

GREECE

(draft ~~18414~~14/10)

Memorandum of Understanding on Specific Economic Policy Conditionality

The disbursements of financial assistance to Greece, by the European Financial Stability Facility (EFSF), are subject to quarterly reviews of conditionality for the duration of the arrangement. The release of the tranches is based on observance of quantitative performance criteria and a positive evaluation of progress made with respect to policy criteria in Council Decision 2011/734/EU of 12 July 2011 (as amended; hereinafter the Council Decision), the memorandum of economic and financial policies (MEFP) and in this Memorandum.

The annex on data provision is part of the Memorandum and how well it has been respected will be considered in the assessment of compliance.

Greece commits to consult with the European Commission, the ECB and the IMF staff on the adoption of policies falling within the scope of this Memorandum allowing sufficient time for review. The Government publishes a quarterly report in line with Article 4 of the Council Decision.

In line with the conclusions of the euro-area summit of 26 October 2011, the Government will fully cooperate with the Commission, the ECB and the IMF staff teams to strengthen the monitoring of programme implementation, and will provide the staff teams with access to all relevant data and other information in the Greek administration. However the ownership of the programme and all executive responsibilities in the programme implementation remain with the Greek Government.

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1 Achieving sound public finances

1.1 Budget implementation

Achieving 2013 fiscal target

Prior to the disbursement the Government,

- a. Adopts of the budget for 2013
- b. Adopts additional measures (see Annex 9.6) with the aim of reducing the primary deficit to EUR [XXX] million in 2013, [XXX] million in 2014, [XXX] million in 2015 and [XXX] million in 2016
- c. Adopts the medium-term fiscal strategy (hereinafter MTFS) through 2016 and respective implementing bill. The MTFS elaborates on the permanent fiscal consolidation measures, which ensure that the deficit ceiling for 2013-16 as established by the Council Decision are not exceeded, and that the debt-to-GDP ratio is put on a sustainable downward path.

2 Structural reforms with budgetary relevance

2.1 Tax policy reform

1. The Government will prepare a tax reform that aims at simplifying the tax system, eliminating exemptions and preferential regimes, thus broadening bases, and allowing a gradual reduction in tax rates as revenue performance improves. This reform relates to the personal income tax and corporate income tax. The reform will be adopted in [**December 2012**] to entry into force in 2013.
2. By November **2012**, the Government will announce the full schedule of intermediate steps — including legislative actions as well as technical steps needed — until the new tax system becomes effective. These intermediate steps will include public consultation and appropriate review by the European Commission, ECB and IMF staff.
3. By **March 2013**, the Government makes fully operational a standard procedure for revision of legal values of real estate to better align them with market prices under the responsibility of the Directory of Capital Taxation.

2.2 Revenue administration reforms

Progress in the tax administration area has stalled in the last months due to the vacuum of power before last elections. Revenue collection continues to fall short of expectations in spite of intensive technical support provided, of reforms in tax administration already implemented and of efforts made so far against tax evasion and corruption.

Quick actions could bring the situation back on track. A clear and focused reform programme to be undertaken in the coming months must address all the weaknesses in the existing system.

The current institutional framework is unable to cope with the complexities and needs of an evolving economy. The Government will reform the current system to ensure more autonomy for the tax administration department, especially for day-to-day operations, while leaving policy matters to the hands of the Government. Such a framework would be in line with that in many other OECD and EU economies. The reform can be undertaken in a gradual way after assessing carefully the impact of each step undertaken.

- The re-organisation of tax offices must take place to increase the efficiency of audits and tax collection, by creating specialised units to deal with specific taxpayer groups (e.g., large taxpayer unit, high wealth individual unit, and large debtor unit), regrouping local offices into more efficient offices, and tackling potential corruption.
- Methods must be improved to focus audits on substantial issues in order to detect tax evasion and not on mere observance of formal rules. This implies the replacement of the Code of Books and Records by a more modern and substantially simpler set of rules for tax record keeping. A new single tax procedure code will be created. Additionally, compulsory auditing of all tax declaration should be abolished, and efforts concentrated on high yield audits, targeted in using risk assessment techniques. .
- Collection of taxes should be reinforced. At the local level, groups of specialized and dedicated staff will be put into place in larger DOYs. Besides, rules to write-off non-collectable debts in line with international best practice have to be introduced.
- The management will be improved, under the leadership of a new Secretary General with increased powers. Managers and auditors should be subject to performance targets and regular assessment. The Secretary General must have the capacity to replace non-performing managers and auditors. Besides, the regular rotation of managers has to become a rule.
- Fighting tax evasion and corruption is a priority in this effort. Progress made so far did rely on useful but piecemeal measures. Fight against corruption, especially in the tax sector, must use new tools, making full use of the will of the people to fight it.
- The current administrative review process has to be replaced by a cost effective compulsory pre-settlement administrative procedure, in order to significantly reduce the number of unnecessary tax litigation, so as to lighten the burden of courts and ensure a timely settlement of the cases.

The Government will take a series of actions.

