



HELLENIC REPUBLIC
General Secretariat for
Media & Communication

Fact sheets

Greece 2016

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The Roadmap for Reform


Fact sheet


Unleashing the productive potential of Greece:


Implementation of the Program - First review - Political environment - Conclusion points


- ✓ The Greek Government has made in recent months a huge effort to implement the **economic and structural reforms** associated with the **3rd Bailout Program** agreed on July 12th 2015 between the country and its European counterparts.
- ✓ This significant **reform agenda** affects the most important areas of the Greek state, economy and society. The measures were adopted within a very short period of time and include reforms that had not been undertaken by previous governments, although in many cases they had been part of previous agreements.
- ✓ Among others, the measures concern the **financial** sector, the **healthcare** and **pension** system, the **judicial** system and the **tax** system. Furthermore several reforms have been implemented that are expected to improve the performance and effectiveness of **public administration**, as well as the **competitiveness** of the Greek economy.
- ✓ Our goal is to complete the program in a **timely manner**. The successful completion of the first review as soon as possible constitutes a first crucial step towards this direction.
- ✓ Undoubtedly Greece has huge **productive potential** assisted by highly skilled human capital which was halted in the past due to high unemployment rates, deep recession and austerity measures.
- ✓ Now that a **politically stable** environment is formed, we take advantage of a widespread social consensus to promote a set of effective, long-awaited policy reforms that will spur economic dynamism with equal opportunities for all.
- ✓ Due to high rates of unemployment, almost **50%** of households depend on the pension of a **senior family member**. Pension cuts will lead the Greek economy to a new circle of recession.


Economic fundamentals - Positive prospects


-  The restoration of confidence in the Greek economy and the removal of restrictions is expected to allow a return to **positive growth rates** by the second half of 2016.

-  According to the available data on the revenues of December 2015 and the preliminary issue of state budget execution of 2015, there is an outperformance of revenue collection of about 1,956 million (excluding ANFAs & SMPs).

-  According to Eurostat, the Greek government not only met its fiscal targets set for 2015, but also achieved a primary fiscal surplus of 0,7% of Greece's GDP.

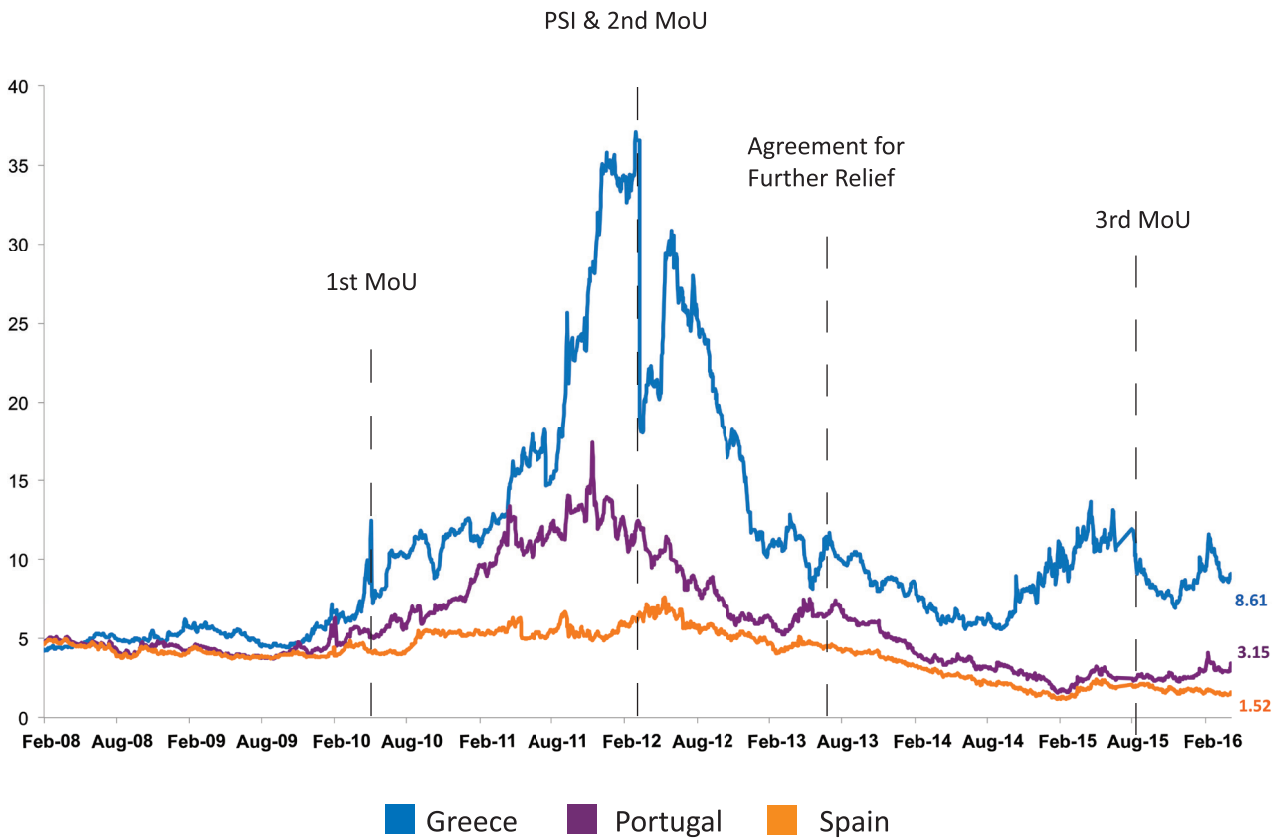
-  Unemployment Rate: According to the Hellenic Statistical Authorities (ELSTAT) latest data, unemployment rate in October 2015 reached 24.4%, while on January 2015 the same rate was equal to 26.0%.

