



EUROPEAN COMMISSION

TFGR - TASK FORCE FOR GREECE

Task Force for Greece
Fifth Activity report

October 2013

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Fifth Activity report of the Task Force for Greece

October 2013:

1. INTRODUCTION

The Task Force for Greece (TFGR) mobilises and coordinates the technical assistance (TA) requested by the Greek authorities as they seek to implement structural reform commitments under the economic adjustment programme. The TFGR also works to accelerate the targeted absorption of EU Structural and Cohesion funds.

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 the economic adjustment by creating the necessary dynamism to ensure the necessary reallocation of resources, create conditions for investment and regain competitiveness vis-à-vis trading partners. Structural and Cohesion funds provide vital resources to finance investment and overcome obstacles to economic or social progress. These two objectives underpin all TFGR activities to support the wide range of Greek reforms described in this report.

The technical assistance provided 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. The period April to September 2013 witnessed the broadening and deepening of technical assistance coordinated by TFGR. Important policy reforms, which have benefited from sustained technical assistance since the inception of the TFGR, are now delivering results (see box). TFGR technical assistance helps to build the administrative capacity to prepare and implement reforms for the better functioning of the economy, and to help the Greek administration to better serve the needs of its citizens.

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

Unlocking infrastructure investments: Work on 4 large motorways, with a combined value of EUR 7.6 billion, has been suspended for over 3 years due to the unprecedented economic crisis. Following protracted and complex negotiations, EU clearance and financial support is expected in the coming weeks. Agreement with concessionaires and creditors (domestic and international) is being finalized, paving the way for ratification of the reset agreements by the Greek Parliament following the clearance by the Hellenic Court of Auditors. Throughout this process, TFGR advised the Greek authorities in their negotiations with the different parties, and facilitated communication of the revised terms for the motorways concessions to the Commission.

Reform of central government administration: the TFGR and domain leader have provided intensive support (160 expert days over present reporting period) for designing a more efficient organization of central government Ministries and entities, and for facilitating the required internal mobility of civil servants. Technical assistance has helped to set up the framework of a new inter-ministerial coordination General

Secretariat under the Prime Minister's Authority. It has supported the evaluation of structures of Greek administrative bodies accounting so far for 410,000 staff, including recommendations for reorganization. It has helped in the formulation of criteria and principles for the mobility scheme of Greek officials, to which some 4,200 officials have already been transferred since July 2013.

Public finances and tax collection: Technical assistance has been instrumental in setting up new structures for public financial management (General Directorates for Financial Services in line ministries) and public revenue administration (set-up of an Internal Review Unit within the General Secretariat for Public Revenue), and supporting them as they take up their functions. Some initial signs are emerging of increased efficiency on the part of the tax administration: the number of completed audits of large tax-payers has more than doubled over the first seven months of the year as opposed to 2012 (164 vs. 66).

Anti-money laundering and anti-corruption: Technical assistance has supported the definition of a national anti-corruption strategy and appointment of a national coordinator to oversee its implementation. Implementation of most of the agreed actions has begun. Training in anti-money laundering techniques has been provided to over 500 officials. Technical assistance was used to frame legislation setting-up the new registry of bank accounts needed to combat money-laundering (operational since September 2013). Technical assistance has enhanced the capacity of the Financial Intelligence Unit, resulting in the reporting of 1130 cases of suspected tax evasion to the authorities, transmission of 313 cases to the Prosecutor's Office and freezing of assets worth EUR 133 million since early 2012. 183 cases of suspected tax evasion were notified to tax authorities, and 44 cases worth EUR 14.7 million transferred to the public prosecutor in Q2 2013.

Agreement on WHO support for the "Health in action" programme: In July 2013, the Greek government signed an ambitious Contribution Agreement with the World Health Organisation (WHO). This agreement will permit the financing and implementation of technical assistance worth EUR 10 million to implement the strategic priorities of this overarching health reform initiative ("Health in Action").

The above developments highlight the useful role that well targeted and adequately resourced technical assistance can play in supporting crucial reforms of the Greek economy. Technical assistance remains an enabler of change. However, implementation of the reform depends critically on the use that is made of this assistance by the Greek authorities.

In many fields, technical assistance has not yet gained real traction as reforms have not yet advanced beyond the diagnostic or preparatory phase. The full benefits of technical assistance will only be evident when adequately designed reforms are implemented.

The Greek authorities should be resolute in building on this input so that citizens and businesses start to benefit from tangible improvements. This will require sustained commitment to strengthening administrative capacity, and implementing change over the coming years. 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 the TFGR now spans 12 broad policy domains, each comprising a number of sub-projects (see annex 2 for presentation of working methods of the TFGR and general statistics on technical assistance activity over this reporting period). The following sections describe the main developments in terms of delivery of technical assistance in each of these policy domains (see annex 1 for detailed presentation).

1). Acceleration of cohesion policy projects

In the context of the economic adjustment programme, the Greek authorities undertook to make optimal use of the EUR 24 billion¹ Structural and Cohesion Funds at their disposal. In particular, they agreed to respect targets for disbursement of EU structural and cohesion funds, and to accelerate the implementation of 180 ("priority") projects, identified in the MoU, which should be completed by December 2015. They will also simplify administrative procedures and structures tasked with the management of structural and cohesion funds. Technical assistance is provided on an ongoing basis to support all of this work.

In recent quarters, actual disbursement of Structural and Cohesion funds has increased significantly (from 49% at end 2012 to 67.5% at end-September 2013) and complies with agreed targets. This is well above the EU average (56.4%) placing the country in the 6th position at EU level. This reflects a combination of increased effort by the Greek authorities, the impact of the "top-up" regulation and the introduction of simplification measures. Further support is however needed to improve the absorption rate of the European Agricultural Fund for Rural Development (EAFRD) and for the completion of the still numerous uncompleted projects of the previous programming period 2000-2006 which benefitted from exceptional extension until end 2013. Technical assistance is increasingly focussed on ensuring that the impact of Structural Funds is felt in the real economy. To date, not all amounts committed have yet reached the final beneficiaries and in particular SMEs. Technical assistance will also be directed towards further simplification of Structural Fund procedures in order to ensure that funding reaches projects timely and efficiently and to have a sound system in place for the next programming period.

Good progress has also been made in the implementation of 180 'priority projects' mentioned in the MoU. In particular, there has been progress in breaking the log-jam on the motorway concessions projects. However, one third of the priority projects are still in danger of not being realized before the end of the programming period.

2). Financial institutions/Access to finance

Restructuring and recapitalisation of the Greek banking system have been central to maintaining confidence in the stability of the financial system. Putting the banks on a sound footing is a necessary first step towards tackling the liquidity crunch which is choking the Greek economy. The recapitalisation of the four core Greek banks has been completed this quarter.

¹ 24.3bn€ represents the total available from the EU budget (20.2bn€), complemented by Greek national contribution.

To support this objective, technical assistance has been provided to improve policy making, enhance instruments and allow for closer monitoring of the situation. In addition, the European Investment Bank (EIB) provides global loans to banks up to EUR 1.44 billion of which EUR 287.5 million are disbursed already and a new trade finance facility was introduced in June 2013. Technical assistance has also been provided in relation to other projects which could potentially improve access to finance in Greece, notably the creation of an "Institution for Growth for Greece".

During the next quarter, TFGR will deploy efforts in order to assist the public financing agency ETEAN to increase its risk management capacity. In the insurance sector, further technical assistance is being explored to support review of the legislative framework for occupational pension schemes.

3). Administrative reform

A key plank of the administrative reform is the overhaul and rationalisation of the central administration. In January 2012, a roadmap for reform of the administration at a central level was adopted by the Greek Authorities, with the goal of building a leaner, better coordinated and more efficient State. The qualitative objectives of the roadmap are framed by the quantitative targets set in the second economic adjustment programme for Greece, for example in terms of structures to be evaluated (all public entities to be assessed by December 2013, representing about 700,000 staff) or employees to be placed in mobility scheme (25,000 employees to be placed in the scheme by December 2013.) Up to June 2013, the Authorities have prepared key elements for implementing the reform, drawing on extensive technical assistance from the TFGR and domain leader. For example, a methodology for evaluating and transforming the structures of the public entities was developed. The principles for the operation of the internal mobility scheme within the administration were defined.

Since July 2013, the reform has entered implementation phase and the pace of change has accelerated. The inter-ministerial coordination General Secretariat is currently being staffed. Very substantial efforts have been deployed to meet the quantitative targets of the reform regarding evaluation of structures (structures representing 410,000 staff were evaluated in September 2013) and the mobility scheme (4,200 employees were placed in the scheme in July 2013). These efforts must be intensified during the last quarter of 2013 which will be decisive for the operational transformation of the administration.

Looking ahead, the new Government Reform Council (GRC), chaired by the Prime Minister, is set up in order to lead effective implementation of the administrative reform and provide a political and cross-government backing for all important decisions. Also, the inter-ministerial coordination should quickly set-up its operations and working procedures in order to serve as the crucial coordination mechanism to the Greek Administration. Technical assistance was requested and will be provided to anchor these processes.

In addition to the quantitative targets set for end 2013, technical assistance was also requested to support the qualitative reforms to ensure the efficiency and sustainability of the reform, some of its elements being required by the Memorandum of Understanding (MoU). Actions supported by TA include (1) adoption of a two-year strategy and action plan for the reform; (2) preparation of a communication plan for the reform strategy to be addressed to the administration, main stakeholders and citizens (3) adoption of a Human Resources strategy for Greek officials, so as to manage civil servants' career-path and develop the managerial skill sets of managers and top managers; (4) creation of Human

Resource units in all Ministries and relevant public entities. The latter should define common guidelines for an optimal implementation of the strategy, including functioning of the mobility scheme.

The implementation of administrative reform at local level spans many interconnected issues including the autonomy of local authorities, exercise of operational policy functions, organizational issues, coordination between local and central administration. A solid methodology has been elaborated and tested. Further technical assistance over the coming months can help underpin these long-term reforms (i.e. pilot implementation, modelling, large scale implementation).

4). Budget and Taxation

The economic adjustment programme foresees the building of strong state institutional machinery capable of ensuring sound financial planning and management, as well as the collection of tax and other state revenues. This strong institutional underpinning is needed to preserve the benefits of recent fiscal consolidation.

In the field of revenue administration, progress towards a semi-autonomous revenue administration and streamlining of the local tax office network has continued, supported by extensive technical assistance. Regarding the improvement of key functions of the tax administration, technical assistance has concentrated on the preparation of a basic audit training curriculum and on setting-up an internal dispute resolution function (Internal Review Unit). Actions already launched in the fields of large taxpayer audit, high wealth individual audit and debt collection also continued. Assistance has also been provided with a view to overhauling the tax system: draft legislation for a streamlined Income Tax Code and creation of a first Tax Procedure Code were prepared in July, again benefiting from technical assistance. Key issue for the next few months will be to support implementation of this new tax system and enhance operational performance in a new organizational set-up.

In the field of public financial management, technical assistance work has concentrated on the implementation of the Late Payment Directive and on the design of the new Enterprise Resource Planning (ERP) software. Assistance to the Hellenic Court of Audit has also progressed: a preliminary meeting to a mid-term evaluation of the support programme for the Court of Audit took place in September, to be continued with a high-level discussion in November.

