providing technical assistance on particular projects.

The Task Force, or where applicable the domain leader, coordinates the delivery of the technical assistance agreed in the work programme. The TFGR also provides support with practical administration (organisation of work-shops and other modalities for transfer of expertise).

The Task Force assists the Greek authorities with the supervision and monitoring of all agreed projects. It reports to the European Commission and Member States on progress or challenges (including through its quarterly reports).

actual TA providers as well as TA providers who have expressed their general interest in making TA available.

Based on experience in launching this first phase of work, a number of general observations can be made:

- Efforts to improve the absorption and effectiveness of cohesion policy funding have made progress. This process requires close cooperation between a large number of actors within Greek government, and on the side of EU institutions. Creation of new financing instruments entails high-level policy and budgetary decisions. Acceleration of cohesion policy funds or creation of new financing instruments often requires reviewing established ways of disbursing Community funds. This requires careful preparation and investment of time.
- Frequently, there is a choice to be made when designing technical assistance projects between addressing short-term, concrete needs (e.g. linked to specific legislative actions or MoU commitments) and investing in more enduring organisational reform. Striking the right balance between the two imperatives can sometimes be challenging.
- Notably where profound structural and institutional changes are needed, the involvement of high-level state actors also on the side of the TA provider is required to make the necessary progress.
- There is a high demand for events such as work shops and conferences, which address different issues such as the identification and scoping of the necessary TA, coordination of TA offered by different providers, presentations of best practises in other Member States in order to allow for the Greek authorities to identify the most appropriate solutions for their administration, and training sessions for Greek officials.
- Preparatory work shows that in certain areas the Greek administration lacks the monitoring, reporting or control systems needed to ensure effective policy implementation.
- Sometimes a number of iterations with relevant Greek Ministries are needed to finalise technical assistance projects. Projects requiring coordination across administrative structures encounter particular challenges. Coordinators and providers of TA also needed some time to familiarise with and adapt to the specific operational challenges. This has led to longer lead-in times for project start-up than expected.
- Where technical assistance requires funding for projects, the Task Force and Greek authorities work together to identify available resources under eligible budgetary lines. This means that once the substance of projects is agreed, there is still the risk of delay pending concrete solutions to funding issues in line with relevant EU and Greek legislation and rules.

This report provides a comprehensive description of the ways in which the Task Force has worked with the Greek authorities to provide technical assistance over the past 3 months. It is structured under 2 main headings:

- Use of Cohesion policy funds: This section examines progress in improving the use of cohesion policy funds. It also describes recent efforts by the Task Force to support the use of cohesion policy funds to enhance access to finance.

- Technical assistance to support structural reforms: This section examines work underway to deliver technical assistance to the Greek authorities in a wide range of fields. These include tax collection and expenditure control, administrative reform, business environment, health policy, judicial reform.

2. USING COHESION POLICY FUNDS TO SUPPORT GROWTH

2.1. Acceleration of cohesion policy projects

Main developments:

The absorption of cohesion policy funds has significantly improved during the second half of 2011. Greece has now absorbed a higher proportion of cohesion policy fund allocation than the average recipient Member State for this programming period.

Payment claims of approximately EUR 3.3 billion (all Funds included) were declared to the Commission in 2011 against the MoU annual target of EUR 3.350 billion (achievement of 98.6%).

Thanks to a new regulatory amendment to the cohesion policy regulatory framework entered into force at the end of 2011, the EU co-financing rate (which had already been raised for the Greek operational programmes to 85% last year) has been temporarily raised by a further 10%. Based on the payment claims submitted by the Greek side, the overall financial impact of the increased co-financing rate (respectively, the 85% and the 10% top-up) is 958m€ (all Funds included). The supplementary 10% increase in the EU co-financing rate accounts for 549 m€ of this increase.

A list of 181 priority projects, having a potentially significant impact on growth and employment was published in November 2011.² These 181 projects, accounting for 56% of available funding over the programming period, will be the focus of intensive monitoring and support by the Greek authorities and the European Commission.

Particular efforts are being deployed to overcome the technical and financial obstacles to the systemically significant highway concession projects.

The European Commission has tabled a proposal for a Risk Sharing Instrument, funded by the ERDF and Cohesion funds, to underpin lending to infrastructure projects.

As the economic recession enters its fifth year in Greece and unemployment reaches unprecedented heights, efforts to exploit the full potential of cohesion policy funds need to be redoubled. These include speeding up the take up of funds through more efficient implementation, the removal of related obstacles and a better focus on projects with higher economic and social impact. Moreover, given severe budgetary and financial constraints, the use of cohesion policy instruments needs to be adapted to the current Greek situation as much as possible.

² See http://ec.europa.eu/regional_policy/newsroom/detail.cfm?id=150

The absorption of cohesion policy funds has significantly improved during the second half of 2011. This outcome was facilitated initially by the increase of the co-financing rate of the Greek operational programmes at 85% and afterwards by a new regulatory amendment which allowed the temporary top-up of the EU co-financing rate to 95%. The latter was proposed by the European Commission, rapidly approved by the European Parliament and the Council, and entered into force in December 2011. Based on the payment claims submitted by the Greek side, the overall financial impact of the increase of the co-financing rate (namely the 85% followed by the supplementary 10% top-up accounts for 958m€ (all Funds included). The supplementary 10% top-up accounts for 549 m€ of the additional reimbursement to Greece.

By year-end, Greece has absorbed 35% of the 20.4bn€ cohesion policy funds available for the 2007-2013 period. This exceeds the EU average of 33.5%. In the case of ERDF the Greek performance is 39.6% compared to an average of 34.6%; for the Cohesion Fund, the Greek performance is 29.2% which slightly exceeds the EU 15 average of 28.5%.³ In the case of the European Social Fund (ESF), 24.4% of the Greek allocation was absorbed compared with an EU average of 27%.

2.1.1. Clearing the backlog from the previous programming period

Concerning the 2000-2006 programming period, 872⁴ projects are still uncompleted with a consequent risk of a recovery of a maximum of some EUR 3 billion of payments for all projects. A first group of projects (around half of the total) needs to be completed by the end of September 2012; a second group is to be completed by the end of March 2013 (depending on the operational programme concerned). A specific amount is earmarked in the national budget for 2012 in order to complete the first group of projects within the deadlines stipulated by regulations. The Greek authorities will have to finalise the examination of the second group of projects by mid-March this year. The total amount of national financing still needed to complete all the unfinished projects is estimated at approximately 230m€

In relation to the ongoing Cohesion fund projects, 35 projects⁵ remain to be closed within the regulatory deadlines. A total of 1.2 billion € of national contribution is to be secured in the national budget for completion of all such projects, of which 607m€ refer to projects which fall due in 2011 and 2012.

2.1.2. Focus on high impact projects

With the support of the European Commission, a list of 181 priority projects for growth and employment was finalised by the Greek authorities and published in November 2011. Even though these 181 projects are amongst the thousands of projects that will be implemented at the latest by 2015, they are important for competitiveness, the improvement of quality of life and economy of the country. These projects represent 56% of available funding. The rationale and results of the selection exercise are presented in the annex.

³ For the ERDF and the Cohesion Fund, figures and percentages include advance payments by the Commission to Member States. Cohesion Fund interventions only concern 15 Member States (BUL, CZE, EST, GRE, CYP, LAT, LIT, HUN, MLT, POL, POR, ROM, SLV, SVK, SPA)

⁴ Source: Commission services. The 872 projects are split as follows: ERDF 704, ESF 32, EAGGF (European Agricultural Guidance and Guarantee Fund) 136.

⁵ Source: Commission services.

MONITORING OF PRIORITY PROJECTS

The Greek authorities have established a specific monitoring system for priority projects which they will follow closely with the European Commission. Priority projects will be monitored at three levels: (1). Managing Authorities; (2). central coordination of the National Strategy for Regional Funds (NSRF); (3). Greek authorities in cooperation with the European Commission. The European Commission will review progress of the priority projects with the Greek authorities on a quarterly basis. It will focus on projects that are behind schedule and propose possible measures for their acceleration.

In terms of size and impact, the most important projects are the Highway Concessions. Solid waste management projects can also make a significant contribution to the quality of life of citizens and in the development of specific economic activities. Progress with solid waste management will also facilitate compliance with EU environmental legislation, and avoid potentially costly infringement procedures.