With the aim of strengthening fiscal institution as part of the reform programme, the Government, **prior to the disbursement:**

- a. Adopts legislation to define the role and qualifications of the Secretary General. Concerning qualifications, this will be a person with senior management experience, expertise in tax matters, and an impeccable reputation (including a strong tax compliance history).
- b. Adopts interim legislation, and the Minister of Finance will use this to delegate decision making powers to the Secretary General. These powers will include the competence to make operational decisions, direct and control local offices, manage human resources, replace underperforming senior managers, manage the budget of the tax administration, and manage all information with due confidentiality;

- c. Adopts legislation to deploy experienced tax auditors towards activities serving the immediate revenue imperative, making fully operational key enforcement areas as the large taxpayer unit by transferring 100 auditors, establishing one functional unit for high-wealth individuals and high-income self-employed and staffing the unit with 50 experienced tax auditors directly accountable to the Secretary General of the tax administration;
- d. Establishes procedures for the rotation of managers in critical tax offices on a periodic basis.
- e. Replaces the Code of Books and Records by significantly simpler legislation in line with international standards;

Other Actions

The Government undertakes the following reforms:

2.2.1 Organization

1. Appoints a new Secretary General of the tax administration [**December 2012**];
2. Adopts legislation to establish a significantly more autonomous tax administration and specify the degree of autonomy, governance framework, accountability, legal powers of the head of the administration and initial staffing of the organization by [**February 2013**]. In **March 2014** the new agency will become fully operational;
3. Continues to centralise and merge local tax offices leaving about 120 functioning offices [**June 2013**];

2.2.2 Fight against tax evasion, money laundering and corruption

1. The revised Code of Books and Records enters into force; [**1st January 2013**];
2. Steps up the hiring procedure and simplifies the reassessment process of the tax auditors with the objective to achieve the target of 2 000 tax auditors fully operational by [**June 2013**];
3. Introduces, at least, twice-yearly performance assessments for tax auditors [**December 2012**];
4. Issue an administrative circular to enhance targeted auditing based on risk assessment techniques (**December 2012**).
5. Abolish the requirement that all tax declarations for the previous 10 years must be audited while retaining the right to continue to audit earlier years and the discretion to audit any amount of declarations from these earlier years [**January 2013**].
6. Adopts legislation in order to introduce a modern code of conduct concerning conflicts of interests and declaration of interests and a system for protecting whistle-blowers who report corruption [**March 2013**];
7. Appoints a national coordinator for anti-corruption action [**April 2013**];
8. Enacts the appropriate legal framework to create a secure direct or indirect central register of bank accounts [**January 2013**];

9. Requires that all Ministries which have a fiscal relationship with taxpayers utilize their identification number for financial transactions with them [**June 2013**].
10. Introduces a central agency to consolidate and link all of the different identification numbers now employed across various government agencies [**June 2014**];

2.2.3 Tax and revenue collection

1. Establishes specialist debt management units in larger local tax offices and allocating at least 10 percent of local staff to this function [**December-2012**];
2. Completes a review of the policy and procedures to write off tax debts, and prepare recommendations to facilitate actively managing tax debt with real prospect of collection and explore ways to deal with the non-collectable part [**February 2013**];
3. Replaces payments in cash and cheque in tax offices with bank transfers, to discourage corruption and free up staff time for higher value added work (audit, collection enforcement and taxpayer advice); [**December 2012**];
4. Commits not to adopt new tax amnesties, or extend existing amnesties for the collection of taxes and social contributions during the years covered by the economic adjustment programme [**continuous**];
5. Integrates **the collection of social security contributions** into the tax administration [**March 2014**].

2.2.4 Tax dispute

1. Puts in place a mandatory administrative review procedure. The aim is to design a mandatory administrative appeal procedure in line with international best practice to allow a distinct and higher level body within the Ministry of Finance, staffed with specialists in tax dispute matters, to re-examine tax decision taken by the DOYs or auditors before going to court [**Q2 2013**].
2. Adopts legislation so as to make payment of half of the disputed tax mandatory if judicial review is sought after having exhausted the administrative appeal procedure. Derogation from this mandatory payment may only be made in cases of extreme consequences for the taxpayer such as putting his economic activity in obvious peril or when obvious doubts about legality of the attacked decision exist [**Q2 2013**].^[ZK1]

2.2.5 Management of the State Revenue Service

1. Replaces managers who do not meet performance targets [**continuous**];
2. Launches an easily accessible website to enforce accountability to the public through publication of summary statistics on key performance indicators, the number of tax evasion cases sent to the FIU and to prosecution by the tax administration [**December 2012**].

2.2.6 Tools

1. Adopts a new Single Tax Procedures Code [**June 2013**]. This code should aim to reduce the costs of administration and compliance and will incorporate procedural reforms in all major administrative areas that are necessary to support modern tax administration (e.g., tax filing,

audit and penalties, enforcement powers and debt collection). It will also incorporate a new streamlined administrative dispute resolution process.

2. Puts in place a new IT system that interconnects all tax offices[**March 2013**]
3. The preparation of the new IT system involves the following main steps in relation to the new data centre, web-facing and back-office applications:
4. 20 more new electronic services and enhancements [**December 2012**]. These concern mainly taxes withheld at source;
5. 8 remaining new electronic services and enhancements by [**December 2012**]. These concern forms filed late with a fine, real-estate tax, and VAT administration;
6. system and user tests, user training, and migration of all tax offices to the centralized database: [**December 2012**];
7. operational use of the new IT infrastructure by all tax offices: **March 2013**.

2.3 Public financial management reforms

Developing a solid public financial management framework is key in controlling expenditures and thus being able to achieve fiscal targets. The Government is committed to enact reforms for strengthening the framework both within the GAO and line ministries.

Prior to the next disbursement the Government will,

- a. adopt the 2013-16 Medium term fiscal strategy
- b. ensure that EOPYY reports for at least two consecutive months (retroactive reports included) from its commitment register through the e-portal.

Further actions include:

1. The Government adopts an administrative calendar for the update of the medium-term fiscal strategy. [**February-2013**]
2. To further develop the fiscal framework the Government will,
 - i. [Options for more effective corrective mechanisms](#)^[2]
 - ii. introduce and make operational an internal stability pact for local governments. The necessary legislation will be **adopted within the framework of the implementation law** and;
 - iii. establish a system to monitor budget execution for state-owned enterprises (within the general government definition); establish monthly budget targets and a systems of sanctions for non-observance. The necessary legislation will be **adopted within the framework of the implementation law**.
3. Despite much progress in the setting-up of the commitment registries, problems seem still to lie in the extra-budgetary funds and in the social security sector, especially in relation to the transfer of competencies from SSFs to EOPPY.

- i. In **[December-2012]**, Government will ensure that commitment registers are in operation in 90 per cent of general government entities.
 - ii. Government will also monitor the effectiveness of the commitment registers by conducting regular targeted inspections in the public entities covered by the system **[continuous]**.
 - iii. The Government will enforce the obligation of accounting officers to report commitments by enacting sanctions to entities not submitting needed data, though disciplinary action for accounting officers, and by strengthening the role of GAO in providing support and guidance to Accounting Officers **[continuous]**
 - iv. EOPYY monthly budget execution is published on the website with a lag of four weeks after the end of the respective month providing detailed data on both expenditure commitments/purchases (accrual basis) and actual payments (cash basis), current performances against yearly budget allocation and accumulation of accounts payable (and arrears) **[December 2012]**, As soon as significant deviations from yearly targets become evident, remedial action should be taken at the same time.
4. A plan for the clearance of arrears owed to suppliers by public entities and of tax refunds is prepared and published by GAO in liaison with GSIS and other relevant authorities. The conditions for a government unit to meet to allow funds for expenditure arrears clearance to be disbursed will include: for expenditure arrears (i) verification of arrears claims; (ii) establishment by the unit of a fully functioning commitment register; (iii) reporting of at least three months of consistent data on commitments, payments, and arrears (2 months for EOPYY); and, for tax refunds, verification of claims. Subvented agencies which meet these conditions can clear their arrears even if their parent agency does not meet the conditions. Arrears should not delay the execution of the pharmaceutical spending clawback or any related measure.
 - i. The Government will ensure the administrative capacity to make the clearance of arrears effective through different means, including re-allocation of at least 30 employees with relevant competences from other social security funds to EOPYY **[November 2012]**
 5. Once the clearance of all verified arrears is achieved, the Government ensures that no new arrears are accumulated (**continuous**).
 6. The GSIS designs a risk-based assessment procedure for verification of VAT refunds (**March 2013**).

2.4 **National fiscal framework**

1. The Government will adopt a roadmap for implementing the constitutional changes needed for the recently-approved institutional reforms at the EU level, including the fiscal compact. In this context, the Government will put forward proposals for strengthening the budgetary oversight processes, through existing structures or new institutions, based on international best practises **[December 2012]**.
2. The Government will promptly put in place a mechanism that allows better tracing and monitoring of the official borrowing and internally-generated funds destined to service Greece's debt, by paying an amount corresponding to the coming quarter's debt service directly to a segregated account of Greece's paying agent. By end-April 2012, the

Government will introduce in the Greek legal framework a provision ensuring that priority is granted to debt servicing payments. This provision will be introduced in the Greek Constitution as soon as possible. [to be updated][zk3]

2.5 Other institutional requirements

Other Actions

1. creates a Central State Aid Unit responsible for screening all measures, from across the Government, for their compliance with State aid rules, before they are implemented. **[January 2013]. The aim is to ensure a timely and effective clearance of state aid issues.** The Central State Aid Unit will be the only contact point for the Commission on all State aid matters, including for notifications.

All actions attributable to public authorities should be in compliance with the rules on free movement of capital [TFEU, Article 63] [Continuous].

2.6 Making the public administration more efficient and effective

Reforming the public administration constitutes an essential step for the reduction in waste, the containment of public wages and the increase in efficiency and productivity levels. As a prerequisite, the following actions will be taken in the next months.

2.6.1 Reforming the public administration

In order to achieve a leaner and more efficient state, the Government initiates a rigorous evaluation of administrative structures and personnel, in order to maintain the right skill mix of employees over time. Entity closures are pursued and employees are either dismissed or transferred to the mobility scheme. This reform process is extended to extra budgetary funds and regional and local administrations in 2013.

2.6.1.1 Institutional reforms

1. The assessment of the institutional setting of two pilot ministries (Ministry of Administrative Reforms and Ministry of Environment) is completed [**October 2012**].
2. The assessment of the institutional setting of all ministries is finalised [**December 2012**], while the assessment of the performance of civil servants is completed [**December 2013**].
3. The first draft of the two pilot staffing plans is finalised [**November 2012**]; the other ministries' staffing plans are completed [**January 2013**].
4. Develop an action plan for the assessment of all public entities, including all Extra-Budgetary Funds and SOEs under Chapter A [**December 2012**]. The action plan will focus on their mandate and activities, their staffing, the level of State subsidies and their overall budget. The pilot assessments of two major public entities is completed by **February 2013** and a complete assessment of all public entities is completed by **December 2013**.
5. Based on the different assessments, the Council of Reform approves the transformation scenarios for each ministry [**January 2013**]. A precise roadmap on how these structures are created must be published [two] months after the approval of the transformation scenarios.
6. The Government monitors progress on the inter-ministerial coordination, whereby the Coordinator is appointed [**November 2012**] and full implementation of the process is ensured [**January 2013**].
7. The Government involves the Commission services with respect to the assessment of structures and staffing linked with the implementation of the Cohesion Policy (NSRF Operation Programmes) and will seek its agreement when taking related decisions [**continuous**].
8. Prepares and makes public a fully-fledged anti-corruption plan for the civil service, including special provisions for the tax and customs administration [**February 2013**]

2.6.1.2 Mobility scheme and human resources management

In order to ensure that the Government's efforts to redeploy and reduce personnel are effective, that the recruitment and evaluation process are improved, and that the performance and motivation of personnel increases, concrete steps will be made to: limit and improve the quality of hiring at the selection, limiting the intake into public service academies by 30 percent, removing job guarantees for

private sector teachers; put a sunset to existing lists of eligible graduates; establish clear guidelines for the regular assessment of personnel run by managers.

1. The assessment of the institutional setting is combined with mobility, attrition, reduction of temporary contracts, disciplinary procedures and mandatory redundancies. This should help reduce the public sector workforce by [150,000] **by 2015**, relative to the end-2010 level.
2. The Government places [25,000] government employees in the mobility scheme in 2013, with half of them by **mid-2013**. The government's mobility scheme, where transferred personnel can remain for up to one year with a reduced rate of pay (substituting for severance payments), while they seek new employment and they are re-trained, will help the transition across job positions, if necessary towards the private sector. The Government will ensure that at least 2,000 staff will be moved to the mobility scheme [**November 2012**].
3. The law on mobility in the interest of the services between ministries is adopted [**November 2012**].
4. The Government defines a human resources strategy in order to: (i) identify the weaknesses of the public service management of human resources; (ii) identify the best possible way to modify recruitment procedures, appointments, trainings, as well as mobility. This strategy is reflected legally [**January 2013**]. This legal action will provide a basis for evaluating the competences of the senior management.
5. The Government assesses the mandate, roles and responsibilities of all senior managers, including the politically appointed and the senior public service management [**February 2013**]. This assessment will lead to an amendment of the current legislation, by clarifying and framing the relationship between the political level, the management positions and the services. Within this framework, the number of advisors will be reduced and constrained, and each advisor will have a specific job description. The aim is to ensure institutional continuity and higher levels of efficiency in the public administration [**May 2013**].

2.6.2 Avoiding waste and increasing quality through sound public procurement

Important fiscal savings and higher quality purchases can be realised by sound public procurement processes. The reforms aim at i) making the Single Public Procurement Authority, the newly created procurement watchdog, fully operational; ii) establishing an e-procurement platform and mandating gradually its use by the public administration; iii) increasing the share of supplies and services tendered through Central Purchasing Bodies, including by the use of framework contracts and iv) at codifying and simplifying all public procurement legislation.

2.6.2.1 To make the Single Public Procurement Authority (SPPA) operational

The Government:

1. **By November 2012**, it issues by **2012** the following implementing legislation of Law 4013/2011 on the Single Public Procurement Authority, providing for:
 - i. the SPPA's financial management rules (Art. 4).
 - ii. the SPPA's structure and remit of its services and any other matters pertaining to its organisation (Art. 4).
 - iii. the SPPA's Rules of Procedure (Art. 7).
 - iv. the Agora Portal for contract transparency (Art. 11).The above legislation shall enter into force at the latest by **December 2012**.
2. Ensures that the SPPA is adequately staffed so that it fulfils its mandate, objectives, competences and powers as defined in the implementing regulations, of the law on the

SPPA and in the Action Plan agreed with the European Commission in November 2010. **[December 2012]**

3. The SPPA ensures coordination and coherence of the functioning of the Central Purchasing Bodies, of the reform of the Greek public procurement regulations and of the e-procurement framework with the overall public procurement system and strategy. **[Continuous]**

2.6.2.2 To increase the efficiency of procurement processes:

The Government moves towards more centralised procurement, especially in the field of health procurement, services and supplies (including civil supplies and services for defence not falling under the scope of Directive 2009/81 on procurement in the fields of defence and security). It also uses framework contracts and reviews the public procurement legislation including works, supplies and services. In particular:

Central Purchasing Bodies (CPB):

1. A plan for the development of CPBs (such as the Greek General Secretariat for Commerce - for supplies and services- and EPY -for health procurement-) is presented to the Commission Services by **end-November 2012**. The plan identifies all contracting authorities procuring supplies and services at the Central Government level and overviews their procurement needs, with a view to gradually increasing the share of supplies and services procured through those CPBs. Similarly, a plan to establish CPB at regional/local level is also submitted to the Commission services by **end-November 2012**.

Framework contracts:

2. The Government submits by **November 2012** to the Commission services for evaluation two and one framework contracts used in frequently purchased supplies or services at central government and regional level, respectively, and mandates the relevant administration to source via those contracts. **[April 2013]**

Reform of public procurement legislation:

3. The Government undertakes to adopt **by Q4-2013** a reform of the public procurement system including works, supplies and services under the coordination of the SPPA with a view to:
 - i. simplifying, streamlining and consolidating the body of public procurement legislation;
 - ii. rationalising the administrative structures and processes in public procurement to desired procurement results in terms of efficiency and efficacy;
 - iii. reducing the delays triggered by the redress system and assessing the role to confer to the SPPA in the area of redress (remedies and judicial protection).
4. An Action Plan for the reform is developed in agreement with the European Commission. **[December-2012]**. It will include an analysis of the state of play (flowcharts, procedural phases, actors involved, timelines, statistics etc.) and factors in the results of the study on the Greek public procurement system commissioned by the EC.

5. The drafts of all legislative and organisational measures implementing the above-mentioned Action Plan are presented to the European Commission in **Q3-2013**.

2.6.2.3 To run public procurement procedures by electronic means (i.e., E-procurement):

1. The Government, in consultation with the European Commission, refines the existing plan for the development of the e-procurement platform by **November 2012**, including, among others, measures and deadlines for:
 - i. the operation of supplies, services and public works procurement contracts through the e-procurement platform;
 - ii. the availability of functionalities such as e-notification and e-tendering;
 - iii. the mandatory use of the platform by the central government, regional government and other public sector entities;
 - iv. the communication and training programmes for users of the platform;
 - v. the periodic monitoring mechanisms for the take-up of e-procurement platform by its users and the specification of target usage levels;
 - vi. the interaction of the platform with the planned simplification of procurement legislation;
 - vii. the means to facilitate access and use to the platform by users, including easy to use e-signature and e-ID solutions.
2. In the *development* of the e-procurement platform, the Government commits to:
 - i. complete the e-procurement infrastructure for supplies and services contracts by **November 2012**.
 - ii. run supplies and services contracts for the Central Government on a pilot basis through the e-procurement platform throughout the **1st half of 2013**.
 - iii. ensure that the e-procurement platform is fully operational and ready for use by the Central Public Administration for supplies and services contracts in **July-2013**.
3. The Government ensures the *use* of the platform as follows:
 - i. the Central Government procures at least 25% of its supplies and services' needs (in terms of contract value) through the e-procurement platform by **December 2013**.
 - ii. the Central Purchasing Bodies (CPBs) use the e-procurement platform for all their tendering procedures. [**Q2-2014**]
 - iii. the whole public sector in Greece uses the e-procurement platform by **Q4 2015**.
4. The Government submits to the Commission services the data of the *monitoring* activities covering year 2013 against the target user levels. [**1st half of January 2014**]

2.7 Completing the pension reform to secure sustainability

Prior to disbursement

- a. The age of retirement is increased by 2 years, starting from (1 January 2013). The increase is applied to the statutory retirement age and any other retirement age for special groups and to the minimum requirement for getting a pension.

Other actions

1. The Government finalises the implementation of the reform of the functioning of secondary/supplementary public pension funds and ensures the unification of all existing funds into ETEA, which are considered to be in the domain of public sector according to ESA95 national account definition. **[Q4-2012]**
2. The new single fund sets up in a cost effective way a computerised system of individual pension accounts; starting **[Q1 2013]** to be finalised by **[Q4-2013]**
3. The Government identifies the schemes for which lump sums paid on retirement are out of line with contributions and adjusts the payments. A new, actuarially neutral, formula to calculate lump sum, including a sustainability factor to avoid any future imbalances, is designed in consultation with the European Commission, ECB and IMF staff. **[Q4-2012]**
4. The Government will produce a regular quarterly report of the activities of the Health Committee, aimed at monitoring and revising the disability status and ensure that disability pensions correspond to not more than 10 percent of the overall number of pensions. **[next report Q1-2013]**

2.8 Modernising the health care system

The Government continues to implement the comprehensive health sector reform with the objective of stabilising public health expenditure at, or below 6, percent of GDP, while maintaining universal access and improving the quality of care delivery. Policy measures include reducing the fragmented governance structure, reinforcing and integrating the primary healthcare network, streamlining the hospital network, strengthening central procurement and developing a strong monitoring and assessment capability and e-health capacity.

The programme measures aim at achieving savings in the purchasing (accrual basis) of outpatient medicines of about EUR 1 billion in 2012 compared to 2011 and to reach spending of about EUR 2.440 billion in 2013 (accrual basis). The goal is to bring public spending on outpatient pharmaceuticals to about 1 percent of GDP i.e. around EUR 2 billion euro (in line with the EU average) in 2014. Total (outpatient plus inpatient) public expenditure on pharmaceuticals should be no more than 1.5 per cent in 2013 and 1.3 per cent in 2014.

2.8.1 Governance

a. To strengthen health system governance, improve health policy coherence, reduce fragmentation in the purchasing of health services and reduce administrative costs, the Government **prior to the disbursement** finalises the concentration of all health-related decision making procedures and responsibilities (including payroll expenditures) under the Ministry of Health by merging all health insurance funds, without exception, into EOPYY.

1. From January **2013**, hospital services will be purchased directly by EOPYY through prospective budgets based on KEN-DRGs costing procedure (and payroll costs, should be at least reported).
2. EOPYY ensures that the number of doctors is reduced in headcount by at least 10% by **December 2012 compared to June 2012** and by a further 10% **in 2013**.

2.8.2 Controlling pharmaceutical spending

In order to achieve EUR 1 billion of reduction in outpatient pharmaceutical spending in 2012 and reach the 1 percent of GDP target in 2014, the Government steps up its efforts, and further develops the set of incentives and obligations for all participants along the medicines supply chain (including producers, wholesalers, pharmacies, doctors and patients) to promote the use of generic medicines.

2.8.2.1 Contingency measures to deliver the overall targets

b. **Prior to the disbursement**, if the reduction in pharmaceutical spending is not consistent with the target, additional measures will be taken. These can include a prescription budget for each doctor and a target on the average cost of prescription per patient and, if necessary, across-the-board further cuts in prices and profit margins and increases of co-payments.

1. The Government revises the co-payment structure for medicines to exempt from co-payment only a restricted number of medicines related to specific therapeutic treatments. [Q4-2012]

2.8.2.2 Pricing of medicines

1. The Government revises downward the price of medicines, based on the three EU countries with the lowest prices. In addition, the government re-prices medicines now cheaper than 10 EUR, including implementing a 10% price reduction in the prices of these medicines **[quarterly update of price list - next price list published by mid-October 2012, next by December 2012]**
2. The Government applies an automatic claw-back mechanism (every six months) to pharmaceutical producers which guarantees that the outpatient pharmaceutical expenditure (EOPYY budget) does not exceed the above targets **[Continuous]**.
3. **Prior to the disbursement**, if, for any reason, the claw-back is not able to achieve the target, the government adopts legislation which activates contingency measures (including e.g. a cross-the-board cut in prices). Such measures produce equivalent amount of savings.
4. **Prior to the disbursement**, the government sets, through Ministerial decree, the new claw back threshold for 2013, based on the above mentioned targets (2.4 billion for outpatients).
5. **Prior to the disbursement**, the government repeals the current provision of the law which hampers the collection of the rebate from pharmacies in case of delays in payments on the part of EOPYY.
6. The Government produces an implementation report on the impact of the new profit margins of pharmacies by **Q1-2013** and shares it with the European Commission, ECB and IMF staff. If it is shown that this new model to calculate profit margins does not achieve the expected result of a reduction of profit margins down to 15%, the regressive margin will be further revised.
7. EOPYY negotiates a 5% discount through price-volume agreements on medicines (200 medicines) **[Continuous for 2013 and 2014]**
8. The Government extends the application of the 9% rebate on pharmaceutical companies (which exists for outpatient and hospital medicines) to the expensive products sold in EOPYY pharmacies **[legislation adopted by Q4-2012]**

2.8.2.3 Prescribing and monitoring

The Government will,

1. extend the current e-prescribing to all doctors, health centres and hospitals. E-prescribing is made compulsory and must include at least 90 percent of all medical acts covered by public funds (medicines, referrals, diagnostics, surgery) in outpatient facilities and providers contracted by EOPYY and the other social security funds. **[Q4-2012]**; the extension to NHS facilities will be finalised by Q2-2013.
2. implement the system (API) whereby pharmacies electronically register [any residual](#) manual prescriptions from doctors into the e-prescription application established by IDIKA. **[November 2012 Q3-2013]**;
3. continue publishing prescription guidelines/protocols for physicians, with priority for the most expensive and/or mostly used medicines, and makes them compulsory **[Continuous]**;
4. enforce the application of prescription guidelines through the e-prescription system. **[Q2-2013]**;

5. further develop monitoring and control of e-prescription by introducing ICD-10 and SPC filters in the e-prescription system [**Q2-2013**];
6. produce detailed monthly auditing reports on the use of e-prescription in NHS facilities and by providers contracted by EOPYY. These reports are shared with the European Commission, ECB and IMF staff teams. [**Continuous**];
7. continue to provide a regular assessment of the information obtained through the e-prescribing system. [**Continuous**];
8. produce detailed quarterly reports on pharmaceutical prescription and expenditure which include information on the volume and value of medicines, on the use of generics and the use of off-patent medicines, and on the rebate received from pharmacies and from pharmaceutical companies. These reports are shared with the European Commission, ECB and IMF staff teams. [**Quarterly updates**];
9. provide detailed reporting on individual prescription behaviour to each physician relative to the average of comparable (specialty, patient workload) physicians (both in NHS facilities and contracted by EOPYY and other social security funds until they merge) and signals when they breach prescription guidelines. This feedback is provided at least every month and a yearly report is published covering: 1) the volume and value of the doctor's prescription in comparison to their peers and in comparison to prescription guidelines; 2) the doctor's prescription of generic medicines vis-à-vis branded and patent medicines and 3) the prescription of antibiotics. [**Continuous**];
10. enforce sanctions and penalties as a follow-up to the assessment and reporting of misconduct and conflict of interest in prescription behaviour and non-compliance with the EOF prescription guidelines [**Continuous**];
11. **Prior to the disbursement** update the price list and the positive list of reimbursed medicines notably by reimbursing only the cost-effective packages for chronic diseases, by moving medicines from the positive to the negative and OTC lists and introducing the reference price system developed by EOF. **These lists must be updated at least twice a year.**
12. select a number of the most expensive medicines currently sold in pharmacies, to be sold in hospitals or EOPYY pharmacies. [**Q4-2012**].
13. Implement a mechanism to reduce off-label prescription [**Q4-2012**]

2.8.2.4 Increasing use of generic medicines

1. The Government increases the share of the generic medicines to reach 35 percent of the overall volume of medicines sold by pharmacies by **end-2012** and 60 percent by **end-2013**. This will be achieved by:
 - i. setting the maximum price of the generic to 40 percent of the price of the originator patented medicine with same active substance at the time its patent (exclusivity period) expired. After this first reduction, when exclusivity period expiry, further reductions are achieved through external reference pricing based on the three EU countries with the lowest prices. This will be done also by linking off-patent (when exclusivity period expires) products to the average of the three lowest prices in the EU and the price of the generic to 80% of the

- downward revised price of the off-patient. Further reductions are achieved through external reference pricing based on the three EU countries with the lowest prices. Producers are allowed to offer lower prices, thus allowing an increased competition in the market. **[Continuous];**
- ii. automatically reducing the maximum price of originator medicines when their patent (exclusivity period) expires (off-patent branded medicines) to 50 percent of its price at the time of the patent expiry. Further reduction will be achieved by linking off-patent products to the average of the three lowest prices in the EU, to be revised periodically with price list. Producers can offer lower prices, thus allowing an increased competition in the market. **[Continuous];**
 - iii. creating dynamic competition in the market for generic medicines through price reductions of at least 10 percent of the maximum price of each new generic producer entering the market. **[Q4-2012];**
 - iv. introducing (EOPYY) additional incentives and mechanisms, including a prescription quota system for physicians, to ensure generic substitution **[Q4-2012];**
 - v. deciding about the reimbursement of newly patented medicines (i.e. new molecules) on the basis of objective and strict medical and cost-effective criteria and, until internal capacity is in place, by relying on best practice health technology assessment of their cost-effectiveness carried out in other member states, while complying with Council Directive 89/105/EEC. **[Continuous];**
 - vi. excluding from the list of reimbursed medicines those which are not effective or cost-effective on the basis of objective criteria. **[Continuous];**
 - vii. **Prior to the disbursement**, making it compulsory for physicians to prescribe by international non-proprietary name for an active substance, rather than the brand name.
 - viii. **Prior to the disbursement**, mandating the substitution of prescribed medicines by the lowest-priced product of the same active substance in the reference category by pharmacies (compulsory "generic substitution").
2. The Government takes further measures to ensure that at least 50 percent of the volume of medicines used by public hospitals is made up of generics with a price below that of similar branded products and off-patent medicines. **[Continuous]**
 3. Government makes it compulsory for all public hospitals to procure at least 2/3 of pharmaceutical products by active substance, using the centralised tenders procedures developed by EPY and by enforcing compliance with therapeutic protocols and prescription guidelines. **[Q4-2012]**
 4. The Government, pharmaceutical companies and physicians adopt a code of good conduct (ethical rules and standards) regarding the interactions between pharmaceutical industry, doctors, patients, pharmacies and other stakeholders. This code will impose guidelines and restrictions on promotional activities of pharmaceutical industry representatives and will forbid any direct (monetary and non-monetary) sponsorship of specific physicians (sponsorship should be attributed through a common and transparent allocation method), based on international best practice. **[Q4-2012]**
 5. The Government speeds up administrative and legal procedures, in line with EU legal frameworks for the entry of cheaper generic medicines in the market. **[Q4-2012]**

2.8.3 Reviewing the provision of medical services contracted by EOPYY

1. To improve the current financial situation of EOPYY and ensure that the budgetary execution is closer to a balanced budget in 2012 and 2013, a set of measures will be implemented **prior to the disbursement**, including:
 - i. restricting the benefit package;
 - ii. increasing cost-sharing for private care;
 - iii. negotiating price-volume agreements and revising case-mix agreements with private providers;
 - iv. revising the fees for and number of diagnostic and physiotherapy services contracted by EOPYY to private providers with the aim of reducing related costs by at least EUR 80 million in 2013.
 - v. introducing a reference price system for reimbursement of medical devices.
 - vi. progressively increasing the contributions paid by OGA members to the average of those paid by other members of EOPYY.
2. The government starts publishing a quarterly report on the prescription and expenditure of diagnostic tests. **[quarterly updates - next report Q4-2012]**

2.8.4 National Health System (NHS) service provision

2.8.4.1 Reorganisation and management of the health care sector

1. The plan for the reorganisation and restructuring, as set in Law 4052 / March 2012 is implemented with a view to reducing existing inefficiencies, utilising economies of scale and scope, and improving quality of care for patients. This implies reducing hospital operating costs by 8 percent in 2012 and an additional 5% in 2013 and reducing beds substantially, as legislated by MD OG1681/B (28-7-2011). This is to be achieved through:
 - i. increasing the mobility of healthcare staff (including doctors) within and across health facilities and health regions;
 - ii. adjusting public hospital provision within and between hospitals within the same district and health region;
 - iii. revising the activity of small hospitals towards specialisation in areas such as rehabilitation, cancer treatment or terminal care where relevant;
 - iv. revising emergency and on-call structures;
 - v. optimising and balancing the resource allocation of heavy medical equipment (e.g. scanners, radiotherapy facilities, etc.) on the basis of need.
 - vi. reducing administrative costs notably by removing deputy managers posts;
 - vii. reducing cost with outsourcing services such as IT services, laboratory services and hospital servicing costs (e.g. cleaning services).
2. Produce an annual report comparing hospitals performance on the basis of the defined set of benchmarking indicators **[Continuous]**
3. The Government updates a report on human resources for the whole health care sector annually and uses it as a human resource planning instrument. **[Continuous]**

2.8.4.2 Accounting, control, IT and monitoring systems

1. Internal controllers are assigned to all hospitals and all hospitals adopt commitment registers. **[Q4-2012]**
2. EOPYY publishes a monthly report with analysis and description of detailed data on healthcare expenditure with a lag of three weeks after the end of the respective month. This report will make possible the more detailed monitoring of budget execution, by including both expenditure commitments/purchases (accrual basis **[December 2012]**) and actual payments (cash basis). The report will also (1) describe performance on the execution of budget and accumulation of arrears, and (2) recommend remedial actions to be taken. **[Continuous]**
3. Further measures are taken to improve the accounting, book-keeping of medical supplies and billing systems, through:
 - i. the introduction of analytical cost accounting systems **[Continuous]**;
 - ii. the regular annual publication of balance sheets in all hospitals. **[Q2-2013]**;
 - iii. the introduction of the uniform coding system for medical supplies developed by the Health Procurement Commission (EPY) and the National Centre for Medical Technology (EKEVYL) and the use of the observe.net system to monitor the procurement and use of tenders for medical supplies. **[Continuous]**;
 - iv. the introduction of inbound hospital logistics and stock management **[Q4-2013]**
 - v. timely invoicing of full treatment costs (including staff payroll costs) - i.e. no later than 2 months to other EU countries and private health insurers for the treatment of non-nationals/non-residents. **[Q4-2012]**;
 - vi. enforcing the collection of co-payments and implementing mechanisms that fight corruption and eliminate informal payments in hospitals. **[Continuous]**.
4. ELSTAT starts providing expenditure data in line with Eurostat, OECD and WHO databases i.e. in line with the System of Health Accounts (joint questionnaire collection exercise). **[Q4-2012]**
5. The programme of hospital computerisation allows for a measurement of financial and activity data in hospital and health centres. Moreover, the Minister of Health defines a core set of non-expenditure data (e.g. activity indicators) in line with Eurostat, OECD and WHO health databases, which takes account of the future roll-out of DRG (diagnostic-related groups) schemes in hospitals. **[Continuous]**
6. The government starts to develop a system of patient electronic medical records. **[Q1-2013]**
7. In all NHS hospitals, the Government, with technical assistance from experts across EU, continue piloting a set of DRGs, with a view to developing a modern hospital costing system for contracting (on the basis of prospective block contracts between EOPYY and NHS). DRGs include a detailed item on