5). Anti-money laundering and anti-corruption

Implementation of the Anti-Money Laundering training programme is progressing well. So far 220 participants have received training in basic techniques to identify money laundering and related tax evasion. To date, 340 participants have been trained in specific techniques to undertake investigations. Greek investigators are now benefiting from "on-the-job" coaching for four individual investigations. The law setting-up a registry of bank accounts has been agreed by the Greek Parliament with a view to implement this system in October 2013.

A national coordinator on anti-corruption has been appointed and the setting up of the supporting Coordinating Committee and Advisory Body is in progress. Implementation of the earlier agreed national strategy against corruption has been initiated.

6). Business environment

The economic adjustment programme contains a series of commitments by the Greek authorities to make it easier for businesses to seize new commercial opportunities through investment or competition, and to cut red-tape or regulatory barriers to business. Without these reforms, new investment or organic business growth will not be strong enough to sustain growth and job-recovery. While Greece has marginally improved its performance in a number of international competitiveness rankings, it is still consistently the weakest performer in the EU/OECD². Over the past quarter, extensive technical assistance has helped to identify clear policy actions needed to improve the business environment. The focus must quickly shift from preparation to implementation.

Sustained technical assistance has been provided, by United Nations Economic Commission for Europe (UNECE) and the World Customs Organization (WCO) to the newly created Operational Steering Committee for Trade Facilitation as it works to simplify exports procedures and reform customs administration. Despite considerable investment by the Greek project team and TFGR coordinated experts, the delivery of key roadmap objectives has been slower than foreseen. A technical assistance expert-team concluded its support for reforms to strengthen the institutional environment and improve the tool-box for export promotion. The Greek authorities are currently focusing on the creation of a new export promotion Agency.

Extensive support, coordinated by TFGR, has been provided to remove/simplify legislation which hinders competition and creates red-tape. Building on recommendations provided by the World Bank, the Greek government passed a number of legislative amendments to ease the burdens of starting a business, registering property, dealing with construction permits and protecting investors. Separately, the OECD is finalising advice to the Greek authorities on the removal of regulatory obstacles to competition in food, retail trade, building materials and tourism, and is progressing well with a parallel action to identify administrative burdens. This work expected to translate into legislative reforms in the coming months.

The Greek authorities have also finalised, with the aid of technical assistance, a roadmap to remove investment barriers caused by a maze of licensing and permit procedures establishment and operation of business activities. This road-map addresses one of the most frequently recognised obstacles to new business activity in Greece and identified in the MoU. This work draws heavily on recommendations of TFGR experts in business park development.

In the area of public procurement, the Greek authorities are preparing a comprehensive reform of the current legal patchwork (over 100 different legislative acts), and working to increase the capacity of key public purchasers to procure efficiently and cheaply. In the past few months, leading procurement practitioners have been assisting Greek authorities on a regular and sustained basis with these reforms. The first results of the work on procurement capacity building are expected in the Autumn.

Regarding liberalisation of regulated professions and reserved activities, secondary legislation has been screened to ensure that it does not restrict entry to professions. Technical assistance is currently being provided to identify and eliminate unjustified

² The latest publications on competitiveness by the World Economic Forum and by IMD rank respectively Greece 28/28 and 23/25 on a scale of EU countries and in the last position on a scale of 34 OECD countries.

restrictions. An evaluation of the impact of the liberalisation of regulated professions will now be prepared.

7). Health reform

In July 2013, the Greek government signed an ambitious Contribution Agreement with the World Health Organisation (WHO). This agreement will permit the financing and implementation of technical assistance for the strategic priorities of its overarching health reform initiative ("Health in Action").

Over the last period, technical assistance was focussed primarily on supporting the negotiation of this Agreement. It also continued the process of assessment and elaboration of action plans in the different chapters of the "Health in Action" strategy. Technical assistance was also provided to ensure consistency with the implementation of the policies agreed in the Memorandum of Understanding, in particular relating to pricing and reimbursement of pharmaceuticals, management of national sickness fund (EOPYY) and hospital management.

8). Judicial reform

The functioning of Greek judicial system has traditionally been characterised by long delays and inefficiencies which hamper citizens and businesses in obtaining effective legal redress. The Second Economic Adjustment Programme foresees legislative action to revise the Code of Civil Procedures and the framework for Administrative Appeals.

TFGR has continued its work regarding the review of the Code of Civil Procedure, the promotion of mediation, the introduction of a system of extra-judicial administrative appeals and the implementation of e-Justice in Greece. Legislative proposals for the revised Code of Civil Procedure and the legislative framework for Administrative Appeals are in the pipeline. In the field of Mediation, the important work on the promotion of the institution has continued with substantial coverage from the general media. e-Justice progresses satisfactorily and Greek government is currently tendering the work needed to implement this system. TFGR monitors the process in order to assist in avoiding any delays.

9). Labour market, social security, innovation and education

The Greek labour market situation is very difficult, unemployment having reached 27.6%, with the situation being particularly dramatic for the young (around 64.9%).

In July 2013, Greek authorities launched a public works programme to create 50,000 temporary jobs using EUR 216 million from the Structural Funds.

In order to contribute to a permanent improvement in the functioning of the labour market, technical assistance is being provided in support of 4 key projects to help responding to MoU commitments: (1) labour market experts from five Member States assisted Greek authorities with developing an "Action Plan for the creation of new jobs and supporting the unemployed". The implementation of the action plan is due to begin before the end of 2013 (2) the re-engineering of the Public Employment Service. The adoption of the OAED Action Plans is expected by the end of September 2013, to be followed by the actual re-engineering of the Organisation (3) the reform of the Labour Inspectorate with the support of the International Labour Organisation and (4) first steps towards the creation of a basic social safety net in Greece. A pilot project, likely to be

developed with the support of the World Bank, is expected to be rolled out in 2014. In addition, TFGR has been discussing with the Ministry of Labour options on how to improve quality of apprenticeship and vocational training services and their linkage with employers.

10). Asylum and migration

TFGR continues to support the establishment of improved coordination between Ministries on asylum and migration. Greece and the Commission agreed on policy areas of the revised "Greek Action Plan on Asylum and Migration Management". In coordination with relevant national and regional authorities, TFGR is assisting the Greek authorities in exploring possibilities related to the use of Structural Funds, including in support asylum policy priorities.

Technical assistance (in the form of resident experts) is being provided for the establishment of management and control tools for "Solidarity and Management of Migration Flows" (SOLID funds) and provided TA with the daily management of funds.

11). Privatisation and land registry

In the last quarter, TFGR provided support for the achievement of core privatisation commitments of the Second Economic Adjustment Programme. TFGR has worked closely with Greek Authorities and experts from Member States (Italy, Germany, the Netherlands, Romania and France) in providing expertise in core areas of privatisation, such as water utilities, public real estate and ports.

Other major infrastructure and utilities privatisation areas are in preparation. Technical assistance focusses on preconditions for privatisation and regulatory frameworks, including water price policy, state aid management and regulatory frameworks, such as for ports. TFGR continues to provide institutional support to new regulatory bodies like the Special Secretariat for Water in the Ministry of Environment, Energy and Climate Change as well as, in the month to come strategic advice on anti-money laundering to the reorganized Hellenic Gaming Commission. Public real estate privatisation which is currently under review will be a major core area for the TFGR in the next quarter.

12). Network Industries and Services

During the period under review TFGR laid the foundation for more comprehensive technical assistance in relation to renewable energy (funding for the secondment of three experts to work on sustainable development under a Memorandum with the German authorities) and to logistics (following up on the World Bank Group review of regulatory impediments). Furthermore TFGR organised training of the Greek authorities in relation to waste management and waste prevention, recycling, hotel certification, resort development and tourism promotion. Further initiatives are under preparation in the tourism, waste, aviation and ports areas.

3. KEY AREAS FOR PROGRESS:

The third review of the second economic adjustment programme comments favourably on progress in tackling fiscal imbalances and the current account deficit, but highlights the limited progress in implementing structural reforms needed to support growth and better functioning of the public administration. The Commission has repeatedly stressed

the importance of an acceleration of structural reform as being crucial for the Greek economy to recover³. TFGR coordinates technical assistance for three of the above reforms which are of particular importance for Greece to emerge from the crisis. It is crucial that the foundations which have now been laid for progress in these areas are reflected in quick delivery of reform and improved performance of vital governmental functions:

- (1) Support for the sound functioning of the **tax administration**: this area 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. Technical assistance will be provided to step up investigations of tax fraud and the audit of high wealth and high income individuals, and to accelerate the enforcement of debt collection in the coming months.
- (2) **Reform of central public administration**: decisive progress is needed in building an efficient and modern public administration at the service of citizens and companies, and capable of implementing reforms needed to transform Greek economy. This requires parallel progress on all of the following fronts: effective inter-ministerial coordination; finalization of the evaluation of public entities and concrete implementation of the transformation decisions taken by the Government Reform Council; development of a strategic Human Resource management policy; and creation of efficient horizontal structures in the administration (in particular support functions).
- (3) Contribute to the creation of a supportive and predictable **business environment**: growth and job creation can only come from thriving companies with easy access to liquidity and markets. Business environment reforms need to strive to make it easier for existing and new firms to seize new commercial opportunities through investment or competition by removing obstacles rooted in regulation and practice of the public administration. In the coming months, technical assistance provided should translate into ambitious legislative action to remove regulatory barriers to competition. One year after the adoption of the Trade Facilitation Road map by the Greek authorities, it will also be crucial to make further progress in simplifying exports procedures and reforming customs administration.

4. USE AND DELIVERY OF TECHNICAL ASSISTANCE – STATE OF PLAY

The Greek authorities have sustained the high level of demand for technical assistance recorded in the previous reporting period⁴ with about 483 expert-days of technical assistance delivered and organized by TFGR or through partners (such as the French public agency ADETEF). While over half of technical assistance remains concentrated in the areas of tax administration/public financial management and central administrative reform, technical assistance is also gathering momentum in some other fields. Over this reporting period there has been a near doubling in the volume of technical assistance provided in the following areas: (1). efforts to improve the absorption of Cohesion and

³ http://europa.eu/rapid/press-release_SPEECH-13-716_en.htm

⁴ December to March 2013, for more information see http://ec.europa.eu/commission_2010-2014/president/pdf/q4_en.pdf

Structural Funds (2). anti-money laundering and anti-corruption policies, and (3). support to the privatization programme, land use and land registry.

For delivering technical assistance, increasing use was also made of a wider range of instruments: (1) increased use of small value contracts has allowed for targeted, specialist support for specified projects, (2) to support longer-term technical assistance, the TFGR is currently arranging 4 additional grants and/or contribution/delegation agreements from the Commission managed part of the structural fund budget for an amount of approximately EUR 2,1 million (on top of the 8m€ previously allocated). (3) Several Member States – notably France, the Netherlands and Germany – have made available large numbers of senior experts and officials and assumed the full costs of this contribution, when operating as domain leader for specific reforms.

During the period under review, the TFGR also helped to arrange the financing, using Greek managed Cohesion and Structural Funds, of technical assistance to be organised through the World Health Organisation (WHO). This development can hopefully serve as a template for similar agreements in other policy fields so that eligible structural fund resources available to Greek government are deployed to support crucial reforms. As the end of the current Structural Fund programming period approaches, the window for using these resources is closing rapidly.