HIGHWAY CONCESSIONS:

Five motorway concessions (1,400 km of the Trans-European-Network) currently account for €3.2 billion of national and EU expenditure. Construction on 4 projects is interrupted due to the economic crisis, which has had an impact on liquidity, on traffic and the financing of the projects. If completed, they may represent up to an estimated 30,000 direct and indirect jobs and inject a much-needed boost to investment and employment.

The authorities are negotiating revisions within existing contracts to ensure financial viability and balanced contribution from all stakeholders.

The ESF funded project to establish a 'social economy' is regarded as especially significant in terms of helping to create new employment opportunities. In the light of the conclusions of the Council meeting of 30 January 2012, ESF funds now need to be urgently deployed to help mitigate the high levels of youth unemployment.

2.1.3. Risk Sharing Instrument (RSI)

The instrument is intended to address the serious difficulties faced by Greece, in raising private funding to co-finance infrastructure and productive investment projects which can only be part-financed by public funds.

This is particularly the case of infrastructure projects which generate net revenues (such as tolled motorways or other infrastructure which collects charges from users), the value of which cannot be covered by grant financing through cohesion policy. It is also the case of productive investments. The concrete modalities of this project are still under discussion. All types of financial support under this instrument must be aligned with State aid rules. The proposed measure will be implemented by the Commission, at the request of the Member State concerned, in agreement with the EIB or with another national or international public or private body with a public mission offering similar financing products as the EIB.

RISK SHARING INSTRUMENT

The RSI would provide capital provisioning to the European Investment Bank (EIB), or to other financial institutions having a public service mission, to enable them to provide loans or guarantees as well as other financial facilities for important projects, particularly infrastructure projects. The overall allocation under cohesion policy for the period 2007-2013 would not be modified. This will provide additional liquidity to implement infrastructure and productive investments at a critical juncture and will facilitate the continuation of the implementation of the programmes on the ground.

According to the assessment of needs of the Greek authorities, the RSI might mainly be used to finance motorway concessions, urban transport (in particular metro), energy, waste management projects and railways.

2.1.4. Streamlining procedures

In order to speed up the implementation of priority projects, the TFGR, DG REGIO and DG EMPL are working with the Greek authorities to identify recurrent obstacles that hinder the smooth implementation of projects, and which have their origins in either the management / control systems or in legal and regulatory procedures:

- management and control systems: The Greek authorities have already simplified some aspects within the approved management and control systems. The European Commission and Greek authorities are working together to seek further improvement.
- legal and regulatory issues: the Greek authorities with the support of the European Commission have taken action to reduce certain regulatory bottlenecks which hinder the smooth implementation of cohesion policy projects. In the field of public procurement, legislation is in the process of being amended to simplify requirements for the tender documentation and to make the procurement process faster and more transparent. In addition, public procurement law is being modified to reduce delays triggered by excessive use of lengthy redress procedures by unsuccessful bidders. Further streams of work also involve tackling bottlenecks arising from expropriation procedures, archaeological issues and environmental permits. In this respect, the new law on environmental licensing entered into force in October 2011 and its main implementing decision in January 2012. It should simplify or eliminate the need for environmental assessment for a number of projects and activities without compromising compliance with the EU acquis.

2.1.5. Technical assistance (TA) at project level

The TFGR is also involved in coordinating technical assistance where this is needed to support individual projects financed from cohesion policy funds. Only when the necessary technical assistance cannot be organised effectively through the normal procedures⁶ by the Greek project management authorities or beneficiaries, will the TFGR intervene in this

⁶ Entities normally responsible for this type of technical assistance include the project beneficiary, the Managing Authority of an Operational Programme (OP), or the Management Organisation Unit (MOU S.A.) which is a central service providing support to Managing Authorities and beneficiaries of cohesion policy funds and the disbursement of technical assistance funds.

way. The TFGR screens priority projects together with the Greek authorities in order to identify such cases.

2.2. Access to finance / financial sector

Main developments:

Faced with severe liquidity challenges, domestic banks are struggling to provide finance to companies whether for investments, letters of credit for trade/exports, or working capital.

The Greek government doubled state guarantees and strengthened liquidity facilities for the banking system.

Existing EU and national schemes are in place to channel 1,3bn€ in lending to Greek SMEs. However, these schemes have not yet translated into increased onward lending to SMEs. Solutions to address these problems are being explored.

Work is underway to create new guarantee instruments to increase the liquidity of Greek banks and support onward-lending to SMEs.

TFGR is currently organising technical assistance to support the reorganisation of two insurance guarantee funds.

2.2.1. Banking and insurance

With major challenges still ahead for Greece's financial sector, the TFGR is already coordinating TA, for example at the request of the Bank of Greece to support the reorganisation of the two Insurance Guarantee Funds. This assistance will also explore solutions in terms of insurance resolution. Currently, the TFGR is organising the transfer of expertise from the European Commission's Services, the German supervisory authority (Bafin), the German Ministry of Finance and the European Insurance and Occupational Pensions Authority (EIOPA) to the Central Bank of Greece on these issues. A first meeting to scope the needs for TA was organised in February. A further workshop, possibly with the involvement of other Member States is planned for Spring this year. Possibilities for further action, notably in the field of bank resolution, are currently being discussed with the Hellenic Financial Stability Fund.

2.2.2. Access to finance

Access to finance is of paramount importance for infrastructure projects but also for SMEs and/or individual investments in key sectors like energy efficiency. The immediate challenge is to ensure sustainable lending. At present, the Greek economy faces serious challenges in credit financing for investments, letters of credit for trade and exports as well as the availability of working capital.

Furthermore, as of 21 December 2011, Greek commercial banks have benefited from state guarantees amounting to around 65bn€ (under the Guarantee Scheme) and bond loans of 7.9bn€ (under the Bond Loan Scheme) in order to enhance their liquidity and improved access to funding.

The Greek government has implemented promotional schemes for SMEs.⁷ Most of these instruments are co-financed by the European Regional Development Fund (ERDF). The table below provides an overview of existing initiatives to support the business sector, notably Greek SMEs. At the end of January 2012 they amounted to 4.9bn€

Table: Instruments to support the business sector:

In million Euros	Total available	Public funding	Required bank funding
Existing SME support with Structural Funds funding	1 279,5	489,5	790
Existing EIB support with Greek State guarantee	300		
Total existing support for loans	1 579,5		
Additional earmarked SME support	660		
New possible EIB loan (Alpha Bank) with Greek State guarantee	140		
Total earmarked support for loans to SMEs	800		
Total support for loans for SMEs	2 379,5*		
Grants financed by the Structural funds**	2 538***	2 538	

* of which 11M€ have been disbursed as of December 31, 2011.

** 1 470M€ for Development law (approved under NSRF OPs), 240 M€ for Digital aid, 179 M€ for Research and technology, 648M€ for aid to manufacturing, tourism, commerce and services.

*** of which 566M€ had been paid as of end of November 2011.

Disbursements from existing instruments to support commercial bank lending to SMEs amounted to a disappointing 11m€ out of a possible 1280m€ at the end of 2011. The Greek authorities in cooperation with the EU Task Force for Greece are seeking to

⁷ There are other national schemes not supported by the EU but they are not listed below.

overcome obstacles on the supply side as well as on the demand side in order the disbursement of available financing instruments for SMEs. Close monitoring and consultation are under way with domestic lenders to address existing obstacles. In particular, it is necessary to start implementing the recent (December 2011) modification of the EU regulatory provisions that allow the financing of working capital. Work will continue with the Greek banking sector to unblock funds already provided for onlending to SMEs.

The objective is that by the end of the year 2012 there should be an increase of the total loan volume provided by the Greek financial sector to SMEs.

2.2.3. *New instruments in the pipeline*

As an additional step to stimulate access to finance for SMEs, the Greek authorities, with the support of the TFGR and other European Commission services, are considering the creation of a new financial engineering instrument. This instrument would consist of a Structural funds guarantee (up to 500m€) to support additional EIB global loans to domestic lenders, so that banks can in turn lend to SMEs, giving particular priority to those SMEs already supported by EU Structural funds. Ideally, each 1€ of Structural funds guarantee should allow for 2€ of loans from the EIB to Greek banks and onwards to SMEs. The funding agreement is currently under discussion between the Greek authorities with the support of the TFGR and other Commission services and the EIB. A satisfactory agreement should allow for twice the amount of the guarantee to swiftly reach small businesses.