-  This equals to 170.000 new employees.

-  According to Eurostat data, Greece's industrial production index recorded a 3.3% increase in November 2015 - the highest in the Eurozone.

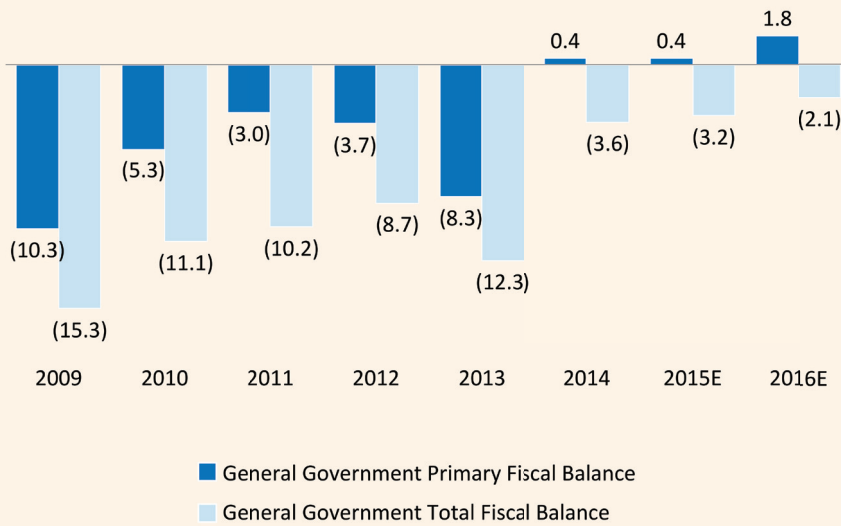
10 yr Government Bond Yields

Yields have improved ~300 bps over the past month



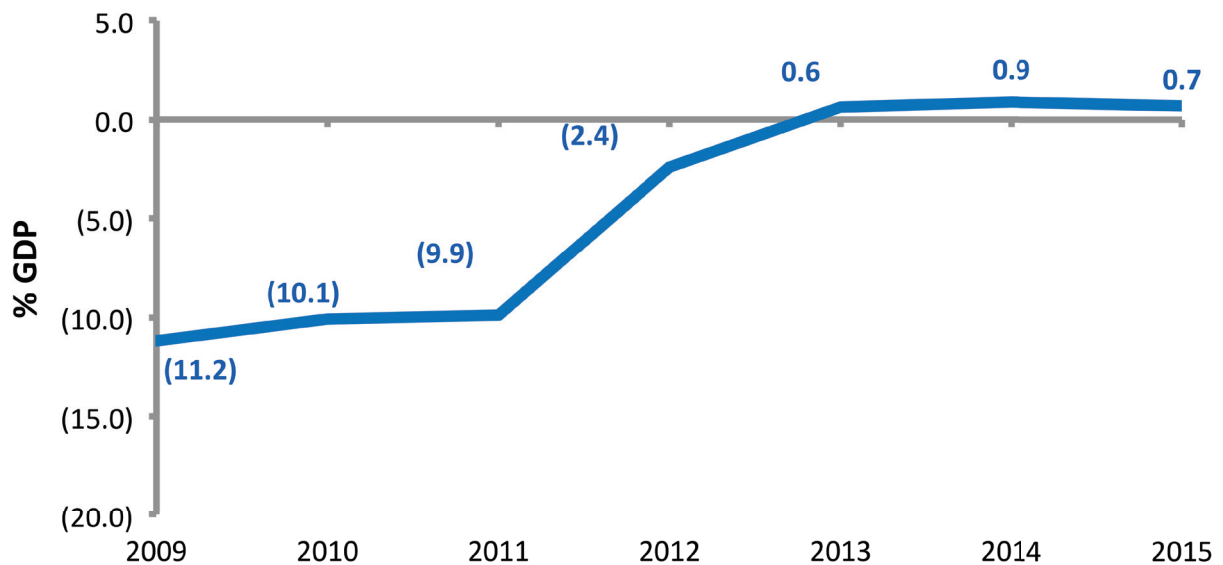
Source: EU Commission, Bloomberg as of 8 April 2016

General Government Fiscal Accounts (% of GDP)



Source: ELSTAT

Current Account (% GDP)



Source: ELSTAT

3rd Adjustment Programme in Context

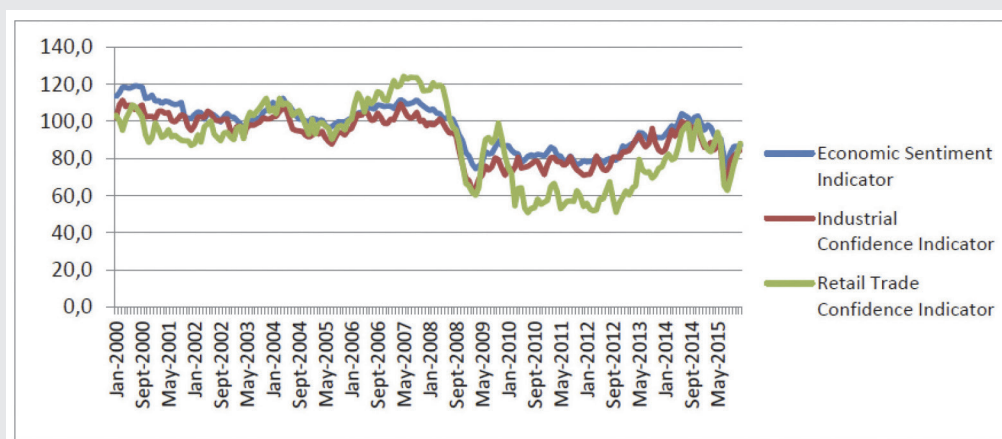
	1st Adjustment Programme	2nd Adjustment Programme	3rd Adjustment Programme
Duration	May-10 to Feb-12 (~ 2 years)	Mar-12 to Jun-15 (~ 3 years)	Aug-15 to Aug-18 (3 years)
Fiscal consolidation (% GDP)	16.1%	8.8%	4.3% (o/w 1.4% in 2015)
Impact on GDP	Recession: (13.8)% (2010 - 2011)	Recession: (9.5)% (2012 - 2014)	Expected Growth: 2.1% (2015 - 2018)
Public debt interest rates	~5.6% (2009 - 2020 average)	~3.9% (2009 - 2020 average)	~1% (currently) ESM variable funding cost plus low fee
Structural reforms	70 actions	186 actions	58 actions

Source: European Commission, IMF, Hellenic Parliament.

