

Strategic directions of the

National Recovery and Resilience Plan

Date: 25.11.2020



Contents

PART 1: GENERAL OBJECTIVES AND COHERENCE OF THE PLAN	2
1. General objectives	7
1.1. Promoting economic, social and territorial cohesion and convergence	7
1.2. Strengthening economic and social resilience and shock-adjustment capacity	13
1.3. Mitigating the economic and social impact of the crisis	15
1.4. Supporting the green and digital transitions	16
2. European flagships.....	20
3. Link to the european semester.....	24
PART 2: DESCRIPTION OF REFORMS AND INVESTMENTS	26
COMPONENT 1.1: Power up.....	27
COMPONENT 1.2: Renovate.....	28
COMPONENT 1.3: Recharge and refuel.....	29
COMPONENT 1.4: Sustainable use of resources, climate resilience and environmental protection	30
COMPONENT 2.1: Connect.....	31
COMPONENT 2.2: Modernise.....	32
COMPONENT 2.3: Digitalisation of businesses	33
COMPONENT 3.1: Increasing job creation and participation in the labour market	34
COMPONENT 3.2: Education, vocational education and training, and skills	35
COMPONENT 3.3: Improve resilience, accessibility and sustainability of healthcare	36
COMPONENT 3.4: Increase access to effective and inclusive social policies.....	37
COMPONENT 4.1: Making taxes more growth friendly and improving tax administration and tax collection.....	38
COMPONENT 4.2: Modernise the public administration, including through speeding up the implementation of public investments, improving the public procurement framework, capacity building measures and fighting corruption	39
COMPONENT 4.3: Improve the efficiency of the justice system.....	40
COMPONENT 4.4: Strengthen the financial sector and capital markets.....	41
COMPONENT 4.5: Promote research and innovation.....	42
COMPONENT 4.6: Modernise and improve resilience of key economic sectors.....	43
COMPONENT 4.7: Improve competitiveness and promote private investment and exports	44

Part 1



General objectives and coherence of the plan



Executive Summary

The Greek National Recovery and Resilience Plan (NRRP) presented hereafter in the form of a draft proposal, aspires to facilitate a paradigm shift in the Greek economy and institutions towards a more extrovert, competitive and green economic model, with a more efficient, less bureaucratic digitalised state, a much reduced «grey sector», a more growth friendly tax system and a more resilient social safety network. This is not just an economic transition. It aims at a more fundamental economic and social transition affecting not only economic activity but also technologies, attitudes and institutions. A transition that combines economic efficiency with social inclusion and justice.

At the same time, it aims to be as ambitious as the challenge posed by the aforementioned unique double recession. The Greek NRRP aims to be fully compliant with the EU goals for an accelerated climate and digital transition of the Greek Economy, to cover as widely as possible the relevant Country Specific Recommendations (CSRs) in terms of proposed reforms and investments necessary for their timely completion and add more ambitious reforms which are part of the Greek Government's national reform agenda, many of them proposed also at the Pissarides' Committee report.

The Greek National Recovery and Resilience Plan comprises of four pillars: **(1) Green, (2) Digital, (3) Employment, skills, and social cohesion** and **(4) Private investment and economic & institutional transformation**.

In economic terms, the primary consideration of the Plan is to cover the large investment, output and employment gap endemic to the performance of the Greek economy over the last decade which deteriorated due to the current pandemic. Thus, the Greek National Recovery and Resilience Plan intends at mobilising significant private sector resources by: (a) extensively using Public Private Partnerships as a method of materialising public investments, (b) using Energy Service Companies (ESCOs) for the implementation of energy efficiency projects in the public sector, and (c) using co-financing through various financial instruments to leverage very significant additional private resources in the implementation of eligible private investments.

As for the functioning of public services -including important sectors such as health, education, vocational training, justice, and the social safety net- the plan envisages significant investments and reforms enhancing their quality, efficiency, and inclusiveness.

For the Green transition the plan's investments and reforms include among others: The interconnection of Greek islands. The installation of millions of smart telemetric energy meters. A massive program of energy efficiency renovation for residential buildings, businesses and public sector buildings and infrastructure. The development of publicly accessible charging infrastructure for electric vehicles. The reform of urban planning with the introduction of urban plans that will offer institutionalised and immediately available land uses for almost four fifths of the country. The implementation of selected strategic urban regeneration projects with high growth and environmental footprint. Big investments on irrigation and flood mitigation projects mainly implemented through PPPs, accompanied by the reform in the use of irrigation networks and introduction of telemetry for the detection of leakages and smart water metering. A new National Reforestation Plan together with the reform of the forest maps. Initiatives for biodiversity protection including the establishment of a National System for the Permanent Monitoring of species and habitat and surveillance of protected areas. The introduction of Regional Civil Protection centres (build through PPPs).

For the digital transition, the plan's investments and reforms include among others: The pre-installation of fibre optic infrastructure in buildings to facilitate the transition towards fibre optic networks by households and businesses. The development of 5G network corridors in all the Greek motorways. The digital transformation of small and medium enterprises via the procurement of equipment, cloud services



and on-line services. Massive investment in digital public services including upgrading the digital infrastructure of the Greek Public Administration, the digital pension system (EFKA), digitalisation of urban planning agencies, digitalisation of municipalities, e-justice and the smart cities project etc.

For employment, skills, and social cohesion, the plan's investments and reforms include among others: Labour market reform, enhancing job creation and job resilience in the event of shocks. State of the art Active and Passive Labour Market Policies, promoting labour market activation, job creation and safety nets against unemployment. Reform of the pension system through a pay-as-you-earn system for auxiliary pensions, better aligning contributions with benefits and promoting long-term investment. State of the art up-skilling and reskilling programs boosting employment, including digital skills and encompassing Vocational Education Training and Apprenticeships. Reforms and investments enhancing the autonomy of Greek Universities, their research performance, and the quality of university education, including its relevance to the labour market. Reforms and investments increasing the capacity and resilience of the Health system for providing health services of high quality, including a comprehensive prevention system, an upgraded effective primary care and the introduction of therapeutic protocols in the e-prescription system, along with Digital Patient Health Records. Last, but not least, reforms and investments, strengthening societal fairness and safety nets, including programs enhancing economic and social integration of vulnerable groups, promoting equality of opportunity and supporting diversity, as well as safe proofing the social benefits system.

For private investment and economic & institutional transformation, the plan includes among others: Significant reforms & investments to fight tax evasion, including via digitisation, modernisation of frameworks, actions against smuggling, on-line connection of cash registers & POS to the tax authorities and the use of artificial intelligence to facilitate auditing. Actions to modernise the public financial management framework, to enhance the efficiency of public investments, and to increase transparency and fight corruption. An ambitious agenda to improve the efficiency of the justice system, through reforms, investments and digitalisation. A commitment to further development of Greece's capital markets as well as continued work on addressing private indebtedness. Sectoral policies to promote culture, tourism, smart manufacturing and reform agriculture and aquaculture. Last, but not least, the development of high-quality, multimodal, climate-resilient, smart and sustainable infrastructure and transport systems, improving connectivity and reforming the regulatory framework.

Use of RRF loans to increase competitiveness and finance business investment

Greece is entitled to draw RRF loans approximately equal to 13 billion in 2018 values, i.e. app. 8% of projected GDP for 2020. The plan aims at utilising this envelope fully to introduce and finance significant additional reforms and investments towards closing: (a) The large negative output gap projected in 2020 to be equal to 12.3%, (b) The large investment gap characterising the Greek economy over the past ten years: In 2019 investment spending stood at 10.1% of GDP compared to a eurozone average of 22.2%, (c) The large interest rate differential on business loans observed between Greece and the EMU average.

About two thirds of the total investment gap is due to business investment. The large gap in business investment indicates the existence of significant profitable investment opportunities, which the Greek banking system cannot finance. As a result, using RRF loans to finance business investment combined with suitable reforms, can increase growth potential, job creation and economic and social and economic resilience, as per the targets set by the RRF.

On the basis of the above, Greece proposes to use the RRF loans portfolio for the purpose of financing business investment has as follows: The reforms accompanying the RRF loans all aim at increasing competitiveness and include, a program for the simplification of the business environment, new incentives to increase productivity and the export orientation of enterprises, an integrated interministerial program for improving Greece's standing in the Ease of Doing Business and other



Part 1: General Objectives and Coherence of the Plan

competitiveness indexes, the restructuring of the legal framework for the operation of private companies, and others. The investments promoted are private investments co-financed by equity and private sector or European Institutions (EIB, EBRD) loans, for investment plans promoting green and digital transition (European priorities); and innovation, economies of scale and higher exports (Greek priorities, consistent with Country Specific Recommendations and the Pissarides' Committee proposals).



Table 1 Grants and loans

Components	(mn euro)			
	Grants	% of total	Loans	Sum of Grants and Loans
1 Green	6,200	38%		
1.1. Power up				
1.2. Renovate				
1.3. Recharge and Refuel				
1.4. Sustainable use of resources, climate resilience				
2 Digital	2,100	13%		
2.1. Connect				
2.2. Modernise				
2.3. Digitalisation of businesses				
3 Employment, skills and social cohesion	4,100	25%		
3.1. Promote participation in the labour market				
3.2. Education, vocational education, training, and skills				
3.3. Improve resilience, accessibility of healthcare				
3.4. Increase access to effective social policies				
4 Private investment and economic & institutional transformation	4,000	24%		
4.1. Improving tax administration and collection				
4.2. Modernise the public administration				
4.3. Improve the efficiency of the justice system				
4.4. Strengthen the financial sector and capital markets				
4.5. Promote research and innovation				
4.6. Modernise key economic sectors				
4.7. Improve competitiveness				
RRF Subtotal	16,400	100%	12,600	29,000
REACT-EU, Just Transition Fund, European Agricultural Fund for Rural Development	3,000			3,000
Total	19,400			32,000

Note: Additional digital projects are contained in Pillars 1,3 & 4 so as to achieve the overall 20% digital objective.

1. General objectives

1.1. Promoting economic, social and territorial cohesion and convergence

In the past decade, Greece diverged from the EU average in real economic terms. During that period, the distance to the EU27 and euro area averages grew significantly: whereas Greece's real GDP per capita in 2007 was trailing the former by 11.8% and the latter by 23.4%, in 2019 the gap had grown to 36.6% and 43.2% respectively. Greece was ranked 18th in 2019 among the 27 EU Member States in this respect, as opposed to 14th in 2007.¹

Zooming out, the average annual real GDP growth rate in Greece from 1981 to 2019 was 0.9%, and real GDP per capita grew even more slowly – about 0.6% per year on average.² At the same time, low growth coincides with significant economic and social inequalities: in 2018 and 2019, Greece had the 3rd highest share of people at risk of poverty or social exclusion in the EU³. Lack of robust long-term growth undermines economic, social and territorial cohesion. Convergence in all three areas requires the acceleration of GDP growth on a sustained basis.

In turn, this requires raising Greece's potential output. Potential output can be constrained by a number of factors, many of which predate the economic crisis of the past decade, although they were exacerbated by it. **The recovery and resilience plan contains a comprehensive and coherent set of reforms and investments that will increase potential growth and, thereby, job creation and economic and social resilience. Furthermore, it will achieve this objective by addressing two key European and global contemporary challenges: the green transition, ensuring economic growth compatible with climate/environment sustainability; and the digital transition, ensuring a productivity- and innovation-driven path of growth.**

The first factor constraining growth in Greece is the structurally low rate of productive business investment, exacerbated by the legacy investment gap of the crisis. Between 2010 and 2019, gross fixed capital formation as a percentage of GDP consistently undershot the euro area average (Figure 1). During that period, Greece's investment gap – measured as the deviation from the euro area average – averaged about 9% of GDP per year, or €162 bn in cumulative terms.