Alongside this project, two other work-streams are being examined:⁸

- (1) a guarantee instrument that would cover of loans to SMEs. This instrument would complement EIB global loans to support liquidity by reducing the risk of lending.
- (2) the Progress Microfinance Scheme could be expanded to cover other Greek banks. There is currently limited willingness from Greek banks to engage in microcredit.

Together with other actors, the TFGR is also exploring complementary measures like credit review/mediation schemes implemented in other Member States during the 2008-2010 financial crisis. It will regularly monitor disbursement levels, and liaise closely with domestic lenders throughout 2012 to improve the flow of lending to the real economy.

3. TECHNICAL ASSISTANCE FOR STRUCTURAL REFORMS

3.1. Budget and taxation

Main developments:

Since the last quarterly report, operations have gained traction in the budget, taxation and anti money laundering fields.

⁸ These projects are subject to compliance with EU State aid rules.

2011 figures show some first promising results, for example in collection of past tax arrears. 946m€ was collected in tax arrears compared to an initial target of 400m€. Outstanding collectible tax arrears are estimated to amount to 8bn€

There are other areas where more progress must be made, e.g. fight against tax evasion from high wealth individuals and large corporate taxpayers. These will be the focus of particular technical assistance in the coming months.

Efforts are being stepped up to make better use of anti-money laundering tools in the fight against tax evasion. A new technical assistance project is in the pipeline.

The role of the General Accounting Office needs to be strengthened to ensure sound management of public finances. The IMF and TFGR will together contribute to sustain improvements in expenditure control, and to build up capacity for financial management in line ministries.

3.1.1. Tax administration

In the field of tax administration, the main challenge is threefold:

- improve the organization of the tax administration by strengthening headquarters functions, creating an internal audit function, reducing the number of local tax offices and enhancing their accountability;
- improve independence, by delegating from the ministerial to the administrative level the control over core business activities and human resource management decisions in order to reduce dependency of tax administration from the political level;
- provide this streamlined and more independent tax administration with modern work methods (e.g. risk-based analysis, new audit techniques, new collection methods) in order to improve overall tax collection and to enhance the fight against tax evasion.

2011 figures show some first promising results, for example in collection of past tax arrears but there are other areas where more progress needs to be made, e.g. large taxpayers.

In keeping with the overall tax administration action plan,⁹ TA efforts first focused on identifying existing gaps between current practice in Greece and international best practices in priority areas such as debt collection, audit, large taxpayers and high wealth individuals and dispute resolution. Gap analysis missions were performed in the area of debt collection and in the field of audit in December 2011 by Belgian and French experts. In January 2012, a series of workshops financed by the FISCALIS program (managed by DG TAXUD) took place in Athens. These EU financed workshops enabled experts from Member States to address specific Greek TA needs; to identify possible quick wins in debt collection; enhancing audit strategy and planning; and addressing the specific issues linked to high wealth individuals and large corporate taxpayers. In each of these areas, follow-up

⁹ Agreed (in 2011) between IMF, European Commission (DG TAXUD and TFGR) and the Greek authorities.

is planned. This will include notably visits from Swedish and Dutch experts to help with debt collection, visits from Danish and French experts on high wealth individuals, audit planning and strategy as well as from Spanish experts on large tax payers.

TA will over the coming months continue to concentrate on the aforementioned priority areas. An effort will also be made to integrate Social Security contribution collection to the overall TA effort, since problems here are similar to the ones faced by the tax administration. Further TA financed by the FISCALIS programme take place in March 2012. The success of these events depends on continued support from Member States in providing the expertise most relevant to Greek needs. To date, the response from Member States has been very strong with a total of 12 Member States contributing to the different events (AT, BE, BG, DE,¹⁰ DK, EE, ES, FR, IT, NL, PT, SW). Other Member States have stated their willingness in the future to contribute should the need arise.

Fighting international tax evasion is of special relevance in the campaign to increase tax receipts. The Greek authorities are about to establish cooperation agreements with other EU Member States and more particularly with respect to real estate owned by Greek nationals in other EU countries. The European Commission has also been providing advice to the Greek authorities on other options for increasing tax revenue on Greek offshore savings, which are consistent with EU law and do not compromise current or future EU wide instruments. In particular, solutions are being explored to help Greece to increase tax revenue on the allegedly vast amounts channelled to Switzerland by Greek nationals. Efforts also seek to address the technical difficulties encountered by the Greek tax administration in cracking down on international tax evasion.

Progress in this area will be closely monitored against agreed indicators such as measurements of tax revenues and tax arrears collected. Any improvement in efficiency of tax collection should impact on these indicators quite rapidly. Of special relevance will be benchmarks on debt collection, audits of High-Wealth Individuals and Large Taxpayers and on the adoption of a legal and procedural framework to combat corruption in the tax administration.

2011 figures show some first promising results, even if revenue collection lagged against overall targets due to the deterioration of the economic outlook. Collectible tax arrears were estimated at 8bn€ at the start of 2011, with a targeted collection of 400 M€ (i.e. 5%) of this amount. Actual collection reached 946 M€ in 2011. More ambitious targets have been set for 2012, the more so as a new law enacted on 1 February gives tax administration the possibility to outsource collection of certified tax debt, which may be of help in accelerating future collection. As regards audit benchmarks, tax offices have been able to carry out the 400 audits of high-wealth individuals (HWI) that were targeted and collect more than 50% of assessed rights and penalties. However, the benchmarks regarding large corporate taxpayers were not met at the end of 2011 and have only been attained as part of the "prior actions" completed before 29 February.

¹⁰ The German Ministry of Finance has for example indicated recently that, with the help of the different Länder, it has been able to constitute a roster of 160 tax administration experts (in active duty or retired) who volunteered to take part to expert missions in Greece.

3.1.2. *Anti-money laundering (AML)*

The TFGR is coordinating technical assistance in the field of anti-money laundering. Greece has already benefited from technical assistance in this field from the IMF. It has put in place the necessary legal framework. However, anti-money laundering efforts are not yet put to best use especially in the fight against tax evasion and corruption.

Consequently, the TFGR is focussing its attention on helping the various Greek institutions involved with anti money laundering and financial crime¹¹ to coordinate better their efforts. It is also providing TA targeted to their needs, especially as regards the use of AML information to fight tax evasion.

TFGR is already coordinating the efforts of Member States and the IMF on these issues. It has organised a coordination conference in Athens on 19 January 2012 which brought together the European Commission, IMF, NL authorities and most of the aforementioned Greek institutions. This conference has helped to identify key priorities, as a first step towards the design of a roadmap. These priorities include the need for stronger coordination and exchange of information; drawing up typologies regarding the link between tax evasion and money laundering; strengthening supervision of reporting entities; strengthening the analytical capacities of the Financial Intelligence Unit; improving the use of available information (e.g. on declared assets); setting up a training program for financial investigators and prosecutors; exploring the possibilities to introduce enhanced due diligence of financial institutions for domestic politically exposed persons; and exploring the setup up a central registry of accounts.

3.1.3. *Public Financial Management (PFM)*

The General Accounting Office (GAO) has played a central role during 2011 on a number of fronts: the update of the Medium Term Fiscal Strategy; the adoption of the 2012 budget; and associated enhancement of fiscal reporting to monitor closely the evolution of the general government deficit.

In 2012, actions in the field of PFM are expected to gather momentum for the following reasons. First, efforts will be supported by a new IMF resident advisor¹² and a TFGR member working full time with the GAO. Second, many Member States have declared their willingness to contribute to this effort, by providing one or more of the required expertise profiles (macro-fiscal, fiscal reporting, budgeting, expenditure control, financial IT systems).

Efforts in the area of PFM will also focus on the creation of unified directorates for financial services in each line ministry, headed by accounting officers. An IMF mission in February 2012 (with participation from TFGR, Austrian, French and German experts) helped GAO provide induction training for the recently appointed Accounting Officers in line ministries and discuss with them next steps for the set-up and staffing of their

¹¹ Financial Investigation Unit - FIU, Bank of Greece, Financial Police, Financial Prosecutor, General Secretariat for Tax and Customs, SDOE, Capital Market Commission, the Ministries of Economy and Justice

¹² Partially financed under an agreement between IMF and EU

directorates. This process will be implemented in line with the overall effort for central administration reform (see following section).