In view of the next programming period as of 2013, the TFGR and other Commission services are preparing new approaches for the funding of structural reforms and the related technical assistance. These should allow avoiding as of 2013 the sometimes important delays in the launch and implementation of projects due to financing issues.

ANNEX 1: DETAILED PRESENTATION OF TECHNICAL ASSISTANCE IN INDIVIDUAL POLICY FIELDS

1. ACCELERATION OF COHESION POLICY PROJECTS

In the area of Structural and Cohesion funds, activity for the period was characterised by support to the Greek authorities for both the management of the current programming period and preparation of the next programming period.

Latest data show that Greece has a very good record of commitments for the use of Structural Funds. Greece has committed 99.6% (EUR 23.9 billion) of the total funds available to it (EUR 24.3 billion)⁵. It has paid EUR 13.5 billion, i.e. 56.4% of the amounts committed (55.7% of the amount available). The "absorption rate" for Greece - 67.5% - is thus well above the EU average (56.4%) placing the country in the 6th position at EU level (see table 1). Adoption of the Commission proposal, now before the European Council and European Parliament, to extend the co-financing top-up for a further 2 years will help to maintain this strong performance.

The situation is less encouraging as regards the absorption rate of the European Agricultural Fund for Rural Development (EAFRD), with Greece occupying a place well below the EU average (Greece at approximately 53%). In this regard, possible ways in which technical assistance could contribute to improving the absorption rate of the EAFRD could be further explored.

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

		Structural funds (all funds)	European Regional Development Fund	Cohesion Funds	Social Funds
Total Amount Decided (EUR)		20.210.261.445	12.149.300.178	3.697.160.864	4.363.800.403
Rate absorption by Dec 2010	Greece	21,86%	26,19%	15,90%	14,84%
	EU average	22,94%	26,96%	26,07%	29,06%
	GR Ranking	17	10	13	22
Rate absorption by Dec 2011	Greece	34,94%	39,65%	29,28%	26,60%
	EU average	33,36%	34,31%	28,35%	35,43%
	GR Ranking	18	11	8	22
Rate absorption by Dec 2012	Greece	49,23%	53,58%	46,03%	39,84%
	EU average	46,20%	47,06%	40,74%	48,93%
	GR Ranking	15	8	6	21
Rate absorption by September 2013	Greece	67,46%	69,34%	73,92%	56,72%
	EU average	56,40%	57,25%	49,89%	60,10%
	GR Ranking	6	5	2	16

Against the backdrop of these promising figures, Structural Funds Directorate Generals and TFGR are increasingly focusing their activities on the impact of committed and absorbed Structural Funds to the real economy as not all amounts committed have yet reached the final beneficiaries.

⁵ 24.3bn€ represents the total available from the EU budget (20.2bn€), complemented by Greek national contribution.

Out of the 892 initial uncompleted projects of the 2000-2006 programming period there are still 208 representing EUR 928.1 million. Despite efforts and the exceptional extension until end 2013, it seems that 78 projects will not be completed within this deadline. The risk for recovery could be of approximately EUR 82 million.

The Task force for Greece – in close cooperation with European Commission Directorate General for Regional and Urban Policy (DG REGIO) and Directorate General for Employment, social affairs and inclusion (DG EMPL) - contributed actively to the management of the so-called **priority projects**⁶. In particular it provided extensive technical assistance to the motorway concessions. Work on 4 large motorways, with a combined value of EUR 7.6 billion, has been suspended for over 3 years due to the unprecedented economic crisis. Following protracted and complex negotiations, EU clearance and financial support is expected in the coming weeks. Agreement with concessionaires and creditors (domestic and international) is finalized paving the way for ratification of the reset agreements by the Greek Parliament following the clearance by the Hellenic Court of Auditors. Throughout this process, TFGR advised the Greek authorities in their negotiations with the different parties, and facilitated communication of the revised terms for the motorways concessions to the Commission..

The TFGR also intervened on several other priority projects where it either provided direct support to the Greek authorities and/or facilitated the provision of technical assistance to the Greek authorities. This includes projects in the areas of digital convergence, transport, environment and labour (corresponding sections of the report contain more detailed information). TFGR was also involved in the finalisation of the public works programme which the Greek authorities presented to the public on 26 of August 2013. According to information available⁷, at the beginning of September 2013:

- 30 out of 181 priority projects have been completed (total co-financed budget EUR 438 million)
- 83 are being implemented on schedule (total co-financed budget EUR 3 million)
- 52 projects need to be accelerated (total co-financed budget EUR 7,334 million)
- 14 projects are unlikely to be concluded (total co-financed budget EUR 711 million)
- 2 projects were cancelled (co-financed budget EUR 2 million)

TFGR is deeply involved in the simplification process; scope of the exercise is to identify those processes, procedures and legal constraints that hinder an effective and efficient disbursement of EU Structural and Cohesion Funds. Work is developed around two axis: the Funds mechanisms and the broader legal and administrative framework. All the **simplified management and control procedures** for the current programming period foreseen in the review by the Greek authorities were introduced by the end of April. In addition, amendments to laws were passed in June relating to speeding up procedures for environmental licensing, expropriations, bid and contracting procedures, and reduction in the number of signatories for implementing co-funded projects. These changes are all designed to reduce the time taken for projects to start.

⁶ http://www.espa.gr/en/documents/priorityprojects/ypaan_120116_espa_projects_en.pdf

⁷ Based on the "Greek Management Information System":
<http://www.anaptyxi.gov.gr/Priorities.aspx?mod=1&~>

Also, in the context of simplification, a working group⁸ under the co-ordination of the Secretary General for Coordination was set up to tackle the issues of structural and procedural simplification as well as resources and capacity. TFGR has been active in triggering this reflection, having substantiated the needs for a systematic review of the existing system. The first meeting was held in July where it was agreed to look at procedures; management structures and central co-ordination; and capacity building, especially at level of municipality. The work will be pushed forward in the autumn.

TFGR will continue to provide advice on **simplified management and control procedures** for the next programming period. TFGR will further explore the possibility to introduce entirely new working procedures, such as having an increased recourse to “simplified cost options (SCOs)”⁹ during the 2014-2020 programming period. In this context, the Task Force contributed to a seminar about the SCOs which was addressed to all Greek ESF managing authorities. Other presenters in the seminar were DG EMPL procedural and audit experts as well as an expert from Hungary. This will be followed up to help develop a unit cost funding methodology, especially in education related projects.

In addition to providing continuous support in the areas identified above, work in the coming months will focus on **preparation for the next programming period**. In this respect TFGR will focus on improving the weaknesses of the current programming period, support the Greek authorities in fulfilling the ex-ante conditionality so that the next programmes can start on solid grounds. TFGR is also closely associated to the negotiations on providing comments - and assistance where appropriate - to the **partnership agreement**, under the aegis and coordination of DG REGIO, with a particular attention to the definition of a strategic vision for the future of Greece, the analysis of the proposed architecture, the thematic ex-ante conditionality, the link between current and future periods and the impact of the new Regulations.

TFGR is increasingly focusing its support to the small and medium size enterprises sector (SMEs), in need of targeted actions. This includes TFGR work on access to finance for SMEs, improving the business environment (see next chapters) but also on how to support SMEs using Structural Funds. In July, TFGR organised a workshop to share information from the United Kingdom (Cornwall region) about the support from Structural Funds provided for SMEs through a mix of grants, loans and specialist support. It was explained how SME representatives took the lead in developing both the strategy and the support projects. Representatives from all the Ministries involved in supporting SMEs were in attendance, as well as representatives from all thirteen regions and specialists in state aid and grant application appraisal. Further technical assistance will be provided to help the Greek authorities to integrate these approaches when developing new operational programmes.

Key expected developments:

- Greek authorities will adopt – following consultations with the European Commission - the final Partnership Agreement for the programming period 2014-2020. They will also entail preparation of the Operational Programmes for the same period.

⁸ The working group consists of the competent Ministries for the Structural Funds management, including Ministry of Development.

⁹ Using flat rates, unit costs and lump sums instead of actual expenditure.

- Further progress should be noticed in the completion of Priority Projects, with special focus on "motorway concessions" where adoption of Commission decisions is expected, together with the related decisions by the Greek authorities.
- Modifications of Operational Programmes have just been notified to the Commission services with a view to find the necessary funding for the "motorway concessions".
- In November-December it is expected to have the adoption of the legislative package for the next programming period. This means that the Greek authorities will have to decide and start implementing the relevant follow-up measures both in terms of structures and procedures and further strengthen and enhance the delivery mechanisms.
- Further implementation of the recently adopted legislation on administrative simplification and decision on the implementation of the orientations that will emerge from the working group on simplification of structures. Additional possible simplification measures will be discussed with the Greek authorities.

2. ACCESS TO FINANCE / FINANCIAL SECTOR

2.1. Liquidity Instruments supported by Structural Funds

The situation regarding lending for the real economy is similar to that of April 2013, with a continuing credit crunch, high interest rates compared to other Member States, high collateral requirements and rising non-performing loans.

With respect to the various financial instruments available that are supported by the EU, disbursements have been limited during the period under review: the situation remains unsatisfactory given the very high needs of the Greek business community. Four new or redesigned instruments are now in the market¹⁰ and some funds previously committed to ICT projects will now be accessible to all SMEs. The impact of these measures will be seen over the coming months.

The table below provides an overview of existing initiatives supported by the EU to increase bank lending to the business sector, notably the Greek SMEs.

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

In million EUR	Public contribution	Private sources	Total available	Total disbursements (public contribution)	Disbursements March-June 2013
EIF					
JEREMIE	250	250	500	46	6
EIB					
SME global loans	500	500	1,000	0	0
ETEAN					
Entrepreneurship Fund	133	133	266	21	17
Tourism in the	80	0	80	0,2	0,2

¹⁰ Tourism in the islands, ETEAN Guarantees, Restart Greece (working capital), TFEP (see next page).

islands					
Working capital	275	275	550	40	40
<i>Guarantee*</i>	50	100	150	0	0
Energy Efficiency	241**	239	480	45.79	
for households	155***	0	155	30.79	
Total	1,684	1,497	3,181	183.78	63,2

Notes: * guarantee, no liquidity ** loans*** grants

In addition EIB provides global loans to banks for an amount of 440 million EUR without the support of Structural Funds. Of this amount, 287.5 million EUR (62.5 million in the last quarter) were disbursed. Moreover, the Trade Finance Enhancement Programme (TFEP) was launched which aims to overcome the difficulties faced by exporters in obtaining letters of credit. Contracts with 3 domestic and 3 foreign banks were signed and EIB expects the first letters of credit to be issued over the summer period.

2.2. Structuring dialogue between stakeholders

Creation of discussion platforms:

a) Access to finance for SMEs:

A high level discussion platform focussing on access to finance for SMEs has been established with the support of TFGR in April 2013. This brings together, for the first time, the banking sector and representatives of SMEs associations to take stock of problems related to liquidity flows into the real economy and to develop forward common proposals for improving conditions of access to credit. Proposals are addressed to both the Greek and the European authorities. More specifically, the platform convenes at executive level every month, while technical meetings are held at least three times a month. Coordinated by the Hellenic Banks Association, it brings together representatives from the major commercial banks, major SMEs associations and chambers of commerce. The Greek Ministry of Development and other public authorities and European agencies also participate as observers.