Fundamentals of Greek Economy (Annual Changes %)			
	2014	2015*	2016**
Private Consumption	0,5	0,5	-0,7
Government Consumption	-2,6	-0,3	-1
Gross fixed capital formation	-2,8	-8,4	-3,7
Exports of goods and services	7,5	0	1,9
Imports of goods and services	7,7	-1,9	0,6
GDP Deflator	-2,2	-1,1	0
CPI	-1,4	-1	0,5
Employment	0,1	0,8	-0,4
Unemployment Rate	26,5	25,4	25,4

* On national basis
** Estimates

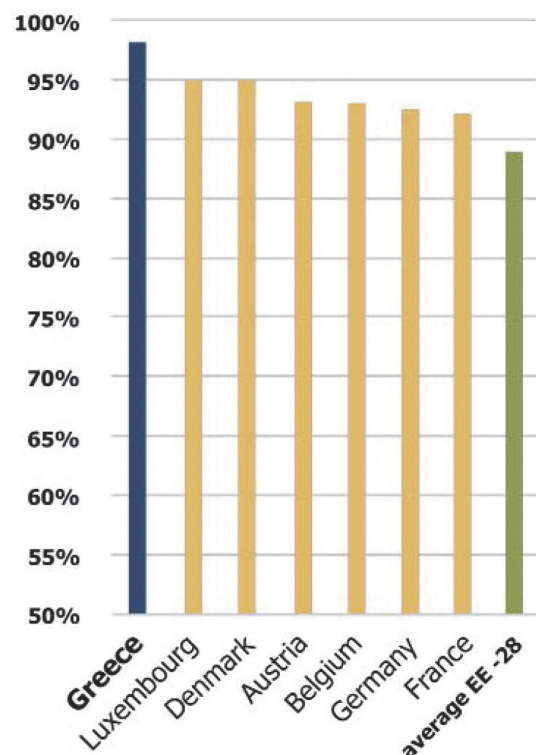
Months	Economic Sentiment Indicator	Industrial Confidence Indicator	Retail Trade Confidence Indicator
Aug-2015	75,2	67,4	62,8
Sept-2015	83,1	78,8	69,0
Oct-2015	86,5	81,2	76,7
Nov-2015	86,5	83,0	82,3
Dec-2015	87,1	84,6	88,2



Exports Increase: According to ELSTAT data, for the period January to November 2015 Greek exports - excluding oil products - amounted to 16.6 bn. Euros. This record constitutes the highest level of exports since Greece joined Eurozone.

Investment potential

- We succeeded in placing Greece **1st** among the EU 28 with respect to the fund absorption of EU structural funds.
- By the end of 2015, which marked the conclusion of the funding period for the 2007-2013 structural funds, Greece reached an absorption rate of **97%**, the **highest among the EU-28**.
- In addition, Greece is the only country that **fully accomplished** a management and monitoring system for all **ESF 2014 - 2020** programs, a process necessary to complete full activation of the new programs.
- As a result, we are the **first** EU Member State that has already achieved inflow of resources from payment requests for the ESF 2014-2020.
- We increased the program of public investments by **5,5%** to **6,75 bn Euros** (from 6.4 bn Euros).
- We facilitate public -private partnerships and new funding schemes that will enhance our economy's liquidity by **1,25 bn euros**.
- The new **Development Law**, which has been completed and will soon be submitted to the Parliament, gives impetus to the necessary shift of the Greek economy. It significantly enhances the **new entrepreneurship** and sectors with high added value around the human potential. It also creates **safe conditions** for **attracting foreign investments** and a **stable tax environment** for seven years, while it provides many **investment incentives**.



Absorption rate among the EU 28



- Following an international competition, the sale process of **67% of Piraeus Port (OLP)** was completed for an amount of **368.5** million euros, an offer made by **Cosco Group**. The total value of the agreement amounts to **1.5 billion euro** and includes investments of **350 million euros** for the next decade.
- The process of **drafting the secondary legislation** for the simplification of licenses of the economy's big sectors has already started. The legislation shall be completed, according to the Bailout program, by June **2016**.