There will be particular focus on progress in terms of expenditure control. A critical area where technical assistance has been requested from Greek Authorities concerns the operation of Social Security Funds (OPAD, IKA, TAITEKO, OAED...). In this sector commitment registries concern only operational spending. In order to start with a clean slate, the 2012 budget provides a € billion provision for the clearance of past spending arrears. Building on the findings of a mission led by IMF in November 2011 (with the participation of TFGR, French and Austrian experts), one strategic objective will be to ensure, through the correct operation of commitment registers, that no new spending arrears are generated in 2012.

3.2. Reform of the public administration

Main developments:

A landmark decision, establishing a High Level transformation steering group under the Prime Minister's authority, has recently been adopted.

On 6th January 2012, France (as domain leader) and Greece – in collaboration with the TFGR - signed a specific trilateral "Memorandum of Understanding" paving the way for the concrete implementation of the *central* administrative reform. This agreement includes a roadmap detailing the main steps, responsibilities and timing for delivering the reform. French MS experts have already started providing concrete technical assistance to assist Greek authorities in defining the methodology of the reform.

The German government has also started providing TA for administrative reform at decentralised, local and regional levels with the view to developing and agreeing on a concrete roadmap for reform at this level by March 2012.

Greece has passed a law providing for the assessment before end-2012 of all public sector structures, including the 15 Greek ministries, with a view to improving the efficiency, strengthening prioritisation and clarifying decision-making processes. This assessment has started early March 2012 with the evaluation of the structures of the Ministry of Administrative Reform and e-governance and the Ministry of Environment, which are the first public sector structures to undergo this assessment.

The Greek authorities are about to start the implementation of projects in several major e-government fields, namely Enterprise Resource Planning (ERP) (Finance and HRM), Citizen Relationship Management and e-Procurement.

Improving the effectiveness, accountability and integrity of public administration is a key priority reform to be implemented in Greece. The structural reforms needed by the country can only be delivered by a well functioning administration which is built on stable, coordinated and empowered structures, providing the basis for the necessary ownership

and accountability for the reforms. Equally important, the administration must be supported by civil servants having clear responsibilities.¹³

The key objectives of the administrative reform in Greece are (1) to improve the effectiveness, accountability and integrity of the administration and to simplify the administration's decision-making processes; (2) to have a strong centre of decision-making with real inter-Ministerial coordination; (3) to create the necessary structures in each line Ministry for effective monitoring of procedures including expenditure, internal control and audit, HRM and ICT. This will involve reducing the number and variety of senior posts to establish a clearer hierarchical structure with simple and clear lines of command. The same kinds of reforms needed in the Greek central administration will also be required in the decentralised, local and regional administration, taking into account their specific character and responsibilities.

To succeed in such an administrative reform, political impetus and steering is needed from the highest level of the State. In this regard, a vital decision, establishing a High Level transformation steering group under the Prime Minister's authority, has recently been adopted. The work of the steering group will be prepared by a support group, now created and chaired by the Ministry of Administrative Reform and e-Governance, at a Vice-Minister level.

The TFGR is coordinating technical assistance in close cooperation with the Greek authorities to deliver on the main objectives of the administrative reform. On 6th January 2012, France and Greece – in collaboration with the TFGR - signed an MoU paving the way for the concrete implementation of the *central* administrative reform. This agreement includes a roadmap detailing the main steps, responsibilities and timing for delivering the reform. French MS experts have already started providing concrete technical assistance to assist Greek authorities in finalising the methodology of the reform. Germany has also started providing TA for administrative reform at decentralised, local and regional levels with the view to developing and agreeing on a concrete roadmap for reform at this level by March 2012.

In these processes, France and Germany are acting as the "domain leaders" to assist Greece in defining steps and assistance for the reform at their respective levels. However, ultimate responsibility and ownership for the results lies with the Greek government. For the concrete implementation of the projects defined, the participation of other countries will also be necessary. More details on concrete projects are presented below.

3.2.1. Structure and rules of the central public administration

A stable and permanent inter-Ministerial coordination structure is urgently needed. This will pave the way for a major improvement and impact on the efficiency of the administration. It will provide better guidance and more strategic vision across central government by improving and speeding coordination among Ministries, and by arbitrating on ongoing inter-ministerial issues. This structure will also be crucial for the

¹³ For more details, refer to the OECD functional review of the Greek Public administration (Dec 2011).

implementation of the reform process and of the decisions issued by the High Level transformation steering group.

A first assessment of the situation started in February. A Greek team composed of high-level civil servants, including several General Secretaries, plans to visit the French coordination governmental structures mid-March 2012 and to gather best practices from various French experts. On the basis of this visit, as well as on a detailed assessment of the current coordination structures of the Greek government, the Greek Authorities will present a detailed proposal for the functioning of an inter-Ministerial coordination structure to be decided by May 2012 at the latest.

Reforms are also needed to improve the functioning and organisation of the individual Greek Ministries as well as the coordination among them. Greece has passed a law providing for the assessment of all public service structures before the end of 2012, with a view to improving the efficiency, strengthening prioritisation and clarifying decision-making processes. Under the same law, Greece also decided to assess the competences of its civil servants. Since January 2012, French experts provide assistance on both topics, particularly in helping the Greek Authorities to define the evaluation criteria and the methodology of the assessments. As regards the assessment of the structures of the public sector, a complete time plan has been drafted by the Greek Authorities in early March 2012. Considering the wide scope of this assessment, several assessment teams will be created, composing Greek officials drawn from different Ministries. These teams will be coached in the following weeks by experts coming from Member States. As regards the assessment of the competences of civil servants, a team of experts has started providing technical assistance on the definition of the strategy, of the criteria and the methodology to deploy this assessment.

In parallel with this restructuring, assistance will be given to support the creation of horizontal support structures (HRM, ICT, Audit, Finance), with a view to applying common rules and harmonized procedures before end 2012. For example, unified financial directorates, headed by accounting officers, are to be set up as a priority. A coordination group¹⁴ has already been set-up, and has regular meetings since February 2012, to ensure close coordination, and supply appropriate assistance or training to all actors involved in Greek public financial management. (for further information, see chapter of budget and taxation – public financial management).

3.2.2. Administrative reform at the decentralised, local and regional levels

Germany has started providing TA for administrative reform at decentralised, local and regional levels. Following a mission of German expert to Athens in February 2012, the Greek Authorities have determined the following six axes of priorities for the administrative reform at these levels:

¹⁴ Comprising the Ministry of the Administrative Reform, the Greek General Accounting Office, the IMF, the TFGR and France as domain leader.

- (1) Definition of methods and procedures to improve the effectiveness of Municipalities and Regions (pilot applications: area of urban planning, rural development);
- (2) Design and implementation of public policy in the field of real estate of Municipality and Regions, to achieve local development;
- (3) Improving the capacity of local authorities to utilize the Structural funds (management, simplification of chain procedures for decision);
- (4) Waste management (costing, billing services, municipal cleaning fees);
- (5) Empowering the design and implementation of central policies for the evaluation of the Local Government structures, to improve the services provided to the citizens, taking into account issues of efficiency and highlighting existing spatial variations;
- (6) Supervision of Municipalities and Regions

Several working groups have been created to assess these matters and to prepare relevant roadmaps in cooperation with German Domain leader. The roadmaps will be validated and agreed between the Greek Ministry of Interior and the domain leader in March 2012.

Strategic guidance, as well as a strong cooperation between the Ministry of the Administrative Reform and e-Government (responsible of the reform at the central level), the Ministry of the Interior (responsible of the reform at the decentralised, local and regional levels), and France and Germany (domain leaders) will be key success factors of the administrative reform.

3.2.3. *e-Government*

The Greek authorities have already started the implementation of projects in several major e-government fields, namely Enterprise Resource Planning (ERP) (Finance and HRM), Citizen Relationship Management and e-Procurement. The Greek Authorities intend to deploy these projects at least in the priority sectors of finance, administrative reform and health.