¹ Eurostat, nama_10_pc, updated on 12/11/2020 (Chain linked volumes 2010)

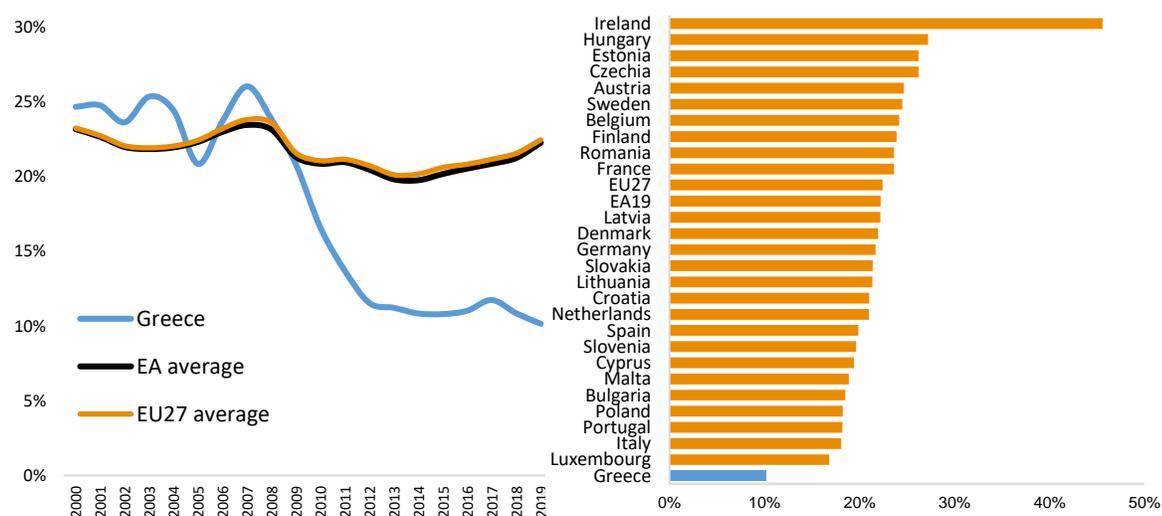
² Pissarides' Committee report, p. 12

³ Pissarides' Committee report, p. 25, Eurostat [ilc_peps01]



Part 1: General Objectives and Coherence of the Plan

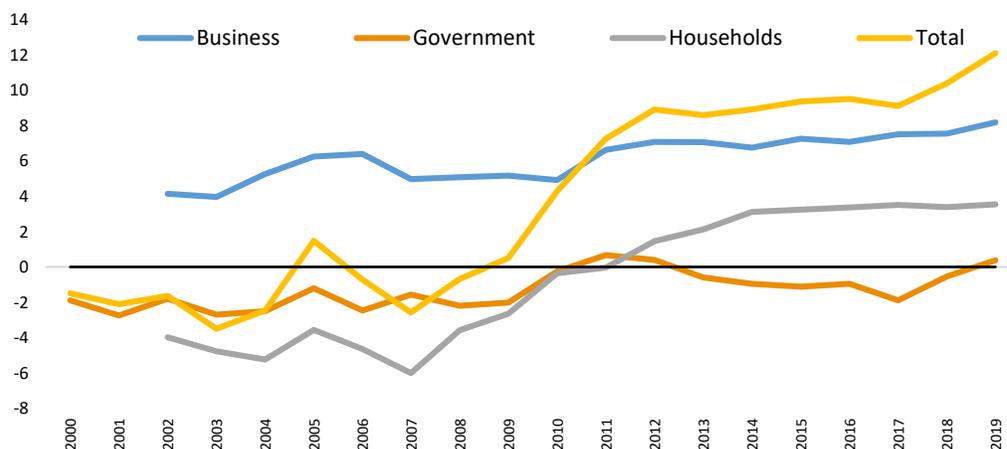
Figure 1 Gross fixed capital formation (% GDP), 2000-19 & 2019



Source: Eurostat [nasa_10_ki, updated on 29/10/2020]. Note: data for Bulgaria is from 2017, data for Luxembourg, Malta and Poland is from 2018 (right-hand side chart).

The disaggregation of investment spending by institutional sector reveals that two thirds of the investment gap is due to private business investment (Figure 2). Moreover, the investment gap in the business sector predates the economic crisis but grew further during the past decade.

Figure 2 Investment gap (euro area average vs. Greece) by institutional sector, pp. GDP



Source: Eurostat [nasa_10_ki, updated on 29/10/2020]. Note: euro area average (% GDP) minus Greece (% GDP), i.e. a positive value indicates a gap.

The investment gap can be partly attributed to access to finance constraints (liquidity, capital ratio i.e. regulatory constraints, lack of sectoral expertise), as well as market failures in the banking sector (excessive risk aversion and asymmetric information). To address this challenge:

Component 4.7. - Improve competitiveness and promote private investment and exports proposes the use of Recovery and Resilience Facility loans as *financial incentives for private investments*. The pre-existing large private investment gap implies that there is a significant pool of mature private investments. Using RRF loans to finance them can significantly contribute towards accelerating the economic recovery and raising potential growth. Such use of RRF loans should respect some guiding principles: Loans will be



directed to long-term investments by the private sector rather than to short-term financing of working capital, finance only projects with positive expected rate of return (positive net present value), and be used in a targeted manner aiming to rebalance the economy towards the traded sector, increasing productivity and non-price competitiveness.

In addition, structurally low rates of productive investment are also related to institutional barriers, namely the still high regulatory burden, and inefficiencies in the public administration and the justice system, causing disincentives to investment. The recovery and resilience plan encompasses actions to address these barriers. Specifically:

Component 4.7. contains *actions for the simplification of the business environment* that will tackle remaining challenges, including: the consolidation of the licensing simplification reform by public and private bodies at all levels of government, the upgrade of market surveillance and the quality of infrastructures for product conformity and qualifications, further simplification of the processes through digitisation, as well as the consolidation and codification of licensing and inspections legislation.

Component 2.2 - Modernise aims to modernise the Greek Public Sector by improving its operational model, and achieving provision of enhanced, qualitative services to citizens and businesses. Acceleration of efforts to improve the country's digital performance will be catalytic to the achievement of this aim. Reforms and investments target (a) digital transformation of Public Sector's organisations and enhancement of their digital services, (b) business process improvements followed by the incorporation of contemporary information systems, (c) increased interoperability of systems and data, (d) wide-spread cybersecurity strategies and policies, as well as (e) extended use of advanced technologies such as cloud computing and big data.

Component 4.3. - Improve the efficiency of the justice system includes an ambitious agenda to improve the efficiency of the justice system. First, accelerate. This involves a set of reforms aimed at accelerating justice (special chambers, JustStat, changes in the organisational structure of the courts). Second, digitise. This means e-justice (upgrade of record keeping systems of the courts, digitalisation of archives, expansion of IT systems, and skills and digital skills for judges and judicial staff). Third, upgrade infrastructure. This includes investment in buildings and the creation of a structures e-registry.

Component 4.1. - Making taxes more growth friendly and improving tax administration and tax collection (analysed in greater detail below) is the component fighting against tax evasion. Further reducing tax evasion, as well as improving tax administration and collection is not only a matter of fairness and fiscal efficiency, but also of economic efficiency and optimal allocation of resources.

The second factor constraining growth in Greece is low productivity. There exists a persistent productivity gap between Greece and the euro area average.

For one, apart from slowing down the accumulation of capital, the lack of investment also negatively affects productivity. Low business investment in research and development and digital technologies in particular undermine the competitiveness and productivity of Greek firms. The low degree of innovation has similar effects. Greece's lagging performance in the European Innovation Scoreboard is explained mainly by large deficits in venture capital expenditures, intellectual assets and R&D expenditure in the business sector. As a result, there is significant potential to improve outcomes, especially in the aforementioned categories, provided that synergies are formed with areas in which Greece outperforms the EU average in other categories, such as the innovation capacity of SMEs and the share of the population with tertiary education.⁴ To do so:

⁴ Pissarides Committee report, p. 17-18



Component 4.5. - Promoting research and innovation has a twofold aim: First, to strengthen the link between science and business. This is done through a set of reforms increasing the extroversion of Greece's ecosystem, through further support of the "Research-Create-Innovate" program, as well as through the development of innovation districts.

Second, to promote public and private investment in R&D. Proposals include the creation of a program to increase the funding of basic research, as well as the provision of early-stage proof of concept pre-seed funds, following reform of the granting system; the upgrade of the nation's research centres; and financial incentives for R&D through super-depreciation of expenses, as well as through other means.

Component 2.3. - Digitalisation of business aims to increase the take up of digital technologies by businesses, reducing the digital gap between Greek small and medium sized enterprises (SMEs) and those of the European average. This is achieved by providing tax incentives for investment and funding for the procurement of software, cloud and online services, as well as installation and setup of specialised equipment.

In addition, one of the targets of the *financial incentives for private investments* (Component 4.7.) will be to finance projects promoting digitalisation and innovation (R&D).

Another retardant to productivity growth in Greece is the constrained average size of Greek firms, at all relevant levels. Micro firms, SMEs and large companies are all smaller relative to the euro area average. As highlighted in the Pissarides' Committee report, productivity is positively correlated with firm size. A smaller, relative to the EU average, firm size at all levels can be an impediment toward realising economies of scale and improving international competitiveness. The target of economic policy should be to create an economic environment allowing firms of all types (micro, small, medium and large) to grow in size and realise their full potential.

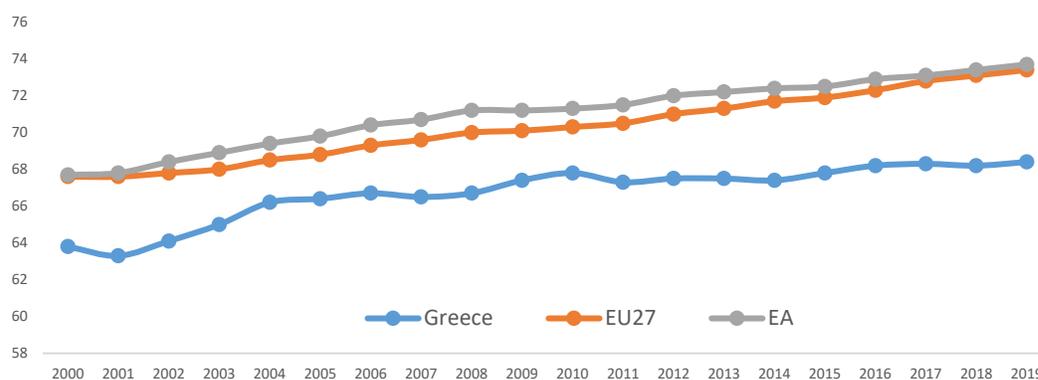
Therefore, *financial incentives for private investments* (**Component 4.7.**) will also target projects promoting economies of scale. They will be complemented by a *regime of incentives for productivity and extroversion of enterprises*, which includes among others: the introduction of a new legal form of urban business partnership, a framework incentivising sole proprietorships to become a part of larger corporate schemes, and a framework to incentivise SME mergers and cooperation amongst firms. Such incentives will help firms to develop new areas of comparative advantage, stay in tune with changing global trends of demand, become more export-oriented and help diversify the supply side of the economy, thus reducing the pass through of sectoral shocks to aggregate output and welfare.

The third factor constraining growth in Greece pertains to persistently low levels of employment. Greece has a relatively high rate of natural unemployment, reflecting the low average rate of growth recorded over the past decades. Furthermore, the share of the economically active population (between 15-64 years old) in Greece is consistently below the EU average (Figure 3). Despite increasing between 2009 (67.4%) and 2019 (68.4%), the gap to the EU27 average grew wider (70.1% in 2009 vs. 73.4% in 2019). By 2019, Greece had the 3rd lowest economic population activity rate in the EU, down from 9th lowest in 2009.