At this stage, the first outcome of the platform was the publication of a "Report on the Access to Finance of SMEs in Greece" in July 2013. The key proposals advanced by the platform relate to: the need for more flexibility in future NSRF programmes; development of schemes to finance working capital; tackling the issue of high collateral requirements; the importance of improved coordination efforts; improved communication to the end user SME; design of a comprehensive SME strategy for 2014-2020; assignment of future financial engineering actions to implementing bodies according to their expertise and capacity. The platform has proven its value added in terms of enhancing dialogue and seeking common solutions. It will continue to meet regularly to follow-up on its recommendations, monitor the situation and actions taken and propose further actions.

b) EU Commission - EIB

Upon initiative of TFGR, the Commission¹¹ and the EIB decided to hold regular meetings to exchange information on issues of common interest; identification of

¹¹ Task Force for Greece, DG Regional Policy, DG Employment, DG Economy and Finance

existing/possible problems; explore ways to address them; explore avenues for further improved cooperation.

c) Steering Committee Greek authorities – Commission

The TFGR actively participates in the Steering Committee set-up by DG REGIO in July. Its purpose is to enhance monitoring of implementation and gather concrete experience in order to bring forward policy suggestions on support to SMEs in Greece for the current and the next programming periods. The Steering Committee is composed of a limited number of experts representing Greek Authorities (Ministry of Development et alia), REGIO, TFGR and ECFIN.

2.3. ETEAN:

The public agency ETEAN provides loans and guarantees for SMEs as well as other financial instruments (e.g. loans and grants for energy efficiency measures in private households). ETEAN is implementing new instruments with a higher risk profile than heretofore. Efforts are underway to prepare training in the field of risk management for promotional institutions: discussions were arranged between ETEAN and experts from EU member states. Possible training sessions and short term missions by experts are planned by the end of October 2013.

2.4. Insurance

TFGR continues to follow closely and support developments in the insurance sector with the Bank of Greece. In particular, there are on-going discussions with the Bank of Greece on the capacity of the insurance sector to assume social security/pension schemes in compliance with enhanced requirements under the EU legislative framework. A new project is under preparation with the support of TFGR consisting in providing TA and expertise for the reshuffling of the legislation related to occupational pension schemes.

2.5. Potential new instruments to provide additional support:

2.5.1. Institution for Growth in Greece (IfG)

Preparatory works for the establishment of the IfG continued:

- Different working groups, under the lead of the German promotional bank KfW, the European Investment Fund and European Investment Bank, are preparing the details for SME financing (debt and equity) as well as local and regional infrastructure projects.
- Greek authorities identified EUR 350 million from public sources for the investment in the IfG, of which up to EUR 150 million will come from the state budget and another EUR 200 million are envisaged from the Structural Funds.
- The legal and the governance structure are under discussion.

2.5.2. Supporting the implementation of a microfinance pilot project

Over this quarter, the Commission services have met regularly with public authorities (Ministries of Development, of Labor, of Agriculture and Municipality of Athens) and private stakeholders to support the launching of pilot projects. The objective is to provide examples of how microfinance works in practice and is financed in other Member States

and make use of the expertise of recognized leaders in the field. Discussions are currently taking place among the Greek authorities in order to decide whether to support the possible setting up of pilot projects in this field.

As far as the legal framework is concerned, the Greek authorities have decided not to proceed with modifications in the short run to allow for financing by non-bank entities (e.g. microfinance providers). Such a change will be discussed and considered after pilot projects have been successfully implemented.

Key Expected Developments:

For the coming months, the main focus will be on the disbursement of public financial engineering instruments available in particular global loans and the TFEP from EIB, JEREMIE loans from EIF and loans and guarantees from ETEAN. The follow-up and implementation of the proposals in the "Report on Access to finance of SMEs in Greece" is expected for summer and autumn 2013.

Two new TA projects are under preparation: Concerning the insurance sector, TA will be provided with the support of TFGR consisting in expertise for the reshuffling of the legislation related to occupational pension schemes; concerning ETEAN, TA in the field of risk management for promotional institutions should be provided by experienced institutions with a comparable mission from other EU Member States. The working group for the IfG will deliver a proposal for a governance structure. The Greek authorities will decide on whether to support pilot projects in the field of microfinance.

3. CENTRAL AND LOCAL ADMINISTRATION REFORM

3.1. Overall Governance of the Reform

A first draft of a 2 year strategy and action plan for the reform of the administration has been prepared. This should encompass and refine the Human Resource strategy that has been developed by the Ministry of Administrative reform and E-government (MAREG). The validation of this strategy at the highest level of the State should help to establish a common understanding of the objectives and outputs of the reform amongst the management echelons of the administration. It will also provide a basis for explaining the reform to civil servants and civil society. The plan should be adopted by the Government Reform Council (GRC, under the authority of the Greek Prime Minister) as soon as possible.

The GRC should enhance its steering and decisional role, to ensure an effective implementation of the reform and provide a political and cross-governmental weight to all important decisions.

The inter-ministerial coordination structure is currently being staffed (25 positions have been filled so far). It should finalize its staffing and set-up its operations and working procedures for becoming quickly the crucial coordination mechanism so badly-needed by the Greek Administration. The inter-ministerial coordination staff should undergo a training plan prepared in coordination with the French domain leader. A change management plan for the administration is also foreseen.

3.2. Reorganization of the Ministries and public entities

The evaluation of the structures of all the public sector is on-going. So far, proposals for reorganization of structures representing 410,000 staff were adopted by the GRC. Assessments will continue during the last quarter of 2013, enabling the GRC to take decisions on the transformation of structures representing about 700,000 staff.

Following the first decisions of the GRC, the concrete transformation of the structures has started, beginning with the central structures of Ministries such as MAREG, the Ministry of Finance or the Ministry of Development. Work should accelerate in order to implement all decisions of the GRC and provide the new structures with a well-defined legal and well-coordinated framework. A large effort is underway to develop recourse to job descriptions in a systematic manner.

3.3. HR Reform

Work continues towards the adoption of a comprehensive Human Resources strategy. This strategy should be integrated in the overall Administrative Reform strategy and action plan and should address the weaknesses in public service management of human resources, define the best way to manage civil servant's career-path (recruitment, appointments, trainings, assessment, mobility, etc), and to develop the managerial skill sets of managers and top managers (valorisation of competences for example)

For an efficient implementation of the HR strategy, the Authorities should also define the full set of instructions to organise all HR services across ministries, under MAREG coordination. This work has been initiated by MAREG at a meeting of all HR managers which took place in August 2013. The development of this HR community should be pursued and strengthened.

Mobility of staff

As part of the HR strategy, the criteria and principles for setting up the mobility scheme have been adopted by the administration. The 12,500 staff to enter the scheme by end September 2013 is in the process of being identified, as foreseen in the second economic adjustment programme. An additional 12,500 should be identified by end 2013. By the end of July 2013, 4,200 employees had already been placed in the mobility scheme. The administration is being adopting the tools to run the mobility scheme. These should be deployed as soon as possible in order to manage the 25,000 staff included in this scheme in an optimal way. This would lay the foundations for a permanent system for mobility of personnel, as defined in the HR strategy.

3.4. Administrative reform at the local and regional levels

In the month of April, the work of the subcommittees continued on the remaining areas of local government reform as described in the corresponding road map. Representatives from the Ministry of Interior, Regions, Municipalities and other relevant Ministries discussed ways to improve the exercise of powers by local government in respect of agricultural policy, social policy, and municipal police. The discussion also continued on how to improve the organization and coordination of public interventions at local level. TFGR and Germany assisted with this work. The initial discussions were expected to be followed quickly by the elaboration of proposals for an action plan. At the moment, none of these proposals has been finalized and submitted to the sub-committees for approval. It is imperative that Greek authorities make further use of technical assistance over the

coming months to underpin these long-term reforms (i.e. pilot implementation, modelling, large scale implementation).

Concerning the evaluation of structures of municipalities and regions, the Ministry of Interior coordinated a pilot exercise with the cooperation of a limited number of municipalities representing different typologies (i.e. urban, semi-urban, rural, remote areas and so on). Drawing on the results of this pilot project, the Ministry is currently working on a benchmarking exercise, involving the use indicators to identify differences among municipalities of the same typology. The objective is to identify redundant staff to be placed in the mobility scheme.

3.5. Digital Strategy and E-Government

The TFGR is providing assistance to the Greek Authorities in order to define a digital / ICT strategy setting the overall principles and priorities for Greece in this field, in line with the European Digital Agenda. This framework should enable the development, among others, of a coherent, efficient and comprehensive e-Government approach and action plan. This process should ensure that all relevant stakeholders share a common set of high level goals, focus on simplifying the administrative processes by making them digital where applicable, and make the decision processes clearer. In addition, the process will function as an enabler for making easier the access to public data and cooperation between the public and private sector, while ensuring that a suitable data protection framework is in place. Finally, synergies with the goals of the next programming period of Structural funds are being set up for an optimal use of the funds.

Key Expected Developments:

- Adoption of a 2 year strategy for the administrative reform, encompassing a comprehensive Human Resources strategy. Communication of this strategy throughout the administration, to main stakeholders and citizens.
- Establishment of a HR community, leading to guidelines being provided for the HR units of the Ministries under MAREG coordination
- Optimal functioning of the inter-ministerial coordination structure. All staff of the structure are trained and a change management plan is deployed throughout the administration
- All structures of the public sector are evaluated (representing 700,000 staff). Transformation decisions, including staffing plans, are adopted by the GRC. There must be an acceleration in the concrete implementation of these decisions.
- 25,000 staff are included in the mobility scheme in total. The tools for optimal management of the mobility scheme are adopted
- TFGR is promoting, in cooperation with the Ministry of Interior and pilot municipalities, an intensified technical assistance programme in order to speed up the preparation of guidelines related to the most urgent needs (i.e. investment planning, municipal structures, HR and financial management).
- The Digital strategy and an efficient e-government approach with the ensuing action plan, are expected to be finalized and approved by the Council of Reform in Q4 2013.

4. REVENUE ADMINISTRATION AND PUBLIC FINANCIAL MANAGEMENT:

4.1. Revenue Administration:

Institutional-building at the new, semi-autonomous revenue administration has progressed. The Institutional Reform Working Group (IRWG) established with International Monetary Fund (IMF) and TFGR support has continued its work. In August 2013, it completed the identification of powers which should be transferred from ministerial level to the level of the head of the revenue administration (Secretary General for Public Revenue) in order to increase its operational autonomy.

Organisational reform both at headquarters levels and in the local tax offices is also progressing. In the aftermath of the functional review, extensive technical assistance has been provided (by IMF-EC review mission, IMF and TFGR residents, and IMF experts) to assist in this process. Local tax offices (DOYs) have been consolidated from a total of 240 into 119 within one year: there are now 61 full-service DOYs (including audit and collection functions) and 58 DOYs without audit and collection function.