Bilateral meetings between some Member States/European Commission services and the Greek authorities have taken place in Athens in January and February 2012, in order to provide technical assistance and expertise for a first pre-assessment in a number of areas related to the deployment of e-Government in Greece. This covers issues such as back-office architectures, databases connections and management (Belgium), registers and governmental portals (Austria), ICT coordination and structure (France), interoperability matters (European Commission's DG DIGIT).

It is especially important that the e-Government implementation is fully coordinated and coherent with the on-going developments on the other administrative reform pillars and projects, such as for example the evaluation of civil servants or the implementation of supporting functions for HRM and Financial control. In Public Financial Management for example, it is necessary to take into account the IT solutions already in place or being developed, notably with technical assistance from the IMF, and focus on short-term deliverables.

On the basis of the above bilateral meetings, the Greek authorities will present an updated version of their e-Government roadmap. This will facilitate coordination of the e-Government projects with the overall administrative reform and to define detailed needs for technical assistance.

3.2.4. Better Regulation, reduction of bureaucracy, anti-corruption and anti-fraud

All actions and projects contained in the roadmaps defined for the structures and rules of the public administration will take into account the relevant commitments to Better Regulation, reduced bureaucracy and anti-corruption. The Greek parliament has adopted a Better Regulation law (Law 4048/2012-FEK 34 • '/23.2.2012)which foresees the development of Better Regulation structures and processes in Greece.

3.3. Business environment

Key messages:

A sustained effort to create the conditions for future investment and export-led growth should be launched now. The Greek government has adopted a Business Friendly Greece Action Plan.

The focus of efforts should be on the removal of regulatory and administrative restrictions that close markets and stifle opportunities. Greek public authorities and agencies need to be organised and equipped to design and implement growth-friendly business policies.

Considerable progress has been made in framing technical assistance projects in the following areas: 1) facilitating exports 2) simplifying and professionalising public procurement 3) tackling regulatory barriers to growth in key business sectors 4) liberalising regulated professions. These projects now need to be implemented as a matter of urgency.

Looking ahead, there remains scope for further important reforms of the business environment, e.g. with respect to regulation of business start-up and other licensing requirements, and financial/tax accounting.

Difficult economic conditions and uncertainty are taking a heavy toll on Greek businesses.¹⁵ The number of new business start-ups is in sharp decline. According to one survey¹⁶, 60,000 enterprises are estimated to have closed since the start of the crisis to date. This number is forecast to double by the end of this year.

¹⁵ Entrepreneurship in Greece 2010-2011 – “Small” Entrepreneurship in a period of crisis, Foundation for Economic & Industrial Research (IOBE), 2012.

¹⁶ National Confederation of Greek Commerce (ESEE).

Much can be done to create the conditions for a competitive and dynamic business sector which can act as the motor for future growth and prosperity. This requires coordinated action to re-balance the economy, support export-led growth and create the conditions for growth of dynamic firms. It will require tackling the legacy of decades of over-regulation and excessive administrative burdens.

Structural reform for the business sector is one of the core priorities of the Greek Government's strategy for economic recovery. The MoU for economic adjustment also contains a number of commitments which aim to address significant concerns relating to the Greek business environment. In this regard, the Greek Government has adopted the 'Business Friendly Greece' Action Plan which aims to improve the conditions for the development of enterprise, create a business-friendly environment in Greece, and support the provision of better services to the business community by eliminating red-tape. A number of legislative measures have already been adopted to commence specific actions under the Action Plan.¹⁷

To complement this legislative activity, TFGR has been working closely with the Greek authorities to frame technical assistance projects which support effective implementation of business reform policies. Discussions with the Greek authorities are well advanced on the following project with a view to their rapid launch.

3.3.1. Facilitating exports

During the past decade, the Greek trade deficit systematically exceeded 10% of GDP. Despite a rebound in goods and services exports since 2010 further significant reforms are needed to make a permanent shift towards a more export-led growth model. Three major challenges need to be addressed

- (1) Scaling back widespread administrative barriers: customs controls are demanding and procedures are slow. They take on average 20 days in Greece vs. 10 days in the EU average. Prior to exporting, economic operators must complete complex and onerous paper-work, and may have to deal with 10 different ministries and 30 agencies.¹⁸ All exports documents have to be completed and handled manually by the exporters. Work to simplify these issues has already commenced. Pre-customs and customs processes have been analysed during a scoping mission held by the TFGR in February 2012, with the assistance of EC services (DG TAXUD), member states (Sweden, Netherlands) and the United Nations (UNECE). The Greek Authorities should simplify all pre-customs procedures (i.e., certificates,

¹⁷ e.g. Law 3853/2010 on business start-ups which set up the one stop shop and registration of some company data on an electronic database (GEMH); consultation on the creation of a more flexible form of company vehicle for new businesses; Law 3982/2011 on fast track licensing procedure for technical profession, manufacturing activities and business parks; Law 4014/2011 on environmental licensing, Law 4030/2011 on construction permits, Law 4002/2011 on the promotion of tourist investments, Law 4013/2011 on the creation of a central electronic registry of public procurement contracts. In January 2012, the Council of Ministers approved a draft law on "Improving the Business Environment - New Corporate Form – Product and Service Labels - Real Estate Agents - Development of Marine Tourism and other provisions". This draft law covers a number of amendments in the stated areas, amongst other on horizontal licensing provisions, the improvement of strategic investments, market surveillance, and exports.

¹⁸ The forms and procedures differ from product to product, as a function of the Ministry responsible for that sector.

licenses as well as steps and actors involved in the processes) by end 2012. Following simplification, the objective is to build capacity to complete the streamlined procedures electronically. On the customs side, the number of controls should be radically reduced through, for example, more effective risk-analysis (end 2012). An e-customs system will be introduced. The Task Force will coordinate technical assistance to the Greek Authorities throughout 2012 and 2013 to simplify the export procedures as described above and implement the pre-customs electronic tool.

- (2) Supporting a coherent export strategy: Several ministries, exporters' associations, sectoral organizations and banks offer support of various forms to exporters (e.g. promotion information, pre-sales assistance, trading tools, fairs). There are efforts to better coordinate these support offers, which could lead to TA requests on a number of issues.
- (3) Tackling economic difficulties: Greek businesses are faced with severe additional liquidity problems that hinder their efforts to trade across borders. VAT refunds from the State are very slow (up to 2 years). Credit guarantees provided by Greek exporters are not always accepted by their counterparties in other Member States. TFGR is currently exploring with the Greek authorities the scope for technical assistance. This could be directed towards improving the efficiency of the Greek Credit Insurance Organization and implementing EU best practices for financing solutions (tax schemes, financing tools for SMEs, etc).

3.3.2. *Public Procurement*

There is enormous scope for Greece to enhance the efficiency of its public procurement markets. Public procurement procedures are extremely slow. Difficulties stem from excessively complex and gold-plated legislation; overlapping responsibilities between different government ministries and agencies; insufficient control of procedures by management authorities; and excessive exposure to litigation. As a result, tenders frequently do not result in contract award. More efficient and transparent procurement markets will benefit the public sector in the form of lower expenditure and better procurement outcomes. It will also improve operating conditions for businesses which compete for government contracts.

TFGR is working with the Greek government and other Commission services such as DG MARKT to frame an ambitious programme of technical assistance with the following objectives.

- simplifying and codifying public procurement legislation. This work can start from recent targeted legislative initiatives;
- reviewing the organisation of public procurement administration and equipping it to make the best use of innovation in procurement techniques (such as centralised purchasing and e-procurement). This work will also involve empowering the newly created Single Public Procurement Authority (SPPA) to assume the important coordinating and monitoring responsibilities for which it was created.

3.3.3. *Regulatory simplification to stimulate growth and competition*

Recent analysis indicates that regulation severely inhibits competition and business development in Greece (OECD, 2011). The Business Friendly Greece action plan recognises that regulatory barriers and lack of competition hinder much needed investment. On this basis, the Greek government has requested technical assistance for identifying existing obstacles to competition and proposing less restrictive means for achieving public policy goals.

TFGR is currently working with the Greek authorities to implement a rigorous methodology for undertaking this work.¹⁹ In a pilot phase, the work will focus on selected business sectors where increased competition could spur productivity and growth. The markets in question will be selected together with the Greek government.

This work should result in recommendations for regulatory reform that can unleash badly-needed growth. The aim is to start the pilots as soon as possible in order to complete the pilot phase before the end of the year. Using the experience of the pilots, it should then be decided how to extend this exercise to other markets in Greece.