Part 1: General Objectives and Coherence of the Plan

Figure 3 Economically active population as % of total population, ages 15-64



Source: Pissarides' Committee report (values from Eurostat [lfsi_emp_a])

Participation in the labour market is particularly low for women and young people. The share of active women in 2019 was 60.4% in Greece was the 3rd lowest share in the EU, compared to 68.5% on average in the euro area and 67.9% in the EU27. Furthermore, among 15-24 year olds, only 22.5% participated in the labour market in Greece (the lowest share in the EU) relative to 39.4% in the EU and 40.3% in the euro area on average⁵.

Component 3.1. - Increasing job creation and participation in the labour market contains the reform of the labour law, which increases job creation and the resilience of the labour market in the event of shocks; and transposes Directive (EU) 2019/1158 on work-life balance for parents and carers, thus promoting gender equality. In fact, the reform goes beyond the Directive's requirements, legislating leaves which have been agreed with social partners (e.g. childcare leave, leave to follow-up on school performance, leave for parents of sick or disabled children, or single-parent families). The component also includes Active and Passive Labour Market Policies, enhancing labour market activation, job creation and safety nets against unemployment. It also includes the reform of the current auxiliary pension system and specifically the transition from an unfunded mixed Defined Benefits/Notional Defined Contribution system to a fully funded pay-as-you-earn system. By better aligning contributions with benefits, this reform will reinforce trust in the public pension system, disincentivise informal forms of employment and have positive spillover effects on labour force participation, savings and capital formation.

Component 3.2. Education, vocational education and training, and skills aims to increase long term employment and productivity through the enhancement of human capital. To that end, the component includes reforms at all levels of education, integrating new skills, new methodologies, evaluation of the system, autonomy and relevance/extroversion towards the local and international community and economy. Due to the increase in the economy's output, and as a result of its design, the component will also reduce inequalities, poverty and the risk of economic and social exclusion. For education, the component includes investments in digital transformation and digitalisation of all levels of education; as well as reforms in University education, enhancing research performance, quality of education (including relevance to the job market), and international visibility and extroversion, increasing graduates' prospects in the Greek and the European labour market. For skills, the component includes a flagship reform of the governance of upskill-reskill training provision which, based on an incentives-compatible remuneration system, promotes adoption and scaling up of best practices, resulting in systemic improvement of training and labour market outcomes. The component also includes reforms increasing the appeal and labour

⁵ Pissarides' Committee report, p. 22-23

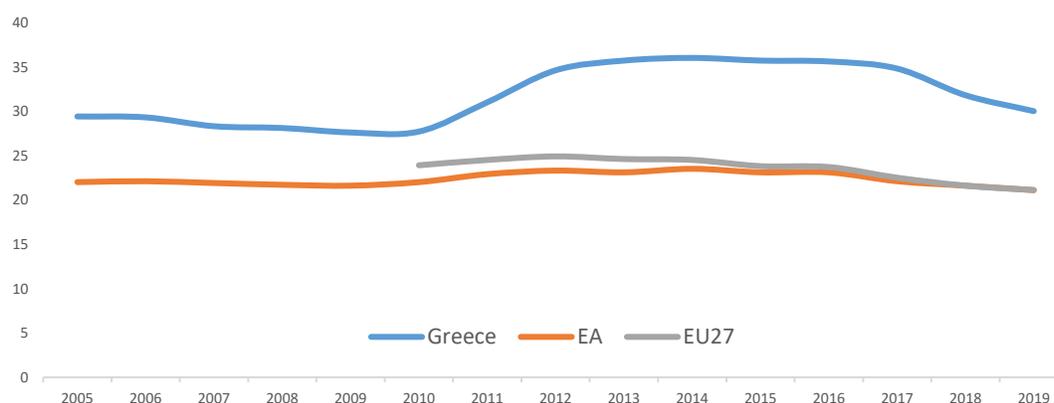


Part 1: General Objectives and Coherence of the Plan

market effectiveness of vocational education training (VET) for young people; a forward-looking overhaul of the dual apprenticeship system; and a major reform (closely aligned with the reform on governance) of the contents and delivery of the skilling, reskilling and upskilling programmes offered by the public employment service (OAED). The reforms' benefits will be strengthened and accelerated by investments in digital systems, laboratory equipment for VET training units and OAED units, upgrading the skills of the human resources of the Public Sector, and a targeted programme of buildings' refurbishment/upgrade.

The economic crisis of the previous decade put social cohesion under considerable strain. High unemployment, combined with the downward trajectory of per capita income, translated into a high share of people at risk of poverty and social exclusion (Figure 4). This share is the 3rd largest share in the EU⁶.

Figure 4 Risk of poverty and social exclusion, % of total population



Source: Pissarides' Committee report (values from Eurostat [ilc_peps01])

Component 3.4. Increase access to effective and inclusive social policies includes reforms and investments targeted towards some of the most vulnerable population groups of the country, with the overarching aim of providing equal opportunities for all, irrespective of gender, ethnicity, sexual orientation, age, disability, and other characteristics. The component echoes one of the three priorities of Europe 2020 strategy, namely inclusive growth, and its key policy component on poverty alleviation. The component aims to ensure economic, social and territorial activation and inclusion conducive to growth; and, also ensure, that the benefits of growth are widely shared, thus reducing poverty and inequalities. Moreover, the component mitigates the unprecedented adverse effects of the pandemic on the most vulnerable groups of the population.

The main paths through which the objectives of the component will be achieved include: (a) social benefits improvement; (b) reform of early childhood care, including special interventions for children with disabilities, cognitive and developmental disorders; (c) enhancement of structures providing social assistance services and the promotion of actions targeted towards labour market (re)integration of the most vulnerable population groups; (d) digital transformation of the social protection system; and (e) diversity training in both the public and the private sector to fight discrimination based on gender, sexual orientation, age, disability, nationality and other characteristics.

Last, but not least, it is important to address regional inequalities within Greece. For example, per capita GDP in Eastern Macedonia-Thrace (€11,900 – in 2018, current prices) and the North Aegean (€11,800) amounts to approximately half of that in Attica (€23,300).

⁶ Pissarides' Committee report, p. 25, Eurostat [ilc_peps01]



Component 4.6. - Modernise and improve resilience contains a number of growth-enhancing infrastructure investments across the country's 13 regions. Together with the reform of the regulatory framework of public contracts, it will improve connectivity and allow Greece to implement the required economic and digital transformation and increase productivity. In this context, the development of high-quality, multimodal, climate-resilient, smart and sustainable infrastructure and transport systems is proposed to be supported.

Component 1.1. – Power up, in addition, will promote Greece's national target of total lignite phase-out by 2028 and phase out of oil, while introducing integrated support measures, including socio-economic and environmental rehabilitation measures, for the redevelopment of affected areas, ensuring Just Transition.

1.2 Strengthening economic and social resilience and shock-adjustment capacity

Resilient economies have the capacity to prevent economic shocks from having significant and persistent effects on income and employment levels, thereby smoothing economic fluctuations⁷. More specifically, resilience relates to (i) vulnerability to shocks (ii) shock absorption capacity and (iii) ability to recover quickly after a shock.

Resilience is particularly relevant in the EMU, where policy instruments to address the effects of significant economic events are more limited. The experience of Greece in the last decade has, indeed, been one of a long and persistent downturn that has affected, as noted above, long-term growth, social cohesion and real convergence.

Prior to the onset of the COVID-19 pandemic, the Macroeconomic Imbalance Procedure had identified excessive macroeconomic imbalances in Greece related to high: 1) public debt, 2) negative international investment position (NIIP), 3) unemployment rate and 4) share of non-performing loans (NPLs) on banks' balance sheets⁸. These legacy imbalances render the necessity of increasing shock-absorption capacity higher in Greece compared to other EU countries.

The recovery and resilience plan contains reforms and investments aiming to increase Greece's capacity to absorb this and future shocks as well as facilitate the reallocation of resources to support a robust recovery. Instead of being eroded, Greece's resilience is being strengthened.

Firstly, counter-cyclical fiscal policy can contribute to shock absorption. This requires government expenditure that is responsive to the cycle, including effective automatic stabilisers. This, in turn necessitates building of fiscal buffers during the upturn and introducing actions that promote the long-term sustainability of public finances. The plan contributes in these directions through a number of ways:

Component 4.1. - Making taxes more growth friendly and improving tax administration and tax collection is an extremely important component in the continued fight against tax evasion. This component also strengthens resilience by limiting the (mis)allocation of resources towards the informal sector and contributes to social resilience by rendering taxation fairer. It consists of many reforms and investments.

On the tax framework side, we propose to: conduct full codification of tax legislation to increase transparency; modernise the property tax system (ENFIA) by improving property tax zonal valuation to broaden the tax base and align tax values with market prices; a new framework to combat smuggling in products subject to excise duty (tobacco, alcohol and energy); adoption of additional measures and incentives to further increase electronic transactions; implementation of a digitalised and automatic VAT

⁷ Economic resilience in EMU, Thematic discussions on growth and jobs, Note for the Eurogroup, 13/9/2017

⁸ CSRs 2019, Recital 3; CSRs 2020, Recital 2.



electronic refund procedure. In addition, and in conjunction with Pillar 2, we foresee the introduction of new-technology cash registers across the country connected on-line with the tax authorities. Last, but not least, an ambitious project to implement artificial intelligence in the design of tax audits.

On the tax administration side, the digitalisation of the Independent Authority for Public Revenue needs to continue. In that regard, a total of 16 subprojects have been proposed.

Component 4.2. - Modernise the public administration, including through speeding up the implementation of public investments, improving the public procurement framework, capacity building measures and fighting corruption has three main objectives: modernise the Public Financial Management (PFM) framework, increase transparency and fight corruption, and enhance the efficiency of public investments.

As part of the former objective, GOV-ERP aims at the digital transformation of the government's financial management and supervision structures. Among others, it will support spending reviews, which can promote efficient expenditure allocation and growth-friendly budgetary decision making. An additional reform included in this component aims at modernising the institutional framework for State Owned Enterprises.

The reform of the auxiliary pension system (**Component 3.1.**) will increase the resilience of the pension system to demographic and fiscal shocks and improve its sustainability, while also contributing to income adequacy during retirement.

Secondly, scaling up the tradable sector contributes to Greece's shock absorption capacity by diversifying output away from domestic demand and increasing its responsiveness to gains in competitiveness.

To this effect, the financial incentives for private investments (**Component 4.7.**) will target projects promoting higher exports. They will be complemented by a reform introducing clear urban planning rules to nearly four-fifths of the country thus facilitating investments, tax and labour-related incentives, access to European development programmes and funding from capital markets to form internationally-oriented clusters. In addition, relevant reforms encompass actions for trade facilitation. The legal framework for the operation of private companies will be simplified and consolidated.

Moreover, the reform improving the business environment (**Component 4.7.**) will support the reallocation of resources by facilitating market entry business dynamics. The increase in competition resulting from increased market entry will enhance shock-absorption capacity. This is because increased competition increases price flexibility, a prerequisite for adjustment to shocks, particularly in the context of a monetary union. Improving the efficiency of the justice system (**Component 4.3.**) will also promote resilience by ensuring better and faster contract enforcements. It will be reinforced by the new effective insolvency framework for the restructuring of debt (**Component 4.4.**), which unifies fragmented regimes into a single framework, creates a platform for data sharing, expands the e-filing process of legal documents, and introduces pre-approved automated restructuring procedures and resolutions.

Thirdly, financial markets can also play an important role in mitigating economic shocks, notably through access to credit, risk sharing on capital markets and use of savings.

Component 4.4. - Strengthen the financial sector and capital markets includes the new insolvency framework that will enhance adequate credit provision in the event of shocks, thereby increasing economic resilience by means of preventing the creation of credit crunch conditions. Further, the component foresees the creation of a Credit Bureau in order to tackle existing information asymmetries and enhance access to credit. To ensure informed decision-making as regards access to credit, the component envisages the establishment of the Credit Expansion Observatory, and to prevent future over-indebtedness, the development of a monitoring registry for private debt.