Technical assistance also continued regarding the improvement of key functions of tax administration. In these sectors, the main highlights of the last months (April-September) were:

- basic audit training: scoping mission by German specialists to assist in the design of a basic audit training curriculum to be dispensed by full-time trainers.
- large taxpayers: training on audit of large taxpayers in the financial sector dispensed by Spanish experts, and start of a training program on transfer pricing implemented by an expert from European Commission Directorate General of Taxation and Customs Union (DG TAXUD). Some progress has been made in this area, where the number of completed audits has been more than doubled over the first seven months of the year as opposed to 2012 (164 vs. 66).
- High Wealth Individuals (HWI) audit: TA was provided to the newly set-up HWIAC (High Wealth Individual Audit and Collection Center) by French experts, in order to support the use of indirect audit methods for the audit of bank remittances abroad.
- debt collection: the automated debt reminder system commenced operation in late Spring. A further mission by Belgian and Dutch experts helped further on this issue and on e-garnishment (automated seizure of bank accounts). Technical assistance (especially via resident advisors) was also instrumental in helping design and implement the instalment schemes agreed upon between the Greek authorities and lenders in Spring 2013, both regarding state taxes and Social Security contributions.
- dispute resolution: technical assistance provided by a Dutch expert (April - July) contributed to the creation of an internal review service for the tax administration.

Technical assistance was also provided for the reform of the Greek tax system. IMF and European Commission (DG TAXUD) technical assistance assisted in the drafting of an overhauled, streamlined Income Tax Code (ITC) and in the creation of a Tax Procedure

Code (TPC). Work is ongoing – with technical assistance from a British expert since June – on the reform of Greece's accounting rules and Code of Tax Recording of Transactions: this constitutes a second step in the reform of Greece's former "Code of Books and Records". Lastly, IMF has been supporting the effort to put in place a new property tax, with three headquarter missions in April-May, July and September.

4.2. Public Financial Management (PFM)

A working group on the implementation of the Late Payment Directive has been set up with IMF and TFGR support. This brings together all key stakeholders from within the General Accounting Office (GAO) and outside (representatives of line ministries, of Hellenic Court of Audit). It strives to streamline the payment process, which currently takes as long as 4 months from invoice to actual payment.

The work on streamlining of the payment process is closely linked with design and implementation of ERP (Enterprise Resource Planning) software. IMF and TFGR technical assistance have helped in the design of the specifications. This has paved the way for the signature of the technical bulletin in April and the launch of the tender in May 2013.

Technical assistance (especially by the IMF resident in GAO complemented by short-term expert visits) is also continuing in other fields: fiscal reporting (especially more developed monthly fiscal reports in GFSM / ESA 95¹² format and social budget monitoring), commitment registers, clearance of arrears, and reorganisation of the General Accounting Office.

4.3. Hellenic Court of Audit:

Implementation of the Road Map for technical assistance in the field of external audit, agreed in 2012 between the Hellenic Court of Audit (HCA), TFGR, IMF and several European Supreme Audit Institutions, is well underway. This effort is well supported by the Netherlands Court of Audit as domain leader, in cooperation with Belgian, French, German and European Courts of Audit.

Progress has been made in the three areas covered by the Road Map. These include: developing an annual audit programme; capacity building for financial audits; and strengthening relations of HCA with Parliament and other relevant stakeholders. Workshops have been organised in the areas mentioned and a technical coordination mid-term review meeting took place in Athens on 19 and 20 September.

Key expected developments

Revenue Administration:

- Further Technical assistance for organizational issues with a view to determining the new organization of the tax and customs administration (October 2013)
- Mission to Germany of newly selected Greek full-time trainers (October 2013) with a view to preparing the first round of a new basic audit training curriculum (early 2014)

¹² GFSM: Government Finance Statistics Manual. ESA 95: European System of Accounts 1995.

- Technical assistance on implementation of the new Tax Procedure Code and Income Tax Code, with a view to their entry in force as of 01/01/2014
- Technical assistance for overhaul of Greek accounting rules and Code of Tax Recording of Transactions in September, with a view to submitting draft legislation to Parliament by October 2013.

Public Financial Management:

- TA to be provided on reform of the organic budget law (IMF mission to take place in October 2013).
- TA to be continued in the field of payment process and to be stepped up in the field of budget preparation

Hellenic Court of Audit:

Preparation of a high level mid-term review of the programme, including discussions of a number of strategic issues relating to the role of the HCA in the broader field of public financial management and accountability. Follow up workshops to strengthen relations with Parliament. Further develop the annual audit program and embark upon a second cycle of ex-post financial audits (October-November 2013).

5. ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING:

5.1. Anti-Money Laundering

Since the beginning of 2012, the Greek Financial Intelligence Unit (FIU) has reported 1,130 cases of suspected tax evasion to the tax authorities and the Greek Financial and Economic Crime Unit (SDOE) based on suspicious transaction reports (STRs), coming mainly from financial institutions.

Since the beginning of 2012, 313 cases relating to confirmed tax evasion have been sent to the Prosecutor's office and assets of a value of approximately EUR 133.2 million have been frozen.

Table 3: Data on tax evasion cases identified by FIU:

FIU	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Total
Suspected tax evasion sent from FIU to tax authorities and SDOE	526			193	228	183	1130
Confirmed tax evasion cases received by FIU and sent to Public Prosecutor	71	53	29	76	40	44	313

Frozen criminal assets	33.9 mio	11.1 mio	13.3 mio	39.4 mio	20.4 mio	14.7 mio	133.2 mio
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Since agreement on the Road Map for Anti-Money Laundering (AML), good progress has been made in all the work streams covered by this roadmap.

Following an earlier tactical analytical course for the FIU, a follow-up course on strategic analysis has been implemented last June with the help of experts from the Egmont Group¹³ in order to strengthen the analytical skills of the FIU in relation to tax evasion.

In order to enable financial investigators to make good use of the AML information given to them, an 18 month training programme for financial investigators is almost ready for implementation. This will strengthen their awareness, deepen knowledge on methods and deliver training on the job training. As domain leader, the Dutch Fiscal Information and Investigation Services (FIOD) already delivered six well-received seminars for 220 financial investigators coming mainly from the Financial Police, SDOE, General Secretariat for Public Revenue (GSPR), FIU, the Bank of Greece and Public Prosecutors on Economic Crime. In addition they organised eight seminars on specific topics for a total 330 investigators.

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 for the Financial Police is almost finalised, three more have just started (Financial Police and SDOE). In addition coaching is given to the newly set established High Wealth Individual Audit and Collection center (HWIAC) of the revenue administration (see section 6.1) in several offshore cases.

In order to further strengthen coordination between authorities in the AML network, meetings take place every two weeks to discuss obstacles to implementation. Progress has been made in the development of an indirect registry of bank accounts to effectively support the Greek law enforcement under Greek leadership. The law to implement this system has been accepted by the Greek Parliament with a view to have it fully operational by September 2013.

The existing AML coordination committee, comprising representatives of the different Greek stakeholders, has prepared a report that describes the operating procedures regarding the exchange of information between them. The report contains 20 recommendations to enhance coordination and cooperation, effective exchange of information in the AML network and improve asset reporting, tracing and recovery.

5.2. Anti-Corruption

The Greek authorities have developed a national strategy on anti-corruption, encompassing objectives defined with all relevant Greek partners and as laid down in the Road Map on Anti-Corruption. Work is underway to align the Greek anti-corruption laws with international standards. There is also some progress in the field of protection of

¹³ The Egmont Group is an informal group whose goal is to facilitate international cooperation between Financial Intelligence Units (FIUs) from different countries, especially in the areas of information exchange, training and the sharing of expertise.

whistle-blowers. Specific anti-corruption prosecutors have been appointed. It is important though to avoid overlap with the mandate of the financial prosecutor.

Just before summer, the Greek Parliament has adopted the law that formulates the tasks and authorities of the National Coordinator, the Advisory Body and the Coordination Committee. The National Coordinator (NC) has in the meantime been appointed, directly accountable to the Prime Minister. The Advisory Body will hopefully bring together representatives from international institutions like the Council of Europe, OECD, and others to further facilitate the implementation of the national strategy. Effective implementation of the earlier agreed national strategy against corruption depends also on continuous political support for the national coordinator.

The Ministry of Finance has drafted a sector-specific anti-corruption strategy for the tax and customs administration and also produced a code of ethics for employees in the Ministry of Finance. This strategy now needs to be fully implemented.

Under the Ministry of Health a working group on anti-corruption has started to set up a sector-specific anti-corruption strategy with a view to finalise this sector strategy in October.

Key expected developments:

Anti money laundering:

- Implement the recommendations from the report on the AML Network.
- Implement the law that regulates the indirect registry of bank accounts by the end of October.
- Set up the remaining courses for financial investigators, including training on the job.

Anti-corruption:

- Make sure that the NC, Advisory Body and Coordination Committee are properly supported and have the right representatives to facilitate the timely implementation of the national strategy.
- Step up the implementation of the individual actions of the national strategy, including by making sure that there is a proper implementation plan.

6. BUSINESS ENVIRONMENT:

Over the past quarter, technical assistance to support reforms of the business environment in Greece has progressed well but unevenly:

6.1. Increasing exports by simplifying procedures and setting export promotion strategy:

Sustained technical assistance has been provided to simplify exports procedures and reform customs administration with the support of United Nations Economic Commission for Europe (UNECE) and the World Customs Organization (WCO). Challenges linked to financing of this project up to 2015 and to retrain and motivate staff

to implement new working methods remain. The implementation of the roadmap has been slower than expected and intermediate headline targets (to reduce time for export by 25% and costs of export by 10%) might be difficult to reach by end year.

A steering structure has been set-up, including a dedicated working group to implement the actions identified in the November 2012 road-map. The Greek customs undertook an analysis of the customs pilot offices for testing optimized customs procedures and is working on implementing findings. A WCO diagnostic mission provided concrete additional recommendations for implementing customs actions of the roadmap and in particular for the customs pilot; A German expert assisted customs for 3 weeks during summer 2013 to establish project plans for priority actions.

In the area of export promotion, intensive assistance was provided by experts from the Netherlands and TFGR to the Greek authorities. The experts have completed their input. Currently the Greek authorities are preparing to merge HEPO (Hellenic Foreign Trade Board, responsible for implementing the export policy of Greece) and Invest in Greece (Agency responsible for seeking, promoting and supporting foreign direct investments into Greece) to serve as nucleus for a new agency aimed at supporting Greek companies in improving access to foreign markets, as well as attracting foreign investments.

6.2. Facilitating new investment:

Drawing on technical assistance, the Greek government has published an evaluation and national vision for overcoming entrenched investment barriers by rationalizing business licensing procedures. A sound diagnosis¹⁴, highlighting the lack of an integrated approach, complicated, time-consuming and costly procedures, and the uncertainty concerning the legal framework of many important licensing and permit systems, has been undertaken. In April 2013, the Ministry of Development has set-up an inter-ministerial working group tasked with the design of the strategy and of the subsequent detailed roadmap of actions. As identified in the MoU, the Greek authorities have finalised in September a first tentative roadmap of actions. This work draws heavily on recommendations of TFGR experts in business park development (see below).

In June, a workshop and report with recommendations from TFGR commissioned experts to Greek authorities on the development of the policy framework for business parks have been delivered. Improvements to the spatial planning and to the management of business parks are envisaged to regain commercial attractiveness. Currently, business parks are broadly empty and constitute an untapped opportunity to attract and grow business in a potentially simplified and safer regulatory environment.

6.3. Improving functioning of public procurement:

Since Q1-2013, TFGR has mobilized technical assistance to support the reform of the Greek public procurement legislation and administration. Work on this project has swiftly moved from planning into the executing stage. The first expert mission to support the Greek authorities to organize the Central Purchasing bodies, as well as to plan and prepare framework agreements took place in July. In parallel, technical assistance to

¹⁴ based on consultation with various stakeholders and a comprehensive screening in the thematic study, June 2013, "Licensing of projects and activities": http://www.observatory.org.gr/Portals/0/News/Executive_Summary_Licensing_Final.pdf

provide advice and recommendations to the Single Public Procurement Authority for the drafting of new codified and simplified public procurement legislation has advanced.