Program Milestones

- **Completion of Agreement.**
- Changes to **legislation** for the management of private sector's debt to the State, to pension funds and to banks. Regulation of Non Performing Loans within a modern market framework.
- Measures to promote **energy efficiency**, energy audits and energy management systems.
- **Simplification** of our **tax system**, broadening of our tax base and combating tax evasion to create a stable and investment friendly environment.
- Developing a **strategy** for the completion of the reform to provide the investment license.
- **Opening professions and markets** in terms of "toolboxes" I & II of the OECD to stimulate competition.

Lists of tax evasion -Corruption

- We sped up the **investigation of tax evasion lists** such as **Lagarde and the Luxembourg list** and we take advantage of new ones acquired by our tax authorities such as **Rhine-Westphalia**.
- It is astonishing that during the first ten days of the examination of the Lagarde list by our legal authorities, taxes from voluntary declarations of hidden incomes and deposits reached the amount of **80 million Euros**.
- As long as the list delivered by Rhine-Westphalia authorities is concerned, the audit procedure unlocked over **10,000** accounts estimated to be able of generating public revenue of over **2 bn.** Euros. Already the financial prosecutors have ordered the freezing of assets for **24 depositors**, while over **230 briefs** have been formed.

Banking Sector Recapitalization

- ✓ The **Greek banking system** will be a significant constituent factor in this recovery effort. Recently recapitalized, the Greek banking system is **performing highly** among the European banks in terms of capital adequacy and is ready to perform again its mediatory role in the economy. Aggressive goals for commercial banks are set to **tackle the volumes of NPLs** paving the path to a healthy credit environment and open market practices while **protecting the most vulnerable** segments of the society.



Social security system reform



6 years of severe **depression** and high **unemployment** rates, along with past administrations malpractices that fostered favoritism and clientelism, created the strong need for a drastic reform of the Greek pension system.



We are reforming the Greek social security system not by introducing **small incremental changes** but instead, we propose a new **coherent** and **fair system** that secures its sustainability for the generations to come.

Briefly, the main characteristics of the new system are:

- 1. A single insurance authority** for everyone
- 2. Uniform rules** for calculating insurance contributions and pension compensation (exemptions provided only for special cases).
- 3. National pension** for everyone who has at least 15 years of insurance at the age of **67** or **40** years at the age of 62. National pension is set to **60%** of the relative poverty threshold (amounting to **€ 384**), and is fully financed by the State budget taking into consideration the GDP growth rate.



Enterprise Greece Fact sheet

Exports Data

GREEK EXPORTS DATA 2015					
SITC_1		2014	2015	VARIATION	%
0	Food and live animals	3.716.616.446 €	3.818.258.689	101.642.243 €	2,73%
1	Beverages and tobacco	584.072.053 €	657.502.001 €	73.429.948 €	12,57%
2	Crude materials, inedible, except fuels	1.022.392.598 €	1.019.522.943 €	-2.869.655 €	-0,28%
3	Animal and vegetable oils, fats and waxes	317.706.748 €	713.049.116 €	395.342.368 €	124,44%
4	Chemicals and related products, n.e.s.	2.650.021.065 €	2.677.042.946 €	27.021.881 €	1,02%
5	Manufactured goods classified chiefly by material	3.725.185.384 €	4.073.326.515 €	348.141.131 €	9,35%
6	Machinery and transport equipment	2.236.793.997 €	2.559.394.385 €	322.600.388 €	14,42%
7	Miscellaneous manufactured articles	1.733.961.136 €	1.743.121.526 €	9.160.390 €	0,53%
8	Commodities and transactions not classified elsewhere in the SITC	575.641.147 €	597.723.904 €	22.082.757 €	3,84%
	TOTAL EXPORTS	16.562.390.574 €	17.858.942.025 €	1.296.551.451 €	7,83%



Reforming the media

Fact sheet

Reforming the media landscape in Greece

In October 2015, the Greek Parliament approved a bill that drastically reforms the media landscape in the country.