3.3.4. *Regulated professions*

Legislation²⁰ liberalising access to and exercise of professions was adopted on 24 February 2011. This abolished principal restrictions to the access and exercise of regulated professions (chapter A), while permitting the reinstatement of justified exceptions. The legislation also contains specific provisions removing some restrictions for five professions (notaries, lawyers, law firms, engineers, certified accountants). The road haulage market has also been liberalised through specific legislation, and the necessary secondary acts have been adopted. Similarly, the operation of occasional passenger transport services by bus and coach has been liberalised and the restrictions on the granting of new licences have been abolished.

TFGR is currently providing the Greek authorities with legal expertise to adapt secondary legislation so that it is compatible with the liberalisation of regulated professions. The Greek authorities have also requested technical assistance to help them undertake an ex post analysis of the economic impact of Law 3919/2011. Specifically the Greek authorities have requested assistance in the development of an economic model with which to estimate economic impacts.

3.3.5. *Outstanding issues*

In addition to the above projects which are currently at an advanced stage of preparation, TFGR has been involved in intensive but so far inconclusive discussions on the need for technical assistance in the following areas:

- Simplification of business start-ups: Greek companies are confronted with more administrative hurdles to company registration than observed in other MS. The Greek authorities have taken some steps to tackle this issue and administrative procedures can

¹⁹ A potential candidate is the OECD Competition assessment tool-kit.

²⁰ Law 3919/2011.

now be performed through a "one-Stop-Shop" (electronic portal).²¹ There is scope to simplify further and enhance the functioning "one stop shop" and the underlying processes.

- **Code of Books and Records:** the current requirements for business expense accounting are regarded as a major source of uncertainty and cost for Greek businesses. Draft legislation has been prepared on the basis of extensive consultations with stakeholders and will shortly be submitted to Parliament. Going beyond this, the MoU foresees that “the Code of Books and Records is repealed in its entirety and replaced by simpler legislation. [not later than June 2012]”.

TFGR is engaged in dialogue with business community in Greece to gather their views on these and other issues to establish the most urgently needed reforms of the business environment.

3.4. Public Health

Main developments:

As in most EU Member States, a high proportion of public expenditure is spent on healthcare in Greece. However, the efficiency of the Greek health system can be improved. Healthcare reform is crucial for both fiscal consolidation and public welfare.

Greece has requested technical assistance relating to efficient pricing of medicines, proper accounting and monitoring of expenditure (including e-prescription), setting-up of the integrated sickness fund, modern procurement, invoicing and administration and the concentration and specialisation of NHS hospitals and departments while ensuring mobility of staff.

Technical assistance is being prepared to support the building of an e-prescription service, the setting-up of the integrated sickness fund, and with the implementation of the pharmaceuticals pricing policy agreed in the MoU.

Given the high share of public expenditure that is spent on healthcare (some 6% of overall GDP and over 11% of all public expenditure in 2009), healthcare reform is considered a crucial component of Greece's fiscal consolidation efforts. Greece has requested technical assistance relating to efficient pricing of medicines, proper accounting and monitoring of expenditure (including e-prescription), setting up of the integrated sickness fund, modern procurement, invoicing and administration and the concentration and specialisation of NHS hospitals and departments while ensuring mobility of staff.

In recent months, a number of steps have been taken, including the set up of a positive list of pharmaceuticals for pricing and reimbursement, the merger of 4 sickness funds into a single entity (EOPYY) and revision of pricing principles for pharmaceuticals. Through

²¹ Implementation of Law 3853/2010.

these recent reforms, the Greek administration demonstrated its intention to improve public health budgeting while maintaining access to good health care services.

TFGR is working with the Ministry of Health and the Ministry of Labour and Social Security to support these reforms with the help of interested Member States. Efforts are by focussed on three main pillars:

- Responsible consumption of healthcare services and products: Over-consumption of health-care products and services is widespread in Greece, as indicated by for instance the reported consumption of antibiotics per capita and the number of physicians per capita (almost twice as high as elsewhere in the EU). This causes risks to patients and waste of public resources. The introduction of e-Prescription should assist with this, and is certainly a priority for TA over the next months, and Sweden has volunteered active support. The task force will help in the implementation of the recent obligation for pharmacies to register electronically any drug prescription.
- Pricing of pharmaceuticals: Greek spending on pharmaceuticals increased markedly in recent years. TFGR will support Greek administration to set up a system for coherent pricing of pharmaceuticals on the basis of MoU commitments including benchmarking pharmaceutical prices against those in the three least expensive Member States and a bigger share for generic medicines.
- Healthcare environment: TFGR will assist with the set up of the integrated sickness fund (EOPYY).

Building on its bilateral cooperation with Greece in the field of hospital management and following the signature of a letter of intent between the Greek and German authorities in February 2011, Germany has agreed to be domain leader in this field of technical assistance.

In addition, horizontal measures will be proposed to look at patient involvement in the policy making, eHealth deployment and identification of appropriate data and indicators.

3.5. Reform of judicial system

Main developments:

At the end of 2011, the Greek Ministry of Justice presented a technical assistance request identifying the acceleration of judicial proceedings, e-justice, and out-of-court dispute settlement as priority issues for technical assistance.

TA will focus upon efficient settlement of court cases, including acceleration of judicial proceedings, alternative dispute resolution mechanisms (ADRs), e-Justice and statistical monitoring of court efficiency, and will be delivered in close cooperation with other Commission services such as DG Justice.

The Greek authorities have developed a plan for clearing the backlog of tax cases with the intermediate targets of reducing the backlog by at least 15% by December 2011 (for which the respective hearing dates have been set), 50% by July 2012 and 80% by December 2012.

An Omnibus law, providing for important amendments to the three codes of judicial procedure (civil, administrative and criminal), has been adopted by Greek Parliament. This legislation may benefit from technical assistance to support its effective implementation.

Bilateral technical discussions have taken place between the Greek authorities and some Member States in the areas of ADR settlement and e-Justice.

At the end of 2011, the Greek Ministry of Justice presented TA requests on the acceleration of judicial proceedings, e-justice, and out-of-court dispute settlement as priority issues for technical assistance. Technical assistance has also been requested relating to training of the magistrates, migration flows, reintegration of released prisoners and combating discrimination.

Initial reviews were undertaken, on a bilateral basis, between the Greek, German, French, Dutch, Austrian and UK governments on some of these issues. The adjustment programme, with the support of TFGR will give priority to reforms included in the assistance programme and in the proceedings of the tax courts and tax dispute resolution, which, combined with other measures in the field of taxation and budget can deliver increased tax revenue in the short term (see above under tax administration). Specifically the Greek authorities were to develop a plan for the clearance of the backlog of tax cases with intermediate targets for reducing the backlog. EU funds can be released to support technical assistance in these and other areas.

3.5.1. Acceleration of judicial proceedings

In February 2012 an Omnibus law, providing for important amendments to the three codes of judicial procedure (civil, administrative and criminal), was adopted by Greek Parliament). Technical assistance can be provided to support its implementation.

Furthermore, the review of the codes of judicial procedure, with a view to accelerating justice, continues with the creation of an expert group (“task force”) as provided for in the Memorandum of Understanding. The expert group, which will be entrusted with the task of further reviewing the codes, will begin its work by focussing on the Code of Civil Procedure. The TFGR is discussing the possibility to coordinate assistance to the Greek authorities in order to define the structure, working methods and proceedings of this group.

3.5.2. Alternative Dispute Resolution (ADR) Mechanisms

The Greek authorities have held bilateral exchanges with the Netherlands and the UK on options for efficient out of court settlement. In this field, Greece has expressed an interest in technical assistance on the following specific issues: organization of institutions and training; awareness-raising on the functioning and use of those mechanisms and communication to the public; involvement of professional associations and further incentives for the use of ADR and certification (quality assurance) of mediators. In order to frame the exact needs for TA, TFGR will facilitate further contacts with targeted Member States.

Moreover, additional TA proposals will be explored in the form of training seminars organised for Greek judges and legal practitioners, in order to raise their awareness of the

benefits of mediation and familiarise them with its legal framework, taking advantage of their potential to reach the Greek public at large.