6.4. Removing regulatory barriers to business and competition:

The project performed by the OECD aimed at removing regulatory barriers to competition in retail trade, food, building materials and tourism has advanced on schedule. The analysis of the major regulatory obstacles to competition in the abovementioned sectors was delivered in July, with the support of TFGR.

Greek officials, with the support of the OECD, have completed the identification of information obligations in legislation which give rise to administrative burdens for businesses in 13 domains. In preparation of the measurement of the most burdensome information obligations, the latter are prioritized with the involvement of business stakeholders.

Building on recommendations provided by the WBG, the Greek government passed in May a number of legislative amendments to reduce the administrative complexity to starting up a business, registering property and obtaining a construction permit for a warehouse. This will remove a number of impediments to company start-up in particular. Nevertheless, it still remains considerably more expensive to start a business in Greece compared to the EU average. Further improvement can be made by tackling outstanding issues such as the capital concentration tax on company capital.

6.5. Liberalising access to and exercise of regulated professions:

Work is being carried out with the support of the TFGR to identify reserved/shared activities and propose amendments to the current legislative framework. In addition to identifying restrictions, the study includes a proportionality assessment of existing restrictions as well as suggestions for modification and legislative proposals. This comparative analysis of the legislative framework in a limited number of other EU countries will enable the Greek authorities to amend and/or abolish the relevant legal framework where reserved/shared activities (reserved to specific professions) are found to be unjustified. Moreover, a further TA project, relating to an evaluation of liberalisation of professions for some key sectors of the economy, is under preparation. This project will consist in a study analysing the impact of reforms in this field by end of the year.

Key Expected Developments:

Customs: Implementation of detailed project plans for trade facilitation and customs should commence. Further technical assistance will be provided for reorganisation of customs administration including local offices, and implementation of customs pilot (automated customs clearance procedures).

Investment Licensing: The Greek government will begin implementation of its roadmap, drawing on technical assistance from World Bank Group (WBG) and TFGR.

Public procurement: Recommendations on framework contracts and Central Purchasing Body are expected to be delivered in autumn. Evaluation of the e-procurement platform and notification portal by independent experts mobilised by the TFGR will be finalised in November. This will provide a clearer picture of the capacities of both systems and allow future improvements.

Removing regulatory barriers to competition: OECD is finalising recommendations to help removing regulatory barriers to competition. The measurement of the most burdensome legislation in 13 domains (using the Standard Cost Model) is also expected to provide basis for slashing red-tape. Results are scheduled for early 2014.

Liberalisation of regulated professions and abolition of certain reserved and shared activities: After completion of a first project consisting in the screening of legislation to liberalise regulated professions, TFGR is supporting the execution of a second project related the abolition of certain reserved activities. In cooperation with the Greek authorities, TFGR is setting up a third technical assistance project to measure the impact of the liberalization of several regulated professions. It will consist of an analysis as regards the actual opening in a number of specific professions, to be delivered by end year.

Economic analysis of reforms: TFGR is setting up a new technical assistance project to analyse and monitor the impact of structural reforms in business environment.

7. PUBLIC HEALTH

7.1. "Health in Action": Health Reform Steering Committee and Sub-Committees¹⁵

The Steering Committee and the sub-committees have continued to meet during the period under review. With the support of technical assistance, work has progressed steadily under the different headings:

- The assessment phase is nearly completed (with the exception of Health Tourism);
- New draft action plans have been transmitted to the Greek authorities (public health and primary healthcare, e-health) or updated (hospitals and pricing and reimbursement of pharmaceuticals) or finalized (DRGs and EOPYY).

7.2. Contribution agreement with the WHO

The TFGR has assisted the Greek authorities in setting up a financing scheme with the World Health Organisation (WHO) to support these reforms and the related technical assistance. The agreement has been signed on 18 July 2013.

A project management structure has been agreed between the Ministry of Health, WHO, the Domain Leader (Germany) and the TFGR.

¹⁵ The Health Reform Steering Committee has the following subcommittees: 1) EOPYY; 2) Hospital management; 3) Diagnosis Related Groups; 4) eHealth; 5) Pricing and reimbursement of pharmaceuticals; 6) Primary health care; 7) Public Health 8) Human resources 9) Health tourism.

7.3. Support to the implementation of policies agreed in the Memorandum of Understanding

"Health in Action" aims at providing a clear strategy framework for a sustainable healthcare system in Greece. In the short term, its priorities have to be consistent with the policies agreed in the MoU. The TFGR assists Greek authorities in ensuring this compliance, in particular relating to pricing and reimbursement of pharmaceuticals, management of national sickness fund (EOPYY) and hospital management (including DRGs – diagnosis related groups). A first consistency workshop has been held on 4 September 2013.

Key Expected Developments:

Support programme: the project management plan is to be finalised in fall 2013; discussions will begin for a supplementary contribution agreement between the Ministry of Health and the WHO.

Towards implementation: a number of action plans are to be adopted in the autumn and the reform process will be officially launched on the occasion of a High Level Conference on Health in Action to be held in December 2013.

8. REFORM OF JUDICIAL SYSTEM:

8.1. Task force for the review of the code of civil procedure

The “task force for the review of the code of civil procedure” is an expert group established under the Memorandum of Understanding, in order to review the code of civil procedure with a view to accelerating judicial proceedings. It delivered its draft revised code at the beginning of October 2013 and adoption of the final draft is scheduled for Spring 2014. During the reporting period, the work of the "task force for the review of the code of civil procedure" has been assisted by the participation of French and German experts who shared their experience and knowledge of their countries’ practices. The draft legislation will now be reviewed by the experts and the European Commission which will submit comments to the Greek Ministry of Justice at the end of October 2013.

8.2. Extra-judicial mandatory administrative appeals

The working group charged with the task of preparing proposals for introducing extra-judicial administrative appeals, comprises representatives of the Ministry of Justice, other ministries, judges as well as legal academics and professionals. The working group presented a draft law in August 2013. Following comments on this draft legislation during the last review mission in September 2013, the Ministry of Justice is expected to present an amended draft. During the reporting period, the working group has benefited from legal advice from the TFGR.

8.3. Alternative Dispute Resolution (ADR) Mechanisms

TFGR, with the financial and administrative assistance of European Commission Directorate General for Communication and in close cooperation with the Greek

authorities, continues to support a communication strategy to publicise the new mediation institution to the general public. On 2 July 2013, it organized together with the Ministry of Justice and the European Commission Representation in Greece a mediation promotion event at the Athens Chamber of Commerce and Industry. The event received wide media publicity and succeeding in raising public awareness. This event built on an earlier kick-off event, organized on 20 March 2013, marking the beginning of a 3-year mediation campaign in Greece. The key message of these events is that "there is another way to solve disputes" (alternative to court proceedings) which is more efficient and less costly. Opening mediation to non-lawyers remains a priority.

8.4. E-Justice

TFGR is helping to develop the reforms for “electronic justice” in conformity with the overall e-governance action plan (which forms part of the wide administrative reform). In particular, the governance and facilitating aspects of the e-Justice projects have been extensively discussed with relevant stakeholders in the administrative reform sector.

Having assisted in making sure that the budget is sound and that the deliverables respond to the actual needs of the various courts and judicial agencies, TFGR now monitors the procurement process in order to ensure that no significant delays arise. In close cooperation with the country's international partners, country wide rollout has also been extensively discussed and designed.

Moreover, TFGR has assisted the Greek authorities, mainly courts, to specify their needs of ICT and related equipment. This has been used to quantify the number of computers and peripheral equipment which is in the final stage of being purchased – the authorities have investigated both public and private sources of funding.

Key Expected Developments:

Task force for the review of the code of civil procedure: Support by TFGR through comments by independent experts is being prepared as part of a wider review process.

Extra-judicial mandatory administrative appeals: A new draft is expected following evaluation of the initial draft. TFGR will continue providing ad hoc advice for the finalisation of the legislation

Alternative Dispute Resolution (ADR) Mechanisms: Production of further media and tools for the mediation campaign; TFGR, with the support of the EU Commission's representation in Athens will be focussing on actions related to social media. Opening mediation to non-lawyers remains a priority.

E-Justice: The projects for both civil and administrative courts are expected to be procured in September; TFGR is continuing to provide support in order to help the Greek administration to comply with the relevant MoU deadlines.

9. LABOUR MARKET, SOCIAL SECURITY, INNOVATION AND EDUCATION

9.1. Employment Action Plan

On the occasion of a work-shop in April, labour market experts from Austria, France, Portugal, Sweden and Czech Republic provided input to the Labour Ministry and Greek labour market experts who have been charged with developing an "Action Plan for the creation of new jobs and supporting the unemployed". The workshop concentrated on the delivery of concrete improvements to boost employment through apprenticeships and vocational training, public works programs and social economy entrepreneurship. The Action Plan was subsequently refined and submitted to the EC at the beginning of September.

The public works program was launched at the end of August with the objective of creating 50,000 temporary jobs financed by unused Structural Funds. More than 50,000 unemployed people will be given the opportunity to work for 5 months: the scheme will cost EUR 216 million. This new program will provide jobs to families with no income and will create temporary jobs in municipalities, regions, hospitals, courts, insurance funds.

9.2. Enhancing the labour market policies

The International Labour Office (ILO) has proposed to provide support through a co-operation agreement in the following areas: the fight against undeclared work by the Labour Inspectorate, the promotion of social economy enterprises, the rebuilding of the social dialogue process and the development of an apprenticeship system. Efforts to develop the social economy will take account of and build on the knowledge already provided by experts from several Member States in 2012. In the context of re-establishing an effective social dialogue, the ILO held a major event on the 25th -26th June. This included interventions from Greek Ministers, Commissioner Andor, and officials from TFGR in addition to ILO Secretary General Guy Ryder.

9.3. Public Employment Service - OAED

Further missions from the Public Employment Services of Germany, the United Kingdom and Sweden to OAED (the Greek Public Employment Service) took place in May and June to help to finalise the detailed action plans for each of the eight work streams, including areas where there could be "quick wins". OAED have established small project teams for each work stream and they worked closely with their Member State counterparts. All the action plans will then be completed by mid-September and will be adopted at a meeting of the Steering Committee Group at the end of September, by which time some activities should already be operational.

9.4. Labour Inspectorate - SEPE

With the support of the ILO, SEPE (Labour Inspectorate) prepared an Action Plan for the reform. All ILO recommendations were taken into account. It is expected that the Ministry of Labour (MoL) will soon approve SEPE's proposed new structures and organigramme. Several missions of ILO experts have been undertaken during recent months in order to support the better functioning of the Labour Inspectorate. Further cooperation on this field is under preparation.

9.5. Social Dialogue

The Ministry of Labour invited the International Labour Office (ILO) to contribute to enhancing Social Dialogue in Greece. The ILO undertook several high level missions to

Greece between June and July, with the objective to facilitate and revitalize Social Dialogue.

9.6. Social Safety Net

The World Bank Group (WBG) made several high level missions to Greece between June and July with a view to proposing the establishment of a social safety net and more effective targeting of social benefits (housing, family, disability benefits etc.). The World Bank Group produced a detailed paper on a minimum income scheme and the steps needed to start a pilot running by early 2014 which was discussed at a high level meeting in August. These discussions may presage a cooperation agreement between the Ministry of Labour and WBG on setting up the proposed scheme.