The new law was required for the following reasons:

1. Compliance with international standards

- In accordance with the Geneva Agreement (GE 06), Greece has completed – as obligated – its switchover from analog to digital broadcasting. Nonetheless, until now there was no legal framework regarding content providers in compliance with the requirements of digital broadcast transmission. The new law provides such a legal framework through an international open bids procedure.
- A similar model of international bids has already been adopted by many European countries, including Italy, Portugal, Cyprus, Romania, and Spain, and there have been outstanding results in terms of transparency and financial outcomes.
- Moreover, previous allocation of scarce spectrum frequencies to digital terrestrial broadcasting services had not been carried out in compliance with international and European agreements Greece had signed.
- European Law and relevant Directives (i.e., Directive 2010/13/EU and its proposed amendments) obligate member states and their independent regulatory authorities to ensure polyphony, transparency, free competition, and protection of the TV product consumer.
- In accordance with [WRC 15] international conference resolutions, the process of licensing content providers must also take into account the spectrum frequency allocation policies of neighboring countries so as to avoid any interference that might be caused by Greek digital broadcasting.

2. Transparency and democracy

The proposed licensing procedure addresses a series of problems and dysfunctions in the field of TV broadcasting in Greece. For over twenty five years, private TV content providers have been broadcasting while holding only provisional licenses.

Entering the digital era, TV channels sought to become established as de facto digital content providers under the pretext that there are no spectrum limitations any longer. However, the government has insisted on a license procedure through international open bids in an effort to restore legality regarding TV channels operations in compliance with constitutional requirements.

The new law ensures transparency in public performance and operations. There are specific rules obligating TV media owners to provide detailed information regarding their ownership structure. Moreover, licensees holding non-performing loans as well as those who are contractors to public authorities are excluded from participation in the open bids process.

3. Opening market competition

In connection to competition, existing content providers hold a dominant position in the domestic market, thereby blocking entrance to any potential new players. With insufficient business and contingency plans, they have been accumulating enormous financial obligations and loans. Their dominant position affects not only competition, but also freedom of the press. While Greece was ranked as the 31st country in the annual Reporters Without Borders World Press Freedom Index in terms of press freedom in 2008, its place in the same ranking system had dropped to 99th in 2014.

The reform of the media landscape will remedy old institutional dysfunctions and will bring Greece back newly into the European media market, opening a new chapter in the audiovisual and communications areas.

From a democratic, institutional, and financial perspective, it is necessary to establish a viable and well-functioning radio & television landscape in Greece as soon as possible.

THE PROCEDURE of ATTRIBUTING THE LICENCES

- The licence procedure will be effected through international tendering and auctioning TV licences on invitation for tender.

This procedure ensures the return of the public good of information to the citizens.

- New Law voted (October 2015) by the Greek Parliament.

New members will be appointed to the Board of the NCRTV, to replace those whose mandate expired in 2015.

- The licencing procedure will be effected through a multiple-round, ascending auction.

- Taking into account the policy proposals of a preparatory study conducted by the European University Institute, as well as factors concerning the financial viability of the national television market, four general content, nation-wide broadcasting licenses shall be granted.

- The tender will be launched very soon.

- The participants in the tender will conform with specific **terms and conditions**, concerning:

i. The minimum requirements on technical equipment and infrastructure.

ii. Ownership transparency: Assets, shares' registration, debt and liabilities, minimum paid-up shared capital, maintenance capital throughout the duration of the licence, commitment to the program specifications.

iii. Pluralism and open competition, through the exclusion of actors involved in the broadcasting and advertising market, convicts of felonies or other offenses, business owners holding contracts with the Greek State, actors lacking tax or social insurance clearance certificates.

- International auditors, shall evaluate the financial viability of the candidates.



Reforming the Public Sector

Fact sheet

Reforming the Greek public sector – Greek gov’s new initiative

The government’s new bill that will be tabled in the Hellenic Parliament in the coming days focuses on modernizing and freeing the Greek administration from political parties’ influence and interdependencies. According to PM Tsipras, who has set out the bill’s main points at an event held for the 30-year anniversary of the National Center for Public Administration, this initiative will radically change the structure and the way the Greek public sector works, fighting clientelism, corruption and nepotism.