3.5.3. e-Justice

e-Justice initiatives are being taken forward in the framework of e-governance actions (see chapter on administrative reform), based on close coordination between the Ministries of Justice and of Public Administration. Technical assistance can complement and facilitate the implementation of a number of specific projects including minutes of court proceedings, electronic judgements, e-tracking of the status of individual cases, electronic filing and electronic registration of legal documents. In order to frame the exact needs for TA, TFGR will facilitate further contacts with and expert missions from targeted Member States with substantial experience in the area of e-justice. A first deliverable will be the technical description of the e-Project, to be delivered at the latest by Q2 2012.

3.5.4. Collection of statistics in the field of Justice

The Greek authorities have requested TA for collection of statistics which would underpin a set of accountability and performance indicators for courts. TFGR is exploring TA possibilities through Member States and international organisations in order to assist the Ministry of Justice with this request.

3.5.5. Related issues

The Greek authorities presented a series of further requests for technical assistance, e.g. training of judges, reintegration of released prisoners, combating discrimination. The priority in the first wave of technical assistance will be given to the capacity-building projects described above. Greek projects are welcome in the framework of calls for proposals for action grants and operating grants under decentralised Commission funding programmes²².

3.6. Migration, Asylum and Borders

In the area of migration and asylum, the TFGR is working closely with the Greek authorities and DG HOME so that programmes supported by the European funds under the framework programme "Solidarity and Management of Migration Flows" (SOLID) reach their full potential, both in terms of meeting strategic policy objectives laid down in the 2010 Greek Action Plans on migration and asylum and on the management of external borders as well as absorbing the entire funds available.

In particular, efforts will focus on launching key projects needed to implement this Action Plan and for which 234€m has been earmarked for the period 2010-2012.

²² E.g. the General Programme "Fundamental Rights and Justice".

TFGR met with different stakeholders involved in migration, asylum and borders policy in order to map needs of technical assistance, with the specific aim of accelerating the implementation of key projects.

A first priority set out in the Greek Action Plan on migration and asylum is the creation of a new Asylum Service, Initial Reception Service and Appeals Authority. Efforts to second or transfer staff within the public administration have not yet resulted in sufficient recruitments and the new services are not yet operational. This issue is under discussion with the relevant Ministries with a view to finding solutions.

TFGR is also looking into ways to facilitate launching projects for infrastructure and equipment funded by SOLID. Practical solutions are being sought to accelerate the earmarking of credits in the Greek National Investment Programme, and making the most effective use of possibilities under procurement law to expedite public purchasing.

In the area of migration and borders, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex) and the European Asylum Support Office (EASO) have a support and coordinating role for border management and asylum respectively. TFGR will work closely together with DG HOME and these agencies. A list of technical assistance needs will be communicated to Member States to identify possible sources of assistance. As regards technical assistance related to policy development and policy implementation, the process of identification is still ongoing.

3.7. Completion of land registry

The absence of a complete and operational land registry in Greece has been a longstanding source of uncertainty and disruption for both public and private purchasers/sellers of land. This compounds traditional problems relating to land use planning which was the focus of important new legislation earlier this year. The current situation adversely impacts major infrastructure projects the sale or privatisation of public real estate where land title is not clearly secured. To illustrate the dimension of the problem, it is estimated that the land title has not been clearly established for half of the real estate assets transferred to the privatisation fund for sale.

For the country as a whole, about 35 m total property rights exist to be registered. About 6.3m (<20%) have already been registered, while another 8.5m are being processed. The implementation of land registry is managed by a legal entity under private law ('société anonyme'), supervised by the Ministry of the Environment. The maintenance of registered property titles is currently undertaken by mortgage offices, which are staffed by about 400 persons. The property titles held by mortgage offices are not digitalised and spatial information is not available.

The Ministry of Environment has requested an assessment by the Dutch Cadastre in order to devise policy to accelerate implementation processes and solve operational issues. The objective would be to complete the land registry expected to be completed by end 2020 as set up in the MoU.

3.8. Further areas where technical assistance may be needed in the future

The activities described above relate to work launched following requests issued by the Greek authorities in late 2011. The list of requests communicated by the Greek authorities included some needs which have not yet been the focus of discussions with a view to potential technical assistance. This includes demands such as technical assistance with the preparation of standardised terms for environmental impact assessments and strategic guidance on the developments of national logistics policy.

The needs and requests of the Greek government will evolve in the light of changing economic circumstances, or new ambitions in the area of structural reforms. There are a number of areas where the Greek government or agencies are confronted with challenges that may warrant technical assistance. These areas include fields such as:

- Monitoring and supervision of state aid: following discussions with the Greek authorities, there may be scope for enhancing the ability of the Greek government to identify and notify state aid measures for clearance by the European Commission. This will not only facilitate compliance with Community law on state aids. It will facilitate a more rational and effective use of justified incentives, subject to effective control mechanisms.
- Preparation of state-owned assets prior to privatisation: The privatisation programme agreed in the MoU is expected to generate significant revenues for the Greek State and should make an important contribution to the economic transformation of the country. Technical assistance may help facilitating successful sale of certain categories of assets (primarily real estate and land) – by clarifying the regulatory environment in which potential purchasers will operate (such as ports), or by identifying and removing technical obstacles to transactions.

Annex 1: State of play of technical assistance projects:

Policy domain and projects	Status	Contributing countries and organisations
<i>Structural Funds:</i>		
Solid waste management facilities in Attica	TA in preparation	BE and other Member States
<i>Budget and taxation:</i>		
Tax administration: <ul style="list-style-type: none"> – Debt collection; – Audit planning and strategy; – Dispute resolution; – Audit of large corporate taxpayers; – Audit of High Wealth Individuals 	TA launched	IMF, AT, BE, BG, DE, DK, EE, ES, FR, IT, NL, PT, SE. Additional countries have volunteered but not been involved up to now
Anti-money laundering (AML)	Preparation advanced	IMF, NL
Public financial management: <ul style="list-style-type: none"> – Budgeting; – Fiscal reporting; – Expenditure control; – PFM laws, institutions and systems 	TA launched	IMF, AT, DE, FR Other MS having indicated availability: BG, EE, FI, SE
<i>Reform of the public administration:</i>		
Structure and rules of the public administration at a central level: <ul style="list-style-type: none"> – Creation of a permanent inter-ministerial structure; – Assessment of the structure of the public sector; – Assessment performance of civil servants; Creation of horizontal support structures in line-Ministries (HRM, ICT, Internal Control, Audit, Finance, etc)	TA launched	FR DE
Administrative reform at the decentralised, local and regional levels: <ul style="list-style-type: none"> – Improve the effectiveness of Municipalities and Regions – Design public policy in the field of real estate of Municipality and Regions – Improve capacity of local authorities to utilize the Structural funds – Waste management development (costing, billing 		DE FR

services, municipal cleaning fees) – design and implementation of central policies for the evaluation of the local Government structures – Supervision of Municipalities and Regions		
e-Government; – Enterprise Resource Planning (ERP) (Finance, HRM) – Citizen Relationship Management; – e-Procurement;	TA in preparation	BE, AT, FR, ES
Financial sector / Access to finance		
Insurance - Insurance Guarantee Schemes and Resolution mechanisms	TA in preparation	DE European Insurance and Occupational Pensions Authority
Business environment:		
Facilitating exports – Simplification and electronification of export and customs procedures: – Export promotion	TA launched	Sweden, Netherlands United Nations (UNECE)
Public procurement – Simplifying and codifying public procurement legislation; – Strengthen administrative capacity and efficiency in public procurement admin;	TA in preparation Workshops planned for end March	Contact underway with several Member States and the OECD
Regulatory simplification to boost growth and competition in key economic sectors:	TA in preparation	Contacts underway
Regulated professions	TA in preparation	NL
Public health		
Setting up integrated sickness fund:		
Efficient pricing of medicines		
Proper accounting and monitoring of expenditure (including e-prescription)	TA in preparation	SE for e-prescription
Modernise health procurement		
Hospital management	TA in preparation	DE
Judicial reform:		
Acceleration of judicial proceedings (civil, administrative, criminal): Provision of technical assistance to support the implementation of the omnibus law amending the three codes of judicial procedure Support of an expert group (“task force”) on issues such	TA in preparation	DE, FR, NL, AT, UK