9.7. Innovation

Along with the Bonn-based Institute for the Study of Labour (IZA) and the Eugenidis Foundation, the Task Force for Greece organised a conference aiming to discuss Greece's future in the field of innovation. The conference was held on October 7-8. It explored best practices in innovation policy and identified opportunities to initiate cooperation between Greek (local/diaspora) and non-Greek actors (EU/non EU). The forum also identified ways to take advantage of the EU-funding on innovation policy that will become available starting in 2014.

9.8. Education

The Task Force for Greece has been monitoring developments in education reform, especially in the context of Law on the Upper Secondary Education (including Vocational Education and Training). This Law will affect apprenticeship schools run by the Ministry of Labour through OAED. TFGR has been discussing with the Ministry of Labour options on how to improve quality of apprenticeship and vocational training services and their linkage with employers. Further, the Task Force has been cooperating with the Municipality of Athens regarding the best use of food delivery schemes run by the Ministry of Education to schools within the Athens Municipality.

Key Expected Developments:

- Implementation of the Employment Action Plan starts before the end of 2013;
- Adoption of OAED Action Plans by end of September and implementation of the re-engineering of the Organisation;
- Implementation of the Action Plan on SEPE reform;
- Design and implementation of a pilot scheme to introduce a minimum income (social safety net);
- Social Economy: creation of mechanisms to support social enterprises at central and regional levels;
- Calls on the public works programmes published until 15/9: recruitment will start after 15/10

10. MIGRATION, ASYLUM AND BORDERS

Greece and the Commission agreed on priority areas from the revised "Greek Action Plan on Asylum and Migration Management" where resources, including from European Structural Funds, must urgently be invested.

- TFGR assisted the Greek authorities in putting forward requests for financial support from the current European and Regional Development Fund programmes in the field of asylum in coordination with relevant national and regional authorities.
- TFGR provided support to relevant national authorities in charge of migration and asylum in articulating a possible contribution to the draft Partnership Agreement on cohesion and Structural Funds in Greece for 2014-2020 (see chapter on Acceleration of cohesion policy projects).

With the European Asylum Support Office (EASO), TFGR and European Commission Directorate General for Home Affairs (DG HOME) continued to coordinate the work of two resident national experts, who provided daily support to the Ministry of Public Order and Citizen Protection and to the Ministry of Labour and Welfare in managing the national envelopes of the European programme "Solidarity and Management of Migration Flows" (SOLID funds). These experts assisted in producing tools to strengthen the SOLID funds management and control systems at national level and provided hands-on assistance with reporting and programming.

In addition, the Task Force continued to support coordination between relevant Ministries. It also followed very closely the process of evaluation and reorganisation of the public administrations responsible for asylum and migration policy, in collaboration with the Ministry of Administrative Reform, the Office of the Prime Minister and relevant Ministries and other public bodies (see chapter on Administrative Reform).

Key expected developments

TA on SOLID funds management will be reinforced with the deployment of two additional experts who will provide peer to peer advice on general project management and targeted training on the management of projects co-financed by SOLID funds to the First Reception Service. The possible deployment of an additional expert to the Ministry of Labour and Welfare is currently being assessed.

If the Greek authorities confirm their interest, further TA can be offered to national authorities in charge of migration and asylum in articulating their contribution on the Partnership Agreement on cohesion and Structural Funds for 2014-2020.

11. PRIVATISATION AND LAND REGISTRY

Since April 2013, Greek Authorities have started requesting technical assistance (TA) aiming at strengthening the regulatory role of agencies in a wide range of areas. TFGR prepared or provided support to core privatisation commitments of the Second Economic Adjustment Programme, such as public real estate holdings, water utilities and infrastructure, in particular ports. In other areas (e.g. airports, railways, electricity and

gas) discussion with authorities are on-going. Experts from Member States, particularly Italy, Germany, the Netherlands, Romania and France provided key know-how. Results achieved in the last quarter encompass:

11.1. Water Utilities

TFGR continued to assist the new Water Regulator in the Ministry of Environment, Energy and Climate Change. On the occasion of a workshop in June, regulators, water utilities and companies from six Member States (Czech Republic, Estonia, Germany, Spain, the Netherlands and the United Kingdom) exchanged experience with the water supply and sewerage companies of Thessaloniki and Athens, municipal water utilities and consumer organizations. The Special Secretariat for Water received advice on relevant EU experience and background information helping to clarify regulatory matters for the concession agreements of the Water and Sewage Utilities of Thessaloniki and Athens. Further, know-how was provided on major water regulation issues, such as the relationship between regulator and water utility, water pricing and leakages reductions.

11.2. Public Real Estate Holdings

The General Secretariat for Public Property (GSPP) of the Ministry of Finance received know-how to support privatisation of public real estate assets, particularly in land use licencing, legality of property titles, identification of investment clusters, establishing a data base and legislation for the legal use of shorelines. Scoping meetings were organised in May and July with the GSPP, Public Property Company (ETAD), Cadastre SA, Privatisation Fund and Ministries for Justice, Environment, Energy, Climate Change and of Tourism. Experts from Italy, the German Finance Ministry and Romania provided examples of best practice. As a first result, the Italian Agenzia del Demanio advised on models of developing public properties through concessions and development (for example historic and cultural public sites) for tourism purposes.

11.3. Ports Privatisation

In June, the Minister for Shipping, Maritime Affairs and the Aegean requested support from TFGR in developing the Regulatory Ports Authority: the latter is expected to have a key role in view of the upcoming privatisation of the Piraeus and Thessaloniki ports as well as a number of regional ports. Legislation setting out objectives and instruments was adopted in April 2013. Currently, TFGR, European Commission Mobility and Transport Directorate General (DG MOVE) and European Commission Economic and Financial Affairs Directorate General (DG ECFIN) are preparing a technical assistance programme for the Shipping Ministry. Other Member States will provide expertise on the regulation of EU ports; building and operating Port Regulatory Authorities; and collection of data on operation and management of concessions. TFGR and other EC services advised on the privatisation strategy.

11.4. Regulation in Gaming – Post-Privatisation Support

In the gaming sector, the Hellenic Gaming Commission (HGC) is seeking technical assistance and knowhow in two areas that address new regulatory responsibilities post-privatisation, namely anti-money laundering, and player addiction prevention. TFGR supports the HGC in establishing contacts with other Member states in these areas, such as France and the Netherlands.

11.5. Central State Aid Unit (CSAU)

The CSAU was established by Law 4152/2013 (of 28 April 2013). In July, the Ministry of Finance adopted a Ministerial Decision¹⁶ setting out the strategic goals and tasks of the CSAU. It also includes the required qualifications of the head and personnel of the central state aid unit as well as information on the selection procedure. In this process the TFGR provided ad hoc technical assistance, mainly legal advice on draft legislation, in cooperation with European Commission Directorate General for Competition (DG COMP).

11.6. Land Registry/Cadastre

Groups of European experts from Austria, Germany, the Netherlands and Spain continued the cooperation with Cadastre SA on preparation of the new tender for the completion of the national cadastre. This support related to remaining aspects of the tender process and strategy for tendering, technical issues that may affect tender document, like cost estimations, availability of data, re-use of data from tax office; exchange of formats and attributes. A first exchange of views took place on other steps following the launch of the new tender under the Cadastre law (i.e. monitoring and communication, organization of project management office). Finally, future cooperation was discussed with the Greek authorities on how to support the new institutional structure and to build capacity.

Key Expected Developments:

Clarification and implementation of technical assistance in the core work streams that commenced in the last quarter; provision of technical assistance for the privatisation of airports (mainly operational concessions). Public real estate will remain a key focus for support. In respect of the land registry, the focus should be on institutional and capacity building and further support to the implementation of the remaining tenders.

12. ENERGY, TRANSPORT, ELECTRONIC COMMUNICATIONS, ENVIRONMENT

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 identified in MoU commitments. In April the Greek Energy Ministry, the German Environment Ministry and the Task Force for Greece concluded an agreement to provide support for the Greek efforts to ensure an effective and sustainable framework for the deployment of renewable energy installations. The focus of the cooperation is on sustainable funding, promoting investment in the sector and contributing to economic development in the country. During the summer the Commission made € 750.000 available for the action. The German authorities prepared implementation by selecting suitable staff to be embedded in the Greek administration. Effective start of the technical assistance has been scheduled for the beginning of November.

The Regulatory Authority for Energy requested support for electricity market reform. The TFGR arranged for technical assistance to be provided by the French administration.

¹⁶ FEK B 1695 - 10.07.2013 page 4 (24609 – 24612).

In August the World Bank Group submitted its report on improvements of the performance of trade and transport logistics through regulatory reform. This report, financed and supported by the TFGR, identified a number of specific actions that should lead to tangible improvements of the operation of the logistics sector.

Contacts with the Hellenic Civil Aviation Authority led to the identification of several promising reform actions to improve the performance of the air traffic management system. These should be carried out in cooperation with Eurocontrol. So far these actions have not given rise to specific undertakings by the Greek authorities.

In relation to waste management, the TFGR organised the provision of technical assistance by experts from Member States and from the European Environmental Agency on the elaboration of state of the art waste management and waste prevention plans. The Task Force also initiated technical assistance with a view to facilitating the development of "extended producer responsibility schemes" in order to enhance the effectiveness of recycling schemes.

In July the Task Force contributed to a seminar, along with experts from Austria, Germany, Finland, France and Switzerland, on possible ways to reform tourism education in Greece. In June two experts from the French tourism agency provided advice to the Ministry of Tourism on master-planning for resort development, hotel ratings and quality certification processes, as well as performance and responsibilities of tourism agencies. TFGR has been discussing new requirements of the Ministry of Tourism related to alternative, winter and spa tourism with possible providers.

Key Expected Developments:

- Three staff will assist the Greek authorities in their efforts to ensure a viable, efficient and sustainable framework for large-scale deployment of renewable energy installations and to increase investor confidence, inter alia by ensuring that funding remains sustainable;
- The logistics initiative will give rise to regulatory reform to remove impediments to the development of a sector of key significance to the Greek economy;
- The formulation of a comprehensive waste management plan will provide the basis for a cohesive strategy to improve the performance of Greece in an area where it has been lagging;
- The workshops on tourism provide the platform for the definition of a more strategic approach in another sector of key importance for the Greek economy.

13. MONITORING COMPLIANCE WITH EU LAW

In the reporting period under review, TFGR continued to facilitate a reinforced dialogue between the Commission services and the Greek authorities in order to remedy shortcomings in the transposition and correct application of EU law. This comprises prompting and coordinating different Greek authorities in order to take the necessary measures. There is still a wide scope for improvement from the Greek side as regards implementation of EU law.

ANNEX 2: WORKING METHODS OF THE TASK FORCE FOR GREECE

ROLE OF TFGR:

The TFGR mobilises and coordinates the technical assistance (TA) requested by the Greek authorities as they seek to implement structural reform commitments under the economic adjustment programme. The TFGR also works to accelerate the absorption of EU funds in order to sustain economic growth, competitiveness and employment.

The technical assistance provided 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.

To respond to TA demands expressed by the Greek authorities, the TFGR mobilises expertise or relevant support from Member States, international organizations or other specialist bodies which have directly relevant and recent experience in implementing similar reforms¹⁷. This expertise is used to design and implement reforms of legislation, institutions and/or working methods and processes. Starting from the MoU, a first 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.

Following the identification of a need, the TFGR 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 TFGR also helps the Greek authorities to organize the inputs that are needed to implement the TA work programme (long term or short term assistance).

Furthermore, the TFGR assists in finding solutions for financing the costs of technical assistance – either from the centrally managed structural fund envelope or by helping the Greek authorities to make use of eligible Structural Funds for administrative capacity building.

The matching of TA supply and demand is organised through 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 TFGR, 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).

¹⁷ 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.

The TFGR 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 regular activity reports).

The following sections give an overview of TFGR activities and ways in which TFGR deliver technical assistance over the period April-September 2013.

DELIVERY OF TECHNICAL ASSISTANCE:

The Technical assistance arranged by the TFGR can take various forms. The TFGR has an increasingly effective range of instruments at its disposal for delivering technical assistance to Greece.

1. Overview of activities

TA needs are mainly grouped in 12 policy domains. These include (1) acceleration of cohesion policy projects; (2) access to finance/financial sector; (3) reform of the public administration; (4) budget and taxation; (5) anti-money laundering and anti-corruption; (6) business environment; (7) public health; (8) reform of the judicial system; (9) labour market and social security; (10) migration, asylum and borders; (11) enhancing the regulatory framework for transport and utilities and completion of the land registry to facilitate privatisation; (12) energy, transport and environment.

In total, the TFGR is or has been involved with 100 work-streams in the 12 areas. Across the different policy domains, the TFGR currently coordinates:

- 74 active work-streams: in these areas, technical assistance has been provided over the past 3 months and further activity is planned for the next quarter.
- 14 work-streams are in the preparatory phase. Here, TFGR is exploring technical assistance solutions to respond to requests from the Greek authorities.
- 8 work-streams have been completed: planned deliverables have been submitted and there has been no TA follow-up request.
- 4 work-streams are dormant in that, after some initial activity, there has been no activity in the past 3 months due to changing priorities.

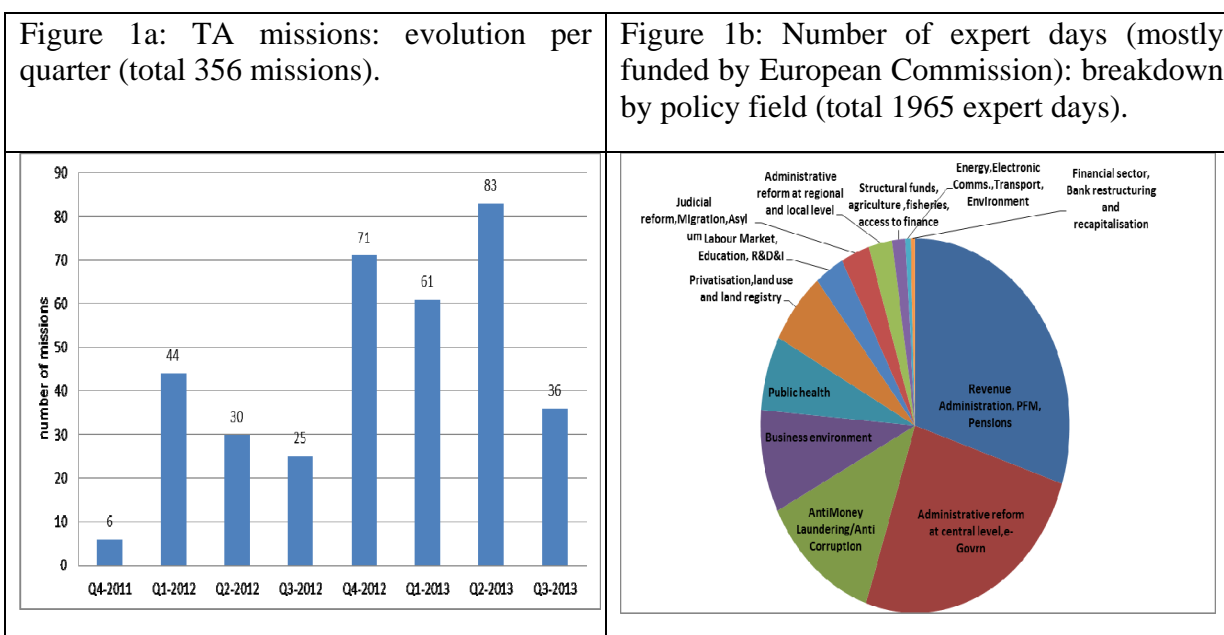
Compared to the previous report, a number of projects have moved from the preparatory phase to active (such as new reform on the code of books and records and improvements to the quality of tourism infrastructure). 8 work-streams/projects have been completed: recently closed technical assistance projects on export promotion, access to the legal professions, business parks, completion of the anti-money laundering and anti-corruption roadmap, assistance on major water regulatory issues and investigation of micro-credit/micro-finance possibilities outside the banking sector. The dormant work-streams relate to technical assistance for: resolution processes in banks and insurance companies; reform of insurance guarantee schemes; targets for lending; and adjustment of the legislative framework for lending to SMEs by non-banking institutions.

2. Provision of short-term experience

The initial stages of technical assistance, generally involving diagnostic analysis to define problems and provide policy and technical advice on the design of reforms, is

often performed using short-term support. Such assistance may take the form of fact-finding expert missions or workshops where national administrations share best practices with their Greek counterparts. This should allow the Greek authorities to identify the most appropriate solution to their needs.

To illustrate, since September 2011, TFGR has arranged for about 356 missions (see Figure 1a) on a wide range of subjects including 29 policy workshops relating notably to reform of the judicial system, revenue administration and public procurement. These short-term technical assistance assignments are financed from the financial resources available in the technical assistance budget of the European Commission, such as the European Social Fund (ESF) or Fiscalis. They have been organized by TFGR or through some intermediaries (such as the French public agency ADETEF),



Note: TFGR computations. It covers the period from September 2011 to 31 September 2013.

From April to September, 5 workshops and 119 missions were organised. Expert days spent on-site over this reporting period represent 29% of the 1965 days arranged since TFGR creation in September 2011. Over half of the technical assistance provided by the TFGR since its creation has been related to the fields of revenue administration/public financial management and administrative reform at central level. These fields of activity have accounted respectively for 77 and 106 missions. They also account for more than half of the 1965 total expert days spent in Greece (see figure 1b).

Over this reporting period (Q2 and Q3 2013), there has been a near doubling in the volume of technical assistance provided in the following areas: (1). efforts to improve the absorption of Structural Funds (2). anti-money laundering and anti-corruption policies, and (3). support to the privatization programme, land use and land registry.

3. Provision of long-term experience

Technical assistance may also take the form of more sustained support and presence in-country from particular Member States or organisations with specialised know-how that cannot be met through short-term expert missions or work-shops. This longer term investment is particularly needed when reforms progress from diagnosis to implementation.

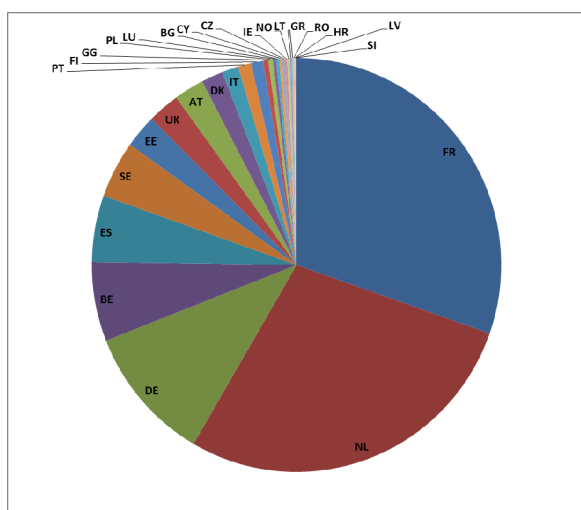
These longer-term assignments may relate to: intensive screening of Greek legislation or administrative processes; provision of resident expertise to support monitoring and implementation of projects; provision of support for specialised functions such as training and HR, process re-engineering or ICT design. These needs are best met by recruitment of institutions or bodies having the specialist knowledge to provide hands-on assistance in the implementation of reforms and change management.

4. Domain leader

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 on-going cooperation between the Greek authorities, the domain leader and other TA providers. In this regard, France and the Netherlands deserve special mention. These countries have assumed operational and financial responsibilities, deriving from their role as "domain leaders" on a number of projects.

Germany, Spain and Belgium are other examples of Member States significant involvement in providing TA from their work as domain leader for improving the revenue administration (see figure A2).

Figure A2: Providers of Technical assistance: breakdown by countries



Note: TFGR computations. It covers the period from September 2011 to 31 September 2013. GG holds for Bailiwick of Geurnsey, experts to help on anti-money laundering.

FINANCING OF TECHNICAL ASSISTANCE:

The TFGR has made increased use of small value contracts funded by the ESF. These interventions are an effective way to arrange for transfer of targeted expertise or advise to support specific operational aspects Greek reforms. Heaviest use has been made of these contracts in the fields of business environment and public health. Over this reporting period, there has been a near tripling in the number of contracts (25 additional contracts have been arranged for an amount of approximately EUR 300'000).

Table A1: Signed small value contracts

Policy fields	Committed amount	Number of small value contracts signed

Business environment and reform of product and service markets	269.880€	23
Energy, Electronic Comms., Transport, Environment	17.960€	2
Financial sector, Bank restructuring and recapitalisation	5.000€	1
Privatisation, land use and land registry	15.000€	1
Public health	87.800€	6
Revenue Administration, PFM, Pensions	7.500€	2
Structural funds, agriculture, fisheries, access to finance	15.000€	1
Total	418.140€	36

Note: Cut-off date 24 September 2013

To finance sometimes substantial needs for long-term support, the TFGR has mobilised available resources from the technical assistance budget lines of the European Social Fund (ESF), the European Regional Development Fund (ERDF) managed by the European Commission. The TFGR has arranged so far 6 grant and/or contribution/delegation agreements with international organisations (such as International Monetary Fund, World Bank Group) as well as national public bodies (ADETEF) for technical assistance to Greece totalling more than EUR 8 million. 4 additional grants and/or contribution/delegation agreements from the Commission managed part of the structural fund budget for an amount of approximately EUR 2.1 million are currently being discussed. These resources would be used to support the reform of central administration at regional and local level, reform of the land registry, the modernisation of the tax administration system, and public procurement reforms.

However, the resources available to the TFGR from EU centrally managed budget lines fall far short of what is needed to support implementation of priority projects. The TFGR has therefore been in protracted discussion with the Greek authorities on using eligible unused resources from cohesion policy funds which are managed by the Greek authorities – notably the ESF-financed Administrative Reform Operational Programme (AROP). This was established to fund projects aimed at reforming/improving administrative capacity and structures across the Greek administration.

Efforts have been deployed to make effective use of eligible funds for technical assistance actions in the area of administrative reform, health policy and trade facilitation. So far these efforts have only borne fruit in the area of health reform (technical assistance to be organised through the World Health Organisation). It is to be hoped that similar agreements can now quickly be put in place for other projects so as to support the Greek authorities in implementing mature reform blue-prints. However, time is running out if eligible funds are to be committed in the current programming period.