The bill’s key innovations are:

- Setting up a National Registry of highly qualified personnel to staff all high rank posts.
- Putting forward a new assessment system, guaranteeing twofold evaluation (for the first time all high ranking civil servants will also be assessed by their employees).
- Setting up a new selection system of high ranking civil servants based on meritocracy and transparency.
- Drafting new ministries’ organizational charts. For the first time, civil servants will staff the posts of Secretary General, for a full 5-year term, ensuring the Greek administration’s effective depoliticizing and its undisturbed continuity.
- Upgrading the National Center for Public Administration that will assume a monitoring role over the Greek administration.
- Promoting the use of new technologies.
- Accelerating some already foreseen and agreed recruitment of personnel in the understaffed sectors of education and health. These recruitments have been originally scheduled to take place within the next 5 years, some of which though are urgently needed.



THE REFORM IN THE GREEK PUBLIC SECTOR

BETTER SERVICES FOR THE CITIZEN • ECONOMIC AND SOCIAL BENEFITS • AUTONOMY FROM POLITICS



NATIONAL REGISTRY OF HIGHLY QUALIFIED PERSONNEL

Staffing of increased administrative responsibility (i.e. posts of General Secretaries, Presidents, Administrators and of all members of Administrations of Public State Entities)



- With the supervision of the Supreme Council for Civil Personnel Selection (ASEP)
- By setting up a system of qualifications assessment
- With emphasis in the scientific relevance

Efficacy
Expertise
Transparency
Autonomy from Politics



NEW SELECTION SYSTEM FOR HIGH RANKING CIVIL SERVANTS

Heads of Directorates, Heads of Departments

Points awarded according to



- The ability for the Public Entity's design and development
- Formal / educational qualifications and other skills
- Professional experience and performance of high rank duties

Improvement of productivity
Overturn of clientelism
Proper use of manpower

NEW ASSESSMENT SYSTEM

Permanent Civil Servants

Evaluation according to :

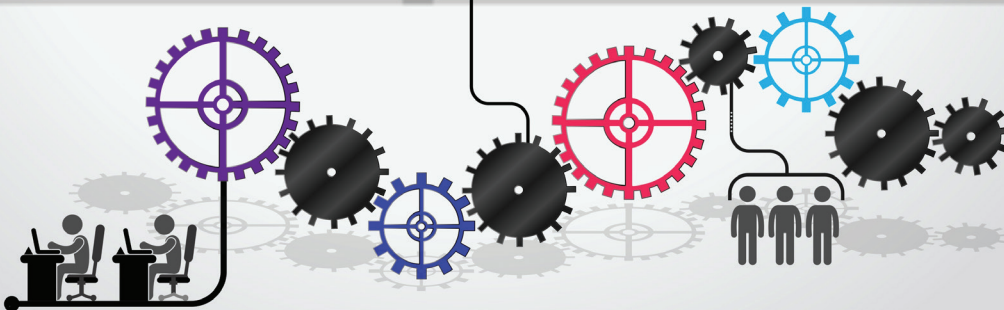


- Formal and substantial qualifications
- Outline of responsibilities / goal setting
- Accountability and Social control

Scientifically documented evaluation

Substantial evaluation of the
Public Sector's potential

Fulfillment of Financial and Social Needs





New social security system

Fact sheet

A new, modern social security system in Greece

Key Figures

- €1 billion is the deficit of the Social Insurance Fund (IKA)
- €540 million is the deficit of the Social Insurance Organization of Freelance Professionals (OAEE)
- €13 billion are the liabilities to the Insurance Funds
- 41% is the weighted-average pension reduction since 2010
- 6€ billion is the cost of tax evasion on an annual basis
- 22% of pensioners face the danger of poverty (lack of necessary resources to satisfy basic human needs)

The existing social security system in Greece is characterized by legal and administrative fragmentation along with a complicated institutional structure, adversely affecting its effective operation. It doesn't treat all insured parties on equal terms, while discrepancies arise in the benefits provided.

A major aim of the Pension Reform under way is the unification - for the first time - of rules applicable to all parties, so as to develop a fair and rational social security system characterized by stability and functionality.