Part 1: General Objectives and Coherence of the Plan

In addition, **Component 4.4.** encompasses measures that contribute to the development of capital markets in Greece. Introducing administrative and regulatory measures that will incentivise the issuance of securities and equity financing in order to complement bank-financing and contribute to resilience by ensuring that viable firms have access to finance also during recessionary periods.

Finally, the plan (**Component 4.4**) includes tax harmonisation between occupational pension funds and private insurance companies' group pension products, as well as tax incentives for personal pension schemes (plans), unit linked products and Pan-European Personal Pension Products (PEPPs). The reform serves to increase national savings and create a pool of capital to be invested in capital markets. In addition, through the cross-border ownership of financial assets it contributes the absorption of idiosyncratic shocks through international portfolio diversification, a risk-sharing mechanism of particular importance in the context of a monetary union.

Apart from the above, the second objective of **Component 4.2.** i.e. increasing transparency and fighting corruption, is also key to ensuring financial resilience. This is done via enhancing the legal framework for Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT); via combating illicit trade and protecting intellectual property rights through the reinforcement of the Inter-agency Unit for Market Control; and via the creation of an integrated IT control system for the management and the establishment of control stations to intensify audits also near borders.

Fourthly, properly functioning and responsive labour market institutions can dampen the effect of shocks on employment and cushion their impact. In this respect, **Component 3.1** increases the capacity of the labour market to close quickly employment gaps in the event of adverse shocks. This is achieved through the provisions of the reformed labour law and state of the art Active Labour Market Policies (ALMPs) suitably calibrated to increase labour market activation and participation. These are complemented by equally well-calibrated Passive Labour market policies, including an incentives-compatible framework of unemployment benefits disincentivising inactivity and encouraging employment-enhancing participation in upskilling/reskilling programmes. Furthermore, in the wake of the Covid-19 outbreak, labour market resilience is strengthened by the introduction of the short-term scheme *Syn-ergasia*. During periods of crises *Syn-ergasia* shields firms from the negative effects of lower demand and helps them maintain their human capital. At the same time it provides employees with income insurance and insurance against unemployment.

Economic resilience aside, the pandemic has revealed vulnerabilities in national health systems. Healthcare in Greece has been heavily affected by the financial crisis and long-term problems affecting the quality in health services' provision have been revealed. To address these challenges, **Component 3.3. Improve resilience, accessibility and sustainability of healthcare** promotes a set of structural reforms aiming to enhance efficiency of the national health system, achieve equal access to health services and ensure the system's financial sustainability. The component's main building blocks include redesigning of the overall health system through effective organisational reforms; optimising the utilisation of financial resources and creating a quality framework; reform of the primary health system; introducing effective gatekeeping functions; and reorienting health services to prevention and promotion of health. These objectives will be supported by the digital transformation of health, along with the development of a patient centric health care system and investment in health infrastructure. Overall, the component will contribute towards ensuring equal access to high quality health services, increased efficiency in services' provision, digital transformation of health services and financial sustainability of the healthcare system.

1.3 Mitigating the economic and social impact of the crisis

Greece also faces the immediate economic and social challenge of the COVID-19 crisis.



Part 1: General Objectives and Coherence of the Plan

With the caveat that macroeconomic forecasting under these conditions is inherently uncertain, according to the (the latest available) macroeconomic scenario of the 2021 Budgetary Plan:

- GDP is expected to contract by -10.5% in 2020, and rebound by 4.8% in 2021.
- The aforementioned effects will also adversely affect the output gap, and the primary budget balance which was estimated to be -7.2% of GDP in 2020 and -3.9% of GDP in 2021.

The recovery and resilience plan acts as cyclical stimulus in two different sets of ways.

The first is indirect: the RRF enables the counter-cyclical use of fiscal policy - either through the sound operation of automatic stabilisers or through discretionary fiscal support measures - during the worst of the crisis, by alleviating, through its macroeconomic impact, concerns about fiscal sustainability and preventing premature fiscal consolidation.

The second is direct. In addition to the aforementioned investments that increase resilience and enhance cohesion and the use of RRF loans to promote private investments, RRF grants will finance a set of high-multiplier, mature infrastructure investments, many of which also enhance the green transition. These include:

Component 1.1. – Power up: electricity transmission and distribution network infrastructure

Component 1.2 – Renovate: renovations of public and private buildings to increase energy efficiency

Component 1.4 – Sustainable use of resources, climate resilience and environmental protection: projects to improve water management and waste treatment

Component 4.6. - Modernise and improve resilience: transport and logistics projects

Component 4.6. also contains support for key economic sectors – in which Greece has a competitive advantage – that are disproportionately affected by the pandemic namely: tourism, culture, manufacturing and agriculture.

In this respect, the swift implementation of public investment is of utmost importance. This is why the third and final objective of **Component 4.2.** is to enhance the efficiency of public investments. This includes enhancing the digital capacity of decentralised State aid units, as well as updating the legal framework for State aid; training of personnel to improve the effectiveness of the public procurement system; and an upgrade of IT systems for e-procurement.

1.4 Supporting the green and digital transitions

The **recovery and resilience plan** contributes to Greece's **green transition** by devoting at least 37% (according to the draft RRF Regulation) of the estimated cost to climate objectives. It also reflects the strategic priorities and specific climate targets of the **National Energy and Climate Plan (NECP)**. It should be stressed that the recovery and resilience plan incorporates the European Commission's recommendations under the recent assessment of the Greek NECP by the Commission services regarding the use of the RRF in order to achieve the energy and climate targets in 2030 and beyond. Together with Greece's national plans in **Waste Management, Reforestation, Circular Economy and Biodiversity**, they form the strategy underpinning the recovery and resilience plan's contribution to the green transition.

The key challenges and objectives, as well as the reforms and investments to achieve them, have been mapped in the following four components:

Component 1.1 – Power up: Transition to a low carbon and new energy model is a key high priority for Greece. The ambitious climate and energy plans include the reduction of GHG emissions, the increase of RES share in gross final energy consumption and the improvement of energy efficiency in houses and businesses. The aim of the component is to contribute to the climate and energy plans, through a batch



of investments and reforms that improve energy efficiency, energy storage and digitalise e-monitoring of energy consumption, including the implementation of smart metering sensors, enhance interconnections with islands (reducing energy costs and ceasing fossil fuel-based power production) and neighbouring countries and increase network capacity to enable the penetration of RES. In addition, the component introduces reforms that ensure financial stability and long term sustainability of the RES Account.

Moreover, the component will promote Greece's national target of total lignite phase-out by 2028 and phase-out of fossil fuels, while introducing integrated support measures, including socio-economic and environmental rehabilitation measures, for the redevelopment of affected areas, ensuring Just Transition.

Component 1.2. – Renovate: Climate mitigation and adaptation actions for the built environment in Greece is a key priority. The component includes reforms and investments that promote both the renovation and energy upgrade of buildings and the implementation of urban planning. Regarding buildings, the component includes investments aiming at the renovation of the existing stock of buildings, including residential, commercial, industrial and public buildings as well as social infrastructure. Regarding urban planning, reforms and investments are included promoting the improvement of the urban ecosystem through the reform of the urban policy framework and the promotion of sustainable growth projects.

The component will contribute directly and indirectly to the development of the national economy and the creation of new employment opportunities in multiple sectors. By providing incentives for energy renovation the component favours the attraction of sustainable private capital flows, the creation of new jobs and the sustainable growth of multiple sectors, while advancing resilience of the Greek economy. Relevant actions will additionally enable the green transition and contribute to the national and EU climate objectives linked to the reduction of GHG emissions as well as to the overall improvement of the cities' climate change resilience.

Component 1.3. – Recharge and refuel: Transitioning to a green and sustainable transport system is a key challenge for Greece. This component promotes cleaner, smarter and cheaper forms of transport. It introduces reforms that enable the installation and operation of Electric Vehicle (EV) charging equipment and promotes investments that will establish the required infrastructure in cities and other publicly accessible points of interest.

E-mobility contributes significantly to the reduction of GHG emissions and favors RES penetration in the energy mix. It also serves three objectives of the "EU Taxonomy Regulation", namely, climate change mitigation, transition to a circular economy as well as pollution prevention and control. Moreover, the component promotes the Digital transition by introducing the design and implementation of new technologies and supporting innovation.

Component 1.4. – Sustainable use of resources, climate resilience and environmental protection: The promotion of a framework in line with the principles of circular economy and sustainable waste management, natural environment protection and climate change adaptation constitute the main substance of the proposed reforms and investments. In this framework, the component includes two sets of actions, which contribute to all six objectives of the "EU Taxonomy Regulation". In the first set, the proposed actions create a framework for enhancing the sustainability in the management of the natural environment. This is to be implemented through the introduction of reforms that promote sustainable agriculture and enable efficient use of resources. The second set of actions focuses on investments related to climate change adaptation, including the management of and protection from natural disasters and the restoration of forests. Focus is also given to the upgrade of civil protection related capabilities, aiming to address challenges which are linked to climate change, as Greece is significantly affected by the increasing severity and frequency of climate related disasters.



The **recovery and resilience plan** contributes to Greece's **digital transition** by devoting 20% of the estimated cost to digital objectives. It also reflects the specific goals and structured action plan of the national **Digital Transformation Strategy (DTS)**. The DTS is closely aligned with three key objectives of "Shaping Europe's digital future" namely:

(a) Technology that works for people: the DTS prioritises interoperability in the design of public services for their seamless operation to the benefit of citizens and businesses. It places emphasis on connectivity that results in jobs and growth, envisaging better mobile and fixed broadband, and ultra-fast internet access in cities and rural areas and creating the right conditions for private investments in digital competitiveness. Finally, it encompasses national strategies for cybersecurity, artificial intelligence, the development of digital skills, and the empowerment of women in the digital age.

(b) A fair and competitive economy: the DTS supports the digitalisation of the Greek economy by building up the aforementioned key digital enablers (i.e. digital skills, digital infrastructure, digital services). To promote digital innovation, it creates a coordinating body (Center of Digital Innovation) and conducts a mapping exercise (Digit-meter) of the digital needs of SMEs.

(c) An open, democratic and sustainable society: the DTS's Open Public Sector Information policy increases the availability of open data and facilitates their use with due regard for the rules on data protection. The DTS also envisages actions for transparency and open government.

Additionally, the DTS is coherent with the principles of the European Green Deal, notably through the foreseen consolidation of the public administration's IT infrastructure into a central g-cloud infrastructure.

The key challenges and objectives identified, as well as the reforms and investments to achieve them, have been grouped in the following three components that aim to improve digital performance as measured by the various dimensions of the Digital Economy and Society Index (DESI):

Component 2.1 – Connect: Greece ranks last among EU countries on the Connectivity component of DESI. Although Greece is progressing at a very high pace in fast broadband (NGA) coverage showing a substantial progress of 15 pp. over last year, it still remains below the EU average. The purpose of this component aims to help the country fill the gaps on very-high-speed connectivity, achieve its gigabit society targets and improve its digital competitiveness. The investments facilitate the installation of fibre optic infrastructure and develop 5G networks covering major Greek motorways, while the reforms ensure switch to fast broadband connections and transition to 5G technology. The implementation of this component will generate important spill-over effects across society and the economy, including job creation, new and better opportunities for the industrial sector, higher efficiency and productivity both for individuals and corporates.