as the group's structure, working methods and proceedings		
Alternative Dispute Resolution (ADR) Mechanisms	TA in preparation	NL, UK
e-Justice <ul style="list-style-type: none"> – Electronic judgements; – E-tracking of the status of individual cases; – Electronic filling of legal documents; – Electronic registration of legal documents. 		
Collection of statistics in the field of justice		
<i>Migration, Asylum and Borders</i>		
Asylum <ul style="list-style-type: none"> – - asylum procedure and reception capacity 	TA launched via EASO	Different MS through EASO
Borders management <ul style="list-style-type: none"> – Joint operation Poseidon 	TA launched via Frontex	Different MS through Frontex
Return management <ul style="list-style-type: none"> – Attica Return Project 	TA launched via Frontex	Different MS through Frontex
Capacity building in managing SOLID funds <ul style="list-style-type: none"> – Reinforcing project management capacity in the area of asylum, return and borders management 	TA in preparation	
<i>Labour markets:</i>		
Re-engineering the business model of the Public Employment Service	TA in preparation	DE, UK, BG, SW
Reform of the Labour Inspectorate	TA in preparation	ILO DE
Establishing a Social Economy Fund <ul style="list-style-type: none"> – Information campaign – Create support system 	TA in preparation	ESF Community of practice on inclusive entrepreneurship (BE, LT, IT, DE, ES, CZ)

Annex 2: EU co-funded priority projects in Greece

Introduction

1. The projects in the list²³ have been selected by the Greek authorities with the support of DG REGIO, DG EMPL and the Task Force. The overall objective is to use EU structural funds in a way whereby positive results and economic and social impact will be achieved rapidly, so that the competitiveness of the Greek economy will be strengthened and people can find employment. Key points to note are:
 - The 181 projects on the list comprise approximately 2.5% of the total of projects, but 56% of the total funding;
 - The implementation cycle of the majority of the projects has already started;
 - The list is a living document as some projects already being completed are removed and new projects might be added;
 - Lessons learned in successfully implementing and concluding these projects will be applied to the remaining 7000 plus projects as part of the overall streamlining of the structural fund management and control system. All the projects should be completed at the latest by the end of 2015.

Selection criteria

2. The criteria used in selecting the projects are:-
 - **Growth** – projects intended to contribute to growth, either directly or indirectly, by fostering business competitiveness; improving productivity; creating employment and/or improving the skills of the unemployed and the workforce;
 - **Size** – projects large enough to have a significant impact in their own right in the national or local context;
 - **Link with the Memorandum of Understanding (MoU)** – the extent to which implementation of the project help Greece to meets the terms and rationale of the MoU;
 - **Maturity** – projects which show a sufficient level of preparedness enabling their completion by the end of 2015 (the final date for eligibility of expenditure under the 2007-13 programming period);
 - **Social impact** – projects improving social conditions either through creating employment and/or by improving the infrastructure that supports communities.
 - **Geographical coverage** – selection of the package of projects in accordance with the wish set out in President Barroso's State of the Union address that the projects should

²³ http://ec.europa.eu/regional_policy/newsroom/detail.cfm?id=150

be "investing in all Greek regions". This applies especially to those regions in the Convergence objective.

Sectors

3. The list of projects has been grouped into the following sectors:-

- **Energy** – completion of these projects should integrate and modernise the power supply so that Greece is less dependent on oil by increasing the use of renewable energy; securing a reliable and balanced supply of energy will contribute to increasing competitiveness, environmental sustainability and economic stability.
- **Innovation, and Entrepreneurship for SMEs** – a wide-ranging portfolio of projects aim at modernising business processes through IT; developing collaborative research establishments; clustering SMEs and research institutes to develop new products. All aim at modernising, renewing and fostering the SME productive base so as to modernise the Greek economy.
- **Public administration and productivity through the use of ICT** – development, rationalisation and modernisation of information and services so as to improve and speed up services, including those supporting the creation and expansion of businesses. Improvements to the broadband infrastructure in remote areas will foster the development of businesses in those areas.
- **Transport** – the largest group of projects, aimed at completion of the Trans-European networks; reinforcing the intermodality of the transport system; connecting the various regions of Greece with the Trans-European networks; developing and expanding urban public transport; upgrading existing infrastructure. Better transport links will help businesses to move goods more easily and thus better able to compete; better access to cultural sites through road and port improvements will benefit and expand the tourist industry.
- **Environment** – contribution to meeting the "acquis communautaire" in terms of environmental protection and sustainability (infringement proceedings are ongoing), especially for solid waste and waste water management; the results will have a significant social impact and create long term employment.
- **Culture and tourism** – a variety of projects aimed at expanding tourism by going beyond "sun and sea" to open up new centres and create employment in the industry.
- **Health and education infrastructure** – improvement of social conditions by building or renovating schools, student accommodation and health facilities across regional communities.
- **European Social Fund Programmes** multiple approaches to creating sustainable employment; building a modernised education and vocational training infrastructure to develop the skills needed to develop a competitive economy; facilitating the restructuring and modernising of the state administration..

Monitoring and technical assistance

4. As owners of the list, the Greek authorities will take the lead in monitoring progress. This will be done again in conjunction with DG REGIO and DG EMPL and the Task Force. Monitoring will look at the rate of execution against plan and problems encountered. . For projects that are identified as having problems, an action plan will be developed with the relevant programme managing authority and beneficiary. Main projects have been screened to identify technical assistance needs. Problem cases may require specific technical assistance.

Annexe 3: Summary of Actions in Tax Administration

Nature of the mission / meeting	Schedule	Involved MS
Preparatory meeting on tax administration issues in Greece	30 November – 2 December 2011	BE, DE, FR, NL
Preparing the work programme for hands on TA and analysis of the debt collection process	19 and 20 December 2011	BE
Preparing the work programme for hands on TA and analysis of the auditing process	21 and 22 December 2011	FR
Workshop on debt collection	10 – 12 January 2012	BE, DE, EE, ES, FR, IT, NL, PT, SE
Workshop on audit strategy and planning	16 – 18 January 2012	AT, DE, DK, EE, ES, FR
Workshop on HWI/HISE and Large taxpayer office (LTO)	23-26 January 2012	BG, DE, DK, ES, FR, NL
Short term expert visit in the field of debt collection	20 to 24 February 2012	NL
Preparing the work programme for hands on TA and analysis of the tax dispute resolution process	20 to 23 February 2012	NL
Short term expert visit in the field of audit of HWI/HISE	28 - 29 February 2012	FR
Short term expert visit in the field of LTO	29 February – 2 March 2012	ES
Short term expert visit in the field of audit planning	5 to 9 March 2012	DK
Short term expert visit in the field of debt collection	6 and 7 March 2012	SE

Annex 4: Glossary of abbreviations:

Acronym	Full name
ADR	Alternative Dispute Resolution
AML	Anti-money Laundering
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Services Supervisory Authority – Germany)
EASO	European Asylum Support Office
EIB	European Investment Bank
EIF	European Investment Fund
EIOPA	European Insurance and Occupational Pensions Authority
EOPYY	National Health Service Organization (Greece)
ERDF	European Regional Development Fund
ERP	Enterprise Resource Planning
ETEAN	National Fund for Entrepreneurship and Development (Greece)
FISCALIS	Programme – Taxation and Customs Union – European Commission
FIU	Hellenic Financial Intelligence Unit
FRONTEX	European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union
GAO	General Accounting Office
HFSF	Hellenic Financial Stability Fund
HRADF	Hellenic Republic Asset Development Funds
HRM	Human Resource Management
ICT	Information and Communications Technologies
IMF	International Monetary Fund
KEPE	Centre of Planning and Economic Research (Greece)
MoU	Memorandum of Understanding
MOU	Management Organisation Unit S.A.
MS	Member State
NSRF	National Strategic Reference Framework
OECD	Organisation for Economic Co-operation and Development
OP	Operational Programme
PFM	Public Financial Management
PMR	Product Market Regulation
PSI	Private Sector Involvement
RSI	Risk Sharing Instrument
SOLID	4 European Funds "Solidarity and Management of Migration Flows"
SPPA	Single Public Procurement Authority
TA	Technical Assistance
TEKE	Deposit Guarantee Scheme
TFGR	Task Force for Greece
UNECE	United Nations Economic Commission for Europe