This will be done in a way so as for the restricted resources of funds to be properly allocated without further pension reductions, enabling the policy currently promoted to ensure the sustainability of the social security system.

The new legislation will be applied to ensure control, cost reduction and deficit shrinking, which deteriorated due to the prolonged financial crisis. Part of this venture will be the development of the funds' movable and immovable property in order to attain immediate financial benefit.

The reform of the social security system is based on a fully documented actuarial report, which is based on new economic data. Within this framework, we will pursue the unification of the many existing social security funds into a single authority.

This single authority will strengthen the sustainability of funds, given the existing lack of united supervision and revenue-cost systems, while it will reinforce the fight against tax evasion and uninsured work.

The proposed reform sees to the non-reduction of pensions – both main pensions and additional annuities – so as to protect the elderly and alleviate new employees against unfair and oversized contributions.

The problem of the PENSION SYSTEM IN NUMBERS

11 successive reductions of pensions since 2010

13 bn euros lost from the PSI (bond haircut)

1 bn euros the deficit of the Social Insurance Fund (IKA)

540 mn euros the deficit of the Social Insurance Organization of Freelance Professionals (OAEF)

1:1.7 the ratio of pensioners / insured

930 different forms of insurance coverage for the IKA insured

30% the reduction in the income of employees

up to **48%** reduction in pensions paid from 2010 onwards.

CHANGES

IN THE NEW PENSION SYSTEM



- **WE ENACT** a national pension equal to **60% of the average income**, financed directly by the budget regardless of contributions, which functions as a poverty shield.
- **WE PREVENT** new **horizontal cuts**.
- **WE INTRODUCE** for the first time a **growth clause** allowing for a **pension raise perspective**.
- **WE LEGISLATE** a Social Solidarity Allowance for Elders **for those with fewer than 15 years of insurance**.
- **WE CONNECT** the final pension amount **with the total years of insurance**.
- **WE CREATE** incentives for everyone to seek **a longer stay in active employment**.
- **WE REINFORCE** the national pension with a contributory pension, **based on a redistributive system** of defined benefits protecting the **poor and the disadvantaged**.
- **WE SECURE** the **long-term sustainability** of the pension system.
- **WE GUARANTEE** both national and contributory pension **disbursements**.
- **WE CREATE** **one single** pension fund for all, **with fair and uniform rules** regarding contributions and benefits.
- **WE GUARANTEE** **no cuts** in pensions and even an increase in some **low pensions**.
- **WE GUARANTEE** **a level of dignified subsistence** for all insured.
- **WE ABOLISH** all unfair and unjustified **age discrimination**.



BANKRUPT PENSION FUNDS

The chronicle of destruction from 1950 until today

MANDATORY DEPOSIT of the Funds' reserves to the Bank of Greece, with **minimal or almost zero interest**, without planning and without taking into account the rate of **inflation** for a very long time.



GAMING of the **20%** of the reserves in the Stock Market with the help of law 2076 / 1992.

DAMAGING involvement of the Funds in the so-called "new" bank products and the stock exchange derivatives at the time of the "**bubble**" of the stock market.



COMPLETION of the destruction with a haircut on the bonds of the Funds (the so-called **PSI** of 2012). → losses of **13bn euros**.

CONSTANT SALARY CUTS of more than **30%** in the public and private sectors, with consequences. → an economy in a constantly **replenished recession** and **reduction** of social security contributions.

BURST OF UNEMPLOYMENT in all sectors of the economy from **25%** to **50%** resulting in a shortfall in contributions of **5,22bn euros** annually.



Enormous **WAIT IN THE PAYMENT OF PENSIONS AND LUMP SUMS** due to the failed reforms.

DETERIORATING RATIO of the **pensioners – economically active population** to an unsustainable **1:1.7 ratio**.

DOUBLING of partial, rotating and undeclared employment of more than **25%**, with losses of at least **6bn euros/ year**.



INABILITY of **self-employed** to pay **contributions**, by more than **50%**.

REDUCTION by **4%** of **employer contributions** since 2012.

CLIENTELISM and **subordination** of social benefits to **politics**.





**This is a publication of the General Secretariat for Media and Communication,
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