Component 2.2 – Modernise: Greece lags in efficiency and effectiveness of its public administration and ranks 27th in the EU in the Digital Public Services dimension of DESI. The purpose of this component is to modernise the Greek public sector, remove existing digital barriers and reduce administrative burdens through the use of e-Government services. Moreover, the projects will improve government accountability, social inclusiveness and partnerships by creating a data-driven culture in the public sector and ensuring coherent use of digital technologies across policy areas and levels of government. Finally, apart from the Digital Public Services dimension, the proposed investments will also improve the position of Greece in the Integration of the Digital Technology dimension of the index. Full implementation of the proposed plan, by all public actors involved -central, regional and local government entities - could lead the way to even more significant improvements in the area of digital public administration.

Component 2.3 – Digitalisation of business: Greece has one of the least advanced digital economies in the EU and according to the DESI, as Greece's overall ranking is 27th out of the 28 EU Member States. The reforms and investment of this component specifically tackle the key challenges of digital inclusion, re-



Part 1: General Objectives and Coherence of the Plan

training of the workforce for a digital environment, digital skills training and digital entrepreneurship in SMEs. The implementation of this component, and the full range of benefits stemming from the adoption of digital technologies by business, will significantly improve the country's position in the Human Capital, Use of Internet Services and Integration of Digital Technology dimensions (in all of which Greece was ranked 24th in 2020).



2. European flagships

Flagship	National baseline	Investments	Reforms
<p>Power Up (Contribution Component 1.1.)</p> <p>by</p>	<p>1. Grid congested areas where no new RES-e plant can be installed</p> <p>2. limited on site RES power generation at the building sector</p> <p>3. coal-fired district heating systems and households exposed to energy poverty (regions in energy transition)</p>	<p>1. Upgrade electricity infrastructures to allow higher RES share and connection of new RES-e plants both at the transmission and distribution systems as well as through the interconnection of islands.</p> <p>2. deploy electricity smart meters for the consumers in order to allow and enhance their role in the new electricity markets and to foster installation of on-site small-scale RES systems</p> <p>3. enhance and improve the energy efficiency of district heating systems in the energy transition regions</p> <p>4. allow the green transition by substituting fossil fuel products in energy consumption through the expansion of natural gas grids</p>	<p>Ensure the sustainability of the national RES account for the operating aid support of RES generation through structural reforms and by addressing the covid-19 pandemic impact on the account's balance</p> <p>(also linked to ongoing national reforms non presented under NRRP that improve the RES licensing process, the RES auto-consumption scheme, the operation of RES in the electricity market as well as the regulatory adoption of grid development plans)</p>
<p>Renovate (Contribution Components 1.2.)</p> <p>by</p>	<p><8000 energy renovations of residential buildings per year if no financing program in place (no foreseen national program for the period 2021-2022)</p>	<p>Integrated investment activity that concerns the provision of incentives (grant and interest-free loan if the latter is chosen by the beneficiary households) for the energy efficient upgrade of the residential building stock. (also linked with the power up initiative as it foresees promoting the role of the active consumers, through the support for the installation of on-site RES power generation systems (PV), electricity storage infrastructure (batteries) and charging stations for electric vehicles, as well as the upgrade to a smart home, via the installation of smart energy management systems and devices.</p> <p>Dedicated measure with mix financial instruments also for companies in the secondary and tertiary sector, including the tourism sector, regardless of size, in order to improve their energy efficiency, to promote the use of Renewable Energy Sources and in general to upgrade their competitive position by investing in "green" development.</p> <p>Dedicated sub-measure for the energy renovation of public buildings through the mobilisation of Energy Service Companies.</p>	<p>(linked to ongoing national reforms non presented under NRRP, like the recently adopted Long Term Renovation Strategy and the operation of ESCOs in the public sector via energy efficiency contracts)</p>
<p>Recharge and Refuel (Contribution Component 1.3.)</p> <p>by</p>	<p>Zero charging stations for EVs in specific public areas</p>	<p>Support the roll-out of publicly accessible electric vehicles charging network, both at areas Local Authorities are responsible for, and at points of interest on urban and suburban environment.</p> <p>Aid provided to new production lines and R&D units being developed, related to e-mobility sector, that create products or offer services</p>	<p>(linked to ongoing national reforms non presented under NRRP, like the recently adopted JMD for the installation of charging stations)</p>
<p>Connect (Contribution Component 2.1.)</p> <p>by</p>	<p>Greece has not yet assigned radio spectrum for 5G services. It lags behind in the deployment of Very High Capacity Networks (VHCN)</p>	<p>Fibre readiness: Pre-installation of structured cabling in buildings, in order to facilitate the installation of fibre optics in each house (Fibre to the home).</p>	<p>Attracting investments in next generation networks, while protecting competition and consumer rights.</p> <p>In line with Single Digital Market priorities, schools and educational facilities will be the first public interest buildings to proceed to Gigabit society</p>



		<p>5G Corridors: A collaborative network of cross-border corridors between European countries will enable a better environment for the testing and deployment of 5G technology.</p> <p>Small-satellites</p>	
<p>Modernise (Contribution by Components 2.2., 3.1., 3.2., 3.3., 3.4., 4.1., 4.2., 4.3.)</p>	<p>Digital Public Services Digital Transformation in various policy areas. In need of a wider open government schedule that will be enriched with new government commitments with horizontal roles through a collaborative process.</p> <p>Open Government Initiatives - Open data National Central Registry for open data, data.gov.gr. 10.587 data sets currently published. The need for digitalisation of public services, together with the need to secure digital infrastructures and promote cybersecurity capacity across both the public and private sector, is even more apparent.</p> <p>Interoperability - Enhancement of digital infrastructure of the State A so-far key weakness of Public Administration is the diversity of several registries across its authorities, where each entity is not identified in a unique way. In order to facilitate interoperable e-services across public sector, the consolidation of citizen records among several registries is required.</p> <p>G-cloud After I.4623/2019 and I.4727/2020 came into effect GSISPA became responsible for providing IaaS and SaaS services to almost all the public agencies whose central IT</p>	<p>Digital Public Services Digital and Administrative Transformation of PA's One stop Shops Simplex GR CRMS for the General Government New System for Public Procurement KEP-Plus e-Health (Digital Patients' Health Records, Cancer treatment/e-health program, Telemedicine, Hospital Logistics) e-Justice (Digitalisation of Critical Archives of the State, Interoperability of all subsystems - Unified Digital Trial Slot) Education (Fibre to the School, Digital Services of Academic Institutions, Digital Services for Schools (Myschool, e-me, e-Parents), Digitisation of Physical Archives of the Hellenic National Recognition and Information Centre (NARIC)) Development, Innovation (One stop shops services for all legal forms of entrepreneurship) Energy and Environment (Dynamic energy pricing system, Digital aid for the energy saving of private and public buildings) Digitalisation of the IAPR (Development of a new integrated Taxation Information System of IAPR, Multi Annual Strategic Plan Framework Implementation for customs procedures) Labour and Social Security (Digital granting of pensions (ATLAS platform), Digital recording of Working Time, Extension of diagnostic mechanism of the needs of labour market, OPEKA Digital Transformation, Single Social Insurance Code Lists And Rehabilitation Of A Single Flow For Employment And Social Insurance Data) Rural Development (Platform development for the Agricultural Products Traceability, Digitalisation of Agricultural Sector (Intelligent Farming)) Smart cities & digital transformation for municipalities.</p>	<p>Open Government Initiatives - Open data Ministry of Digital Governance will continue to work with other organisations to promote actions for transparency and open government through its active participation in the Global Open Government Partnership (OGP) initiative and in other organisations active in this field. The updated National Action Plan for Open Government will be submitted to the OGP in December 2020. Aggregation of high-value data or Public Purpose Data Opening data in selected thematic areas (e.g. economics and business) Effective utilisation of public, business, scientific and personal data on a massive scale Enabling scalability based on data life cycles per thematic area (e.g. health, mobility, culture, environment) Taking measures for facilitating the further use of these data Applying rules on data protection in accordance to the GDPR EU framework “My data” initiative.</p> <p>Interoperability - Enhancement of digital infrastructure of the State Expansion of Interoperability Centre (KEΔ) to Public Administration. Interoperability by default, ensuring when designing public services for their seamless operation across organisational silos and the Single Market, on the basis of free movement of data and digital services in the EU. SYZEFXIS II-Second Phase Public Sector IT Infrastructure as a Service</p> <p>G-cloud In order to decrease the diversity of small/medium/large data centres across public administration, which result in increased energy consumption, a central g-cloud infrastructure will be set and all existing and new central IT systems will be consolidated into that single g-cloud infrastructure. In that direction, public authorities will not be able to supply new central IT infrastructure and systemic software licenses for their central systems, since the Ministry of Digital Governance will host their IT systems and will set governmental agreements with key public vendors to decrease respective costs of supply and maintenance.</p>



	<p>systems should be migrated to private, public or hybrid cloud infrastructure managed by the GSISPA.</p> <p>Absence of a Strategic and Operational Plan for AI to define the vision and objectives being aligned with the EU strategy.</p>	<p>Public administration and services offered to businesses and citizens (Digital transformation and administrative reform of regional and local governmental bodies, Remote working in Public Sector)</p> <p>Culture and Tourism (Digital Transformation of the Greek National Tourism Organisation, Promotion of cultural exhibits with Augmented and Virtual Reality for Museums and Tourism)</p> <p>Digital Registries (Sports Registries, Business Registry-Second Phase, Tourism Registry e-MHTE)</p> <p>Digital transformation of the social protection system</p>	<p>Cybersecurity</p> <p>Developing a cybersecurity framework</p> <p>Critical infrastructure resilience, cybersecurity requirements and contemporary technologies.</p> <p>Boosting cyber-resilience.</p> <p>Optimisation of incidence management, tackling cybercrime and privacy protection.</p>
<p>Scale-up (Contribution by Component 2.3.)</p>	<p>Digitalisation of businesses</p> <p>Various and fragmented actions that promote innovation who lack support by a constitutional unified body.</p> <p>Absence of a diagnostic mechanism of evaluation of digitisation of SMEs.</p> <p>Artificial Intelligence</p> <p>Absence of a Strategic and Operational Plan for AI to define the vision and objectives being aligned with the EU strategy.</p>	<p>Digitalisation of businesses</p> <p>Digital Meter: Development of a digital online tool for assessing the degree of digital maturity of small and medium enterprises. This tool will provide a structured questionnaire for the assessment of the digital maturity of the company and identify potential areas for progress.</p> <p>Centre of Digital Innovation:</p> <p>Digital Innovation of the Public Sector, via supporting Open Innovation initiatives that connect public corporations, small businesses, start-ups and the research/academic space to come up with digital innovations.</p> <p>Digital Transformation of the Economy, via facilitating the development and monitoring of the Digital Innovation Hubs (DIHs) network.</p> <p>Promote a Digital Innovation mindset to startups, public entities and the general public, as well as promote and accelerate the creation of the Greek innovation ecosystem and its connection to the global one.</p> <p>Digital Applications for Improving Business, Infrastructure & Environment:</p> <p>Digital action Measurement and monitoring of air pollutants and marine pollution for the optimisation of the environmental footprint and digital environmental inspections</p> <p>Electronic Tolls and vehicle monitoring system Upgrade of OSE telecommunication infrastructure</p> <p>Digital transformation of public service providers.</p>	<p>Artificial Intelligence</p> <p>National Infrastructure for AI will comprise all the prerequisites for developing a strong AI ecosystem in Greece.</p> <p>Foster the economic development of the country in specific sectors of priority.</p> <p>The National Strategy for AI will make provisions for delivering benefits to all Greek citizens without excluding any groups. At the same time, ethical issues will be seriously considered and addressed to minimise any negative effects of AI deployments.</p> <p>Foster the ability of Greek enterprises (notably startups) to develop and export globally competitive AI products and services.</p> <p>Improving the efficiency of public services that could capitalise on recent success stories regarding the roll-out of e-government services.</p>
<p>Reskill and upskill (Contribution by Components 2.2., 2.3., 3.1., 3.2., 3.4., 4.3.)</p>	<p>Digital Skills</p> <p>Greece performs well below the EU average on the human capital chapter. In 2019, 51% of individuals between 16 and 74 had</p>	<p>Digital Skills</p> <p>Digital systems and tools, laboratory equipment for VET training units and OAED units and buildings' refurbishment</p>	<p>Digital Skills</p> <p>The Upgrade of Vocational Education and Training for young people will help reduce the significant gap between digital skills demanded by employers and those offered by job-seekers, increasing the quality and market relevance.</p>



	<p>at least basic digital skills (58% in the EU), a good 5 percentage-point increase in one year, well above the average 1 percentage-point rise in the EU. The percentage of individuals with at least basic software skills is also rising well, from 52% in 2018 to 56% in 2019, rising faster than the EU average. The share of ICT specialists in total employment continues to improve at the same pace as the last three years but remains low (1.8%) compared to the EU average of 3.9%.</p> <p>Women in Digital</p> <p>The share of women ICT specialists in total female employment remains very low at 0.5% compared with the EU average (1.4%), though it did rise slightly by 0.1%, an improvement since it had stagnated over the previous three years.</p>	<p>Digital transformation and digitalisation of education via development of digital content and tools in schools, digital equipment in Schools, professional development of teachers in schools</p> <p>Development of digital skills in compulsory and secondary education.</p> <p>Digital skills in higher and postgraduate education.</p> <p>Digital skills in the Public Sector.</p> <p>Digital citizenship, basic and advanced digital skills.</p> <p>Digital skills for entrepreneurship and innovation.</p> <p>Digital skills of people working in the public welfare entities</p>	<p>The strengthening of the apprenticeship system will revise, modernise and align the curricula for the Apprenticeship Schools for with labour market needs, in order to raise the level of skills provided to apprentices (including digital skills).</p> <p>The Labour force skilling, reskilling and upskilling will provides a new framework for vocational training, targeted reskilling programmes (including digital skills) aiming to make a significant contribution towards a more efficient, inclusive and resilient labour market</p> <p>Develop innovation and excellence in Universities will enhance the research performance of Greek universities and the quality of education offered to students, including relevance to the job market and digital skills</p> <p>Women in Digital</p> <p>Continuously improving monitoring mechanisms on the evolution of women' engagement and real participation in the digital economy and society.</p> <p>Advancing greater compositional balance, where possible, of men and women in national and European bodies, boards and committees dealing with digital matters.</p> <p>Enacting a national inter-sectoral, target-based strategy for girls and women or integrating the Women-in-Digital strand in relevant existing national strategies.</p>
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3. Link to the European Semester

CSR 1 of 2019 and **CSR 4 of 2020** invite Greece to continue and complete reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018. Such commitments, including complementary commitments undertaken in May 2020, contained in the recovery and resilience plan are:

- Improving and modernising the framework for individual labour law (Component 3.1.)
- Establishing the National System of Vocational Education and Training (3.2.)
- Rolling out the primary health care system and e-health – including an electronic Medical Health Record and telemedicine (3.3.)
- Undertaking a nationwide valuation exercise of property tax value based on market values and update property tax values for ENFIA and other taxes fully in line with market values (4.1.)
- Implementing the electronic filing of legal documents, completing phase II of the establishment of the e-justice system (OSDDY-PP) and the ‘JustStat’ unit for data collection and processing (4.3.)
- Implementing reforms aimed at restoring the health of the banking system, including nonperforming loans resolution efforts by ensuring the continued effectiveness of the relevant legal framework (4.4.)
- Completing the investment licensing reform, by finalising the simplification of procedures in the agreed remaining sectors and inspection legislation, and deploying the relevant ICT (4.7.)

Further, **CSR 3 of 2020** asks Greece to front-load mature public investment projects and promote private investment. Together with **CSR 2 of 2019**, they recommend that Greece focus investment in the following areas, all of which are covered by corresponding components:

- Renewable energy and interconnection projects, and generally the clean and efficient production and use of energy (Component 1.1.)
- Efficient use of energy in buildings and the renewal of urban areas (1.2.)
- Safe and sustainable transport and logistics (1.3., 4.6.)
- Environmental protection and infrastructure (1.4.)
- Very-high-capacity digital infrastructure (2.1.)
- The effectiveness and digitalisation of the public administration (2.2.)
- The digital transformation of businesses (2.3.)
- Employability (3.1.). Investments in this component are also in line with **CSR 2 of 2020**, which invites Greece to mitigate the employment and social impacts of the COVID-19 crisis, including by implementing measures such as a short-time work scheme (*Synergasia*) and ensuring effective activation support.
- Education and skills, including digital (3.2.)
- Health (3.3.). Investments in this component are in line with **CSR 1 of 2020**, in particular the subpart that invites Greece to ensure the resilience of the health system and ensure adequate and equal access to healthcare
- R & D (Component 4.5.)

Finally, the above investment-related policy takes into account regional disparities and the need to ensure social inclusion, as per **CSR 2 2019**, including by:

- Ensuring a just transition in areas where lignite will be phased-out (Component 1.1.)
- Increasing access to effective and inclusive social policies (3.4.).

The remaining subparts of the 2020 CSRs, namely:



Part 1: General Objectives and Coherence of the Plan

- **CSR 1 – 2020:** Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment...
- **CSR 3 – 2020:** Swiftly deploy measures to provide liquidity and continued flow of credit and other financing to the economy, focusing in particular on SMEs most affected by the crisis....

are being covered by the fiscal and liquidity support measures, as well as liquidity guarantee schemes, the government has introduced to mitigate the impact of the crisis. Some of these measures are already receiving EU funding under SURE, ESIF, and the Coronavirus Response Investment Initiative (CRII) and CRII+.



Part 2

Description of reforms and investments



COMPONENT 1.1: Power up

Description of the component

Policy areas/domain: Energy market, renewable energy sources (RES), electricity interconnections (transmission and distribution), security of energy supply, climate change.

Objective: This component promotes the green transition, aiming to increase the share of RES in gross final energy consumption, improve energy efficiency and reduce GHG emissions. It is consistent with the phase-out of lignite and petrol in power generation and contributes to the climate change mitigation and pollution prevention and control objectives of the “EU Taxonomy Regulation”. Moreover, the proposed reforms and investments, contribute to the energy security of Greece and the broader region, by diversifying its energy supply sources and limiting the vulnerabilities of the country’s interconnection infrastructures, and creating new jobs.

Summary: Transition to a low carbon and new energy model is a key high priority for Greece. The ambitious climate and energy plans include the reduction of GHG emissions, the increase of RES share in gross final energy consumption and the improvement of energy efficiency in houses and businesses. The aim of the component is to contribute to the climate and energy plans, through a batch of investments and reforms that improve energy efficiency and digitalise e-monitoring of energy consumption, including the installation of smart meters, grid interconnection of islands (reducing energy costs and ceasing fossil fuels based power production) enhancement of network capacity and its operation to enable the penetration of RES as well as storage facilities able to accommodate the high shares of RES power generation, to contribute to an enhancement of the energy supply security and to foster the optimum operation of the energy markets. In addition, the component introduces reforms that ensure financial stability and long-term sustainability of the RES Account, which constitutes a main source for remuneration of the operating RES producers.

Moreover, the component will promote Greece’s national target of total lignite phase-out by 2028 and phase out from fossil fuels, while introducing integrated support measures, including socio-economic and environmental rehabilitation measures, for the redevelopment of affected areas, ensuring Just Transition.

[Link to the European Flagship: ‘Power Up’](#)



COMPONENT 1.2: Renovate

Description of the component

Policy area/domain: Energy efficiency, building renovation, construction/housing, climate policy, social policy, resource efficiency, circular economy, renewal urban areas.

Objective: The reforms and investments of the component are linked to the reduction of CO2 emissions and the climate “neutrality” of urban areas as well as to the climate adaptation objectives related to the cities’ and their building stock’s climate resilience. The component provides incentives for building renovations and energy upgrades, resulting in the regeneration of urban areas, the attraction of private investments and energy poverty mitigation. Finally, the reform and investments of the component promote the economic recovery, prosperity and resilience of the Greek economy by promoting investments in the construction sector, industry and urban environment. The component will result in the creation of new jobs, including jobs for young and/ or unskilled labour and contribute positively to the country’s GDP.

Summary: Climate mitigation and adaptation actions for the building stock in Greece is a key priority. The component includes reforms and investments that promote both the renovation and energy upgrade of buildings and the implementation of urban planning. Regarding buildings, the component includes investments aiming at the renovation of the existing stock of buildings, including residential, commercial, industrial and public buildings as well as social infrastructure. Regarding urban planning, reforms and investments are included promoting the improvement of the urban ecosystem through the reform of the urban policy framework and the promotion of sustainable growth projects.

The component will contribute directly and indirectly to the development of the national economy and the creation of new employment opportunities in multiple sectors. By providing incentives for energy renovation the component favours the attraction of sustainable private capital flows, the creation of new jobs and the sustainable growth of multiple sectors, while advancing resilience of the Greek economy. Relevant actions will additionally enable the green transition and contribute to the national and EU climate objectives linked to the reduction of GHG emissions as well as to the overall improvement of the cities’ climate change resilience.

[Link to the European Flagship: ‘Renovate’](#)



COMPONENT 1.3: Recharge and refuel

Description of the component

Policy area/domain: Urban mobility and transport

Objective: The main objective of the component is to promote the green transition, aiming to structure and coordinate efforts to make urban mobility cleaner, smarter, safer and fairer. This objective is in line with, and forms part of the local Sustainable Urban Mobility Plans and the nationwide strategy of sustainable mobility (as depicted in the National Energy and Climate Plan-NECP). The related investments, which feature the improvement of the transport sector through transport electrification, are anticipated to significantly contribute to the reduction of GHG emissions. Moreover, the component contributes to the recovery, prosperity and resilience of the Greek economy through the reinforcement of new technologies in the design, construction, project management, products and services sectors, thus alleviating youth unemployment by creating employment opportunities for highly qualified human resources.

Summary: Transitioning to a green and sustainable transport system is a key challenge for Greece. This component promotes cleaner, smarter and cheaper forms of private and public transport. It introduces reforms that enable the installation and operation of Electric Vehicle (EV) charging equipment and promotes investments that will establish the required infrastructure in cities and other publicly accessible points of interest.

E-mobility contributes significantly to the reduction of GHG emissions and favours RES penetration in the energy mix. It also serves three objectives of the “EU Taxonomy Regulation”, namely, climate change mitigation, transition to a circular economy as well as pollution prevention and control. Moreover, the component promotes the Digital transition by introducing the design and implementation of new technologies and supporting innovation.

[Link to the European Flagship: ‘Recharge and Refuel’](#)



COMPONENT 1.4: Sustainable use of resources, climate resilience and environmental protection

Description of the component

Policy area/domain: sustainable management and protection of water and marine resources, circular economy, recycle, biodiversity, climate change adaptation, balanced regional development of rural areas including mountain and island regions within the context of decentralisation, transformation of the agricultural sector of the Greek economy, civil protection and natural disasters management, adaptation to the climate change in flood protection strategies.

Objective: The component promotes green transition, introducing reforms and investments aiming to the efficient use of natural resources and promotion of circular economy, particularly through effective waste management and climate change adaptation and mitigation through the protection and restoration of the natural environment. All actions respond to challenges related to the prosperity and resilience of the Greek economy and society. In this respect this component's objectives include the improvement of environmental infrastructure, biodiversity protection as well as recovering forest cover losses, which, in overall, will advance the protection from environment-related risks and impacts for both the society and the economy. The proposed investments are expected to create a significant number of new jobs and promote sustainable growth in rural areas through sustainable development of agriculture and the promotion of ecotourism.

Summary: The promotion of a complete framework in line with the principles of circular economy and sustainable waste management, natural environment protection and climate change adaptation constitute the main substance of the proposed reforms and investments. In this framework, the component includes two sets of actions, which contribute to all six objectives of the "EU Taxonomy Regulation". In the first set, the proposed actions create a framework for enhancing the sustainability in the management of the natural environment. This is to be implemented through the introduction of reforms that promote sustainable agriculture and enable efficient use of resources. The second set of actions focuses on investments related to climate change adaptation, including the management of and protection from natural disasters and the restoration of forests. Focus is also given to the upgrade of civil protection related capabilities, aiming to address challenges which are linked to climate change and Greece is significantly affected by the increasing severity and frequency of climate related disasters.



COMPONENT 2.1: Connect

Description of the component

Policy area/domain: Connect

Objective: Facilitate installation of fibre optic infrastructure and develop 5G networks covering all major Greek motorways and, at the same time, ensure switch to fast broadband connections and transition to 5G technology.

Greece should accelerate its efforts in connectivity, which is a key prerequisite for digital transition. The aim of this component is to implement, on one hand, investments to facilitate installation of fibre optic infrastructure and develop 5G networks covering all major Greek motorways and, on the other hand, reforms to ensure switch to fast broadband connections and transition to 5G technology. In this respect, the legislative actions already undertaken (L.4635/2019 and L.4727/2020) provided a roadmap for the development of modern network infrastructure and for the establishment of Phaistos Fund, which will play a key role in the 5G deployment, creating the necessary ecosystem to tap the full potential of the new generation technology.

Summary: The implementation of investments is expected to accelerate the adoption of next-generation infrastructure by the citizens, increase the capabilities of the Greek high-technology industry and develop the necessary infrastructure that will serve the needs for Connected and Autonomous Mobility. In addition, reforms aim to improve Greece's position in the international ranking of broadband connections and to strengthen all services provided through those connections as well as to facilitate the development of innovative remote services.

The deployment of very high capacity networks, in particular 5G and fibre networks in urban and rural areas, will generate important spillover effects across society and the economy, including job creation, new and better opportunities for the industry sector, higher efficiency and productivity both for individuals and corporates.

[Link to the European flagship: "Connect"](#)



COMPONENT 2.2: Modernise

Description of the component

Policy area/domain: Digitise the State

Objective: Taking into consideration current challenges and recommendations, Greece aims to modernise its Public Sector by increasing efficiency and effectiveness, and achieving provision of enhanced, qualitative services to citizens and businesses. Acceleration of its efforts to improve its Digital Performance will be catalytic to the achievement of these aims. The following axes show the main direction of this component: (a) Digital transformation of Public Administration and provision of enhanced public services to citizens and businesses, (b) Digitalising key sectors such as tourism and culture, (c) Developing and deploying advanced digital technologies and secure connectivity, and (d) Strengthening digital skills, reducing digital divide.

Summary: Greece has a pre-existing strategic choice in digital governance enhancement, which has been further intensified and widened because of COVID-19. Especially during the last 8 months, the results of this strategy are significant and depicted in the increase of the provided digital services. However, the country should further improve efficiency and effectiveness of its Public Administration. Also, the country needs more advancement of its digital performance. The overall aim of this component is to modernise the Greek Public Sector by improving its operational model, and achieving provision of enhanced, qualitative services to citizens and businesses. Acceleration of efforts to improve the country's digital performance will be catalytic to the achievement of this aim.

Reforms and investments target: (a) digital transformation of Public Sector's organisations and enhancement of their digital services, (b) business process improvements followed by the incorporation of contemporary information systems, (c) increased interoperability of systems and data, (d) wide-spread cybersecurity strategies and policies, as well as (e) extended use of advanced technologies such as cloud computing and big data.

[Link to the European Flagships: 'Modernise' & 'Reskill and upskill'](#)



COMPONENT 2.3: Digitalisation of businesses

Description of the component

Policy areas/domain: Digitalisation of businesses

Objective: The aim of this component is to raise the awareness and increase the adoption of digital technologies by businesses, in order to expand their digital presence and the interaction with their customers through digital channels, support their growth in a unified market and increase their resilience to unpredicted crises. It also aims to facilitate and make more transparent the interactions between businesses and state authorities while in parallel supporting a green transition.

Summary: Although digitalisation presents an enormous opportunity to streamline processes, expand market presence and create a more resilient business, it is also an enormous challenge for the SMEs that form the backbone of the Greek economy. The aim of this component is to increase the take up of digital technologies by businesses, reducing the digital gap between Greek small and medium sized enterprises (SMEs) and those of the European average. This is achieved by providing tax incentives for investment and funding for the procurement of software, cloud and online services as well as installation and setup of specialised equipment.



COMPONENT 3.1: Increasing job creation and participation in the labour market

Description of the component

Policy areas/domain: Labour market framework, active labour market policies (ALMPs), passive labour market policies (PLMPs), pension system, public employment service (OAED).

Objective: The overall objective of this component is to introduce labour market policy interventions enhancing growth and job creation; improving job quality; strengthening economic and social resilience, promoting labour market inclusion and reducing inequalities, poverty and social and economic exclusion. The components' contents are firmly anchored in the RRF's main objectives, the national Growth Strategy underpinned by the Pissarides' Committee report and National Country Specific Recommendations (CSRs) provided in the context of the European Semester 2019 and 2020. Specifically, through a cohesive and targeted intervention involving the modernisation and simplification of the Labour Law, the activation of cutting-edge Active and Passive Labour Market Policies (ALMPs & PLMPs) and the digitalisation of employment and relevant public administration services, the component will significantly promote growth, job creation and economic and social resilience. The component also promotes digital transition, leading to a more effective and resilient system of policy planning, assessment and fine-tuning. Furthermore, through the short-term work scheme *Syn-ergasia* and reforms promoting flexible working arrangements, such as teleworking, the component mitigates the impact of the covid-19 pandemic on the labour market and incomes. Moreover, the reform of the pension system through the introduction of a pay-as-you-earn system for auxiliary pensions, will better align contributions with benefits and promote savings, investment, productivity and long-term growth. Overall, through its reforms and investments the component promotes the European Flagships Modernise and Upskill and Reskill.

Summary: This component puts in place labour market reforms and actions incentivising higher long-term employment and labour productivity, ultimately delivering higher incomes, enhanced welfare and reduced inequalities. The main avenues through which the component will pursue its objectives include, but are not restricted to: (a) labour market reform, upgrading the market's ability to create jobs and increasing its resilience in the event of shocks; (b) incentives-compatible, state of the art Active and Passive Labour Market Policies, enhancing labour market activation, job creation and safety nets against unemployment; (c) reform of the pension system through the introduction of a pay-as-you-earn system for auxiliary pensions, and promoting long-term investment; and (d) digital transformation of Employment and Social Security services. Finally, to mitigate the impact of the pandemic and increase labour market resilience against future shocks, the component includes the *Syn-ergasia* short-term work scheme, and other reforms promoting flexible working arrangements, such as teleworking.

[Link to the European Flagship: Modernise, Upskill and Reskill](#)



COMPONENT 3.2: Education, vocational education and training, and skills

Description of the component

Policy areas/domain: Public education, reskill and upskill, public services for employment

Objective: The overall aim of this component is to increase long term employment and productivity through the enhancement of human capital. The increase in the economy's output, as well as the design of the component's reforms will also reduce inequalities, poverty and the risk of economic and social exclusion. By achieving these objectives, the component addresses directly the RRF overarching objectives of increasing long term growth, job creation and economic and social resilience. A central theme in this component is reforms and investments relating to the European flagship of upskill and reskill. The component also includes significant investment in digitalisation of education of all levels, vocational education training and reforms in the reskilling and upskilling national system, thus promoting the European flagship initiative of Modernise

Summary: This component aims to increase long term employment and productivity through the enhancement of human capital. To that end, the component includes reforms at all levels of education, integrating new skills, new methodologies, evaluation of the system, autonomy and relevance/extroversion towards the local and international community and economy. Due to the increase in the economy's output, and as a result of its design, the component will also reduce inequalities, poverty and the risk of economic and social exclusion. For education, the component includes investments in digital transformation and digitalisation of all levels of education; as well as reforms in University education, enhancing research performance, quality of education (including direct relevance to the job market), and international visibility and extroversion, increasing graduates' prospects in the Greek and the European labour market. For skills, the component includes a flagship reform of the governance of upskill-reskill training provision which, based on an incentives-compatible remuneration system, promotes adoption and scaling up of best practices, resulting in systemic improvement of training and labour market outcomes. The component also includes reforms increasing the appeal and labour market effectiveness of vocational education training (VET) for young people; a forward-looking overhaul of the dual apprenticeship system; and a major reform (closely aligned with the reform on governance) of the contents and delivery of the skilling, reskilling and upskilling programmes offered by the public employment service (OAED). The reforms' benefits will be strengthened and accelerated by investments in digital systems, laboratory equipment for VET training units and OAED units, and a targeted programme of buildings' refurbishment/upgrade.

[Link to European Flagships: Modernise; Reskill and upskill](#)



COMPONENT 3.3: Improve resilience, accessibility and sustainability of healthcare

Description of the component

Policy areas/domain: Health Care System reform

Objective: This component aims to implement reforms in selected areas of the healthcare system improving resilience, increasing accessibility and ensuring the system's financial sustainability. The component includes organisational reforms, reform of the primary health care system, digital transformation of health services and investment projects in health Infrastructure. Moreover, it includes the National Prevention Program "Spyros Doxiadis", aiming to reorient health services towards disease prevention and health promotion. Overall, the component will contribute towards ensuring equal access to high quality health services, increased efficiency in services' provision, digital transformation of health services and financial sustainability of the healthcare system.

Summary: Healthcare in Greece has been heavily affected by the financial crisis and long-term problems such as quality problems in health services' provision have been revealed. To address these challenges, this component promotes a set of structural reforms aiming to enhance efficiency of the national health system, achieve equal access to health services and ensure the system's financial sustainability. The component's main building blocks include redesigning of the overall health system through effective organisational reforms; optimising the utilisation of financial resources and creating a quality framework; reform of the primary health system; introducing effective gatekeeping functions; and reorienting health services to prevention and promotion of health. These objectives will be supported by the digital transformation of health, along with the development of a patient centric health care system and investment in health infrastructure. Overall, the component will contribute towards ensuring equal access to high quality health services, increased efficiency in services' provision, digital transformation of health services and financial sustainability of the healthcare system.

[Link to European Flagships: 'Modernise'](#)



COMPONENT 3.4: Increase access to effective and inclusive social policies

Description of the component

Policy areas/domain: Social policy and social cohesion

Objectives: The component's overarching aim is to provide equal opportunities for all, irrespective of gender, ethnicity, sexual orientation, age, disability, and other characteristics. To that end, it includes reforms and investments whose target is to:

1. Ensure the social inclusion of vulnerable population groups by means of (a) promoting economic activation, through the provision of training, education, and apprenticeship opportunities; and (b) ensuring access to effective and high-quality social services.
2. Reduce poverty, inequality, and the risk of social and economic exclusion through the provision of effective safety nets, comprising of new and updated quality social services
3. Put in place early childhood interventions to secure children's and young families' potential and economic/social prospects.

These objectives are in line with the recommendations provided by the European Commission to Greece in the context of the 2019 and 2020 Country Specific Recommendations (CSRs), recommending enhancing access to inclusive, affordable and high quality social services, supporting the most vulnerable population groups and improving their labour market participation, reducing skill mismatches, increasing quality and labour market relevance of education and training. Furthermore, as they mostly focus on investment-related economic policy, they complete and complement already initiated reforms of social safety nets, having a poverty and inequality-reducing rationale. They also echo the European Flagship initiatives on 'Reskill/upskill' and 'Modernise' and they are fully in line with the Pissarides' Committee report, underpinning Greece's new Growth Strategy. Finally, as mentioned in the 2020 Country Report for Greece, although the country has improved on most indicators of the Social Scoreboard supporting the European Pillar of Social Rights, challenges in the fields of gender employment gap, income inequality and digital skills remain significant. This component addresses these challenges in an efficient and novel way.

Summary: This component includes reforms and investments targeted towards some of the most vulnerable population groups of the country, with the overarching aim of providing equal opportunities for all, irrespective of gender, ethnicity, sexual orientation, age, disability, and other characteristics. The component echoes one of the three priorities of Europe 2020 strategy, namely inclusive growth, and its key policy component on poverty alleviation. The component aims to ensure economic, social and territorial activation and inclusion conducive to growth; and, also ensure, that the benefits of growth are widely shared, thus reducing poverty and inequalities. Moreover, the component mitigates the unprecedented adverse effects of the pandemic on the most vulnerable groups of the population.

The main paths through which the objectives of the component will be achieved include: (a) social benefits optimisation; (b) reform of early childhood care, including special interventions for children with disabilities, cognitive and developmental disorders; (c) enhancement of structures providing social assistance services and the promotion of actions targeted towards labour market (re)integration of the most vulnerable population groups; (d) digital transformation of the social protection system; and (e) diversity training in both the public and the private sector to fight discrimination based on gender, sexual orientation, age, disability, nationality and other characteristics.

[Link to European Flagships:](#) Modernise; Reskill and upskill



COMPONENT 4.1: Making taxes more growth friendly and improving tax administration and tax collection

Description of the component

Policy areas/domain: Private investment, economic and institutional transformation

Objective: Through a set of wide-ranging reforms and an investment on digital transformation of the tax authority, the aim of this component is to increase the effectiveness, efficiency and fairness of Greece's tax administration by broadening the tax base, increasing revenue efficiency and strengthening tax compliance.

Summary: This is an extremely important component in the continued fight against tax evasion, aggressive tax planning and avoidance. It consists of many reforms.

On the tax framework side, we propose to: conduct full codification of tax legislation so to increase transparency; modernise the property tax system (ENFIA) by improving property tax zones valuation in order to broaden the tax base and align tax values with market prices; a new framework aiming to combat smuggling in products subject to excise duties (tobacco, alcohol and energy); adoption of additional measures and incentives so to further increase electronic transactions; implementation of a digitalised and automatic VAT electronic refund procedure. In addition, and in conjunction with Pillar 2, we foresee the introduction of new-technology cash registers across the country. Last, but not least, an ambitious project to implement artificial intelligence in the design of tax audits is proposed.

On the tax administration side, the digitalisation of the Independent Authority for Public Revenue needs to continue. In that regard, a total of 16 subprojects have been proposed.



COMPONENT 4.2: Modernise the public administration, including through speeding up the implementation of public investments, improving the public procurement framework, capacity building measures and fighting corruption

Description of the component

Policy areas/domain: Public financial management and public procurement

Objective: The aim of the component is the implementation of reforms in selected areas of public administration and public financial management that are of particular importance for strengthening both public and private investment. This will be accomplished through a series of projects that focus on the digitisation of critical areas of the public financial management system, as well as through legislative reforms with the purpose of modernising the institutional framework and increasing its transparency.

Through the implementation of these actions, the component will contribute to the increase in the efficiency of government policies, to the digital transformation of the public administration, and to a strengthening of government tools in the fight against corruption.

Summary: The component has three main objectives. First, to increase transparency and fight corruption. This is done via enhancing the legal framework for Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT); via combating illicit trade and protecting intellectual property rights through the reinforcement of the Intaragency Unit for Market Control; and via the creation of an integrated IT system for the management of controls and the establishment of control stations to intensify audits.

Second, to modernise the Public Financial Management (PFM) framework. GOV-ERP aims at the digital transformation of the government's financial management and supervision structures. A reform aims at modernising the institutional framework for State Owned Enterprises.

Third, to enhance the efficiency of public investments. This includes enhancing the digital capacity of decentralised State aid units, as well as updating the legal framework for State aid. Training of personnel to improve the effectiveness of the public procurement system. And an upgrade of IT systems for e-procurement.

[Link to the European Flagship: 'Modernise'](#)



COMPONENT 4.3: Improve the efficiency of the justice system

Description of the component

Policy area/domain: Private investment, economic & institutional transformation

Objectives: The aim of the component is to increase the efficiency of the justice system. This goal would be achieved through a comprehensive set of reforms and investments. These reforms and investments also enhance economic and social resilience, digital and green transition, social and territorial cohesion. The component is also interrelated to reforms and investments included in other components. For example, an efficient and well-functioning justice system help address private indebtedness and facilitate reducing the stock of NPEs, as these reforms are part of our national strategy for the reduction of private debt. Finally, this component will facilitate the successful implementation of the RRF National Plan itself.

Summary: An ambitious agenda to improve the efficiency of the justice system. First, accelerate. This means a set of reforms aimed at accelerating justice (special chambers, JustStat, changes in the organisational structure of the courts). Second, digitise. This means e-justice (upgrade of record keeping systems of the courts, digitalisation of archives, expansion of IT systems, and skills and digital skills for judges and judicial staff). Third, upgrade infrastructure. This means targeted investment in buildings and the creation of a structures e-registry.



COMPONENT 4.4: Strengthen the financial sector and capital markets

Description of the component

Policy areas/domain: Private investment, economic & institutional transformation

Objectives: Through a coherent set of reforms and investments, the primary aim of this component is to address private indebtedness and strengthen capital markets. Structural changes in these two areas are not only growth-enhancing but also increase Greece's economic resilience in view of future shocks. Social cohesion is also ensured through a set of policies that seek to benefit primarily the most vulnerable, such as the 2nd chance in the new insolvency framework or the microfinance scheme.

Summary: There are two main areas covered by this component. First, continued work on addressing private indebtedness. The passage of the single insolvency framework through parliament, a major reform, is followed by additional implementing acts that need to be adopted. Furthermore, a monitoring registry for private debt, the development of a public credit bureau, as well as a credit expansion observatory, will all serve to fill some of the informational gaps that currently impede the successful flow of credit and the monitoring of risks.

Second, Greece's capital markets need to be further developed. This is particularly relevant in the context of the country's investment gap. How can this gap be filled if not enough vehicles are available to channel savings? Ideas include incentives for long-term savings products, the adoption of the EU PEPP directive, further reform of the capital markets framework, reform of taxation, targeting green & digital products, further developing the Athens Stock Exchange etc. Such initiatives need to be done in coordination with Component 3.1. The component also includes continued work in developing a microfinance system.



COMPONENT 4.5: Promote research and innovation

Description of the component

Policy areas/domain: Research & innovation

Objective: The aim of the component is to increase public and private spending on research and development (R&D), promoting investments in R&D, strengthening the links between science and businesses and developing world-class cutting-edge R&D infrastructure. This will be accomplished through a series of projects that focus on strengthening the link between science and business, and promote public and private investment in R&D, as well as through legislative reforms with the purpose of incentivising innovative companies to invest in R&D. Through the implementation of these actions, the component will contribute to enhance the links between academia and the productive sector and transform the Greek industry into a highly competitive player, increase IPR exploitation, reverse 'brain drain', boost the Greek innovation ecosystem of start-ups, and mobilise R&D spending by enterprises.

Summary: Greece lags in research and innovation. The aim of the component is twofold: First, to strengthen the link between science and business. This is done through a batch of reforms that increase the extroversion of Greece's ecosystem (European Partnerships with other countries, participation in Horizon Europe, the platform Elevate Greece, etc), through further support of the "Research-Create-Innovate" program, as well as through the development of innovation district and technology park.

Second, to promote public and private investment in R&D. Proposals include the creation of a program to fund basic research aid, as well as the provision of early-stage proof of concept pre-seed funds, following reform of the granting system. The upgrade of the nation's research centres. And financial incentives for R&D through super-depreciation of expenses, as well as through other means.



COMPONENT 4.6: Modernise and improve resilience of key economic sectors

Description of the component

Policy areas/domain: Improve the competitiveness of key economic sectors namely tourism, culture, manufacturing, agriculture and infrastructure.

Objective: Through a set of wide-ranging investments and reforms, the aim of the component is to improve the competitiveness, productivity and resilience of key economic sectors, namely tourism, culture, agriculture, manufacturing and aquaculture as well as improve national transportation and logistics infrastructure. This will be accomplished through a series of investments that contribute to the reinforcement of the country's competitiveness in the aforementioned sectors, by linking important economic clusters and by addressing geographical and regional disparities.

Summary: This component includes reforms and investments aiming to improve the competitiveness of key sectors of the Greek economy namely tourism and culture, agriculture, manufacturing and aquaculture. The component also includes investments in infrastructure projects that are related to the country's transport system aiming at improving its competitiveness.

The proposed measures in each sector aim to achieve these objectives through the following:

In culture, an ambitious reform of tax and labour practices to reduce tax evasion but also better protect workers. Importantly, culture as a driver of economic growth and the strategic development of Cultural and Creative Industries (CCIs). CCIs also require investment in skill building for creative and cultural professionals. Connecting culture with tourism, also silver tourism. Additional actions to support social cohesion. In tourism, a systematic promotion of thematic and alternative forms such as mountain, religious and maritime tourism to diversify the Greek touristic portfolio, reduce seasonality and increase revenues along with accessible infrastructure.

In agriculture, by promoting efficient production methods, shifting the production model towards methods that increase quality and competitiveness of Greek products and restructuring the primary sector in order to aid rural and agricultural development. In addition, by economically transforming the sector through the strengthening of market orientation, promoting research and innovation and enhancing its ability to penetrate international markets. Key element of the investments is the introduction of digital technologies that have the potential to effectively address challenges currently faced by the agricultural sector and initiate its digital transformation. Furthermore, in aquaculture, by promoting the sector's sustainable development through the introduction of innovative techniques that will modernise production, reduce production cost and enhance differentiation of the final product. Investments will also reduce the sector's climate impact and boost research and innovation.

In manufacturing, by accelerating the Industry 4.0 transformation agenda and promoting smart and green manufacturing in Greece. The investments focus on developing new/ upgrading existing production lines to improve industry competitiveness. Emphasis lays on advanced and digitally controlled industrial equipment, production control systems and digital interconnection among industrial partnerships to enhance manufacturing output and to assist the collaboration within the industrial ecosystem. Also, special emphasis lays on the green elements of the industry transformation, including energy saving in industrial facilities, recycle and reuse of industrial wastes and utilisation of green energy.

In infrastructure, through the digital transformation of the sector and the smartification of infrastructure, the development of high-quality, multimodal, climate-resilient, smart and sustainable infrastructure and transport systems.



COMPONENT 4.7: Improve competitiveness and promote private investment and exports

Description of the component

Policy areas/domain: Private investment and competitiveness

Objective: The component aims at promoting private investment that is crucial for the recovery and for the closing of the sizable investment gap in the Greek economy, as well as for the improvement of the competitiveness of the economy in order to address external sector imbalances. Actions to promote private investment include both structural reforms that are mainly targeted towards the improvement of the business environment and the simplification of the regulatory framework, and the provision of financial incentives to the private economy, with an emphasis on eligibility guided by economic principles. These are complemented by actions aiming at increasing productivity and competitiveness, as well as promoting the export orientation of the economy.

Executive Summary: The component's main aspect is the provision of financial incentives to private investment. Through these policies, the loans from the RRF will be used in order to promote investment with eligibility firmly grounded on economic foundations, including the green and digital transition. The design of the relevant policies will be such as to also mobilise private funding, with the purpose of closing the sizeable investment gap of the Greek economy and strengthening the recovery from the crisis. The RRF loans will be used in ways that are compatible with fiscal sustainability and limit exposure to taxpayers. The provision of financial incentives for private investment is complemented by a series of reforms aiming at improving the business environment, reducing bureaucracy and administrative cost, increasing the average size of Greek companies, and leading to a stronger orientation of the economy towards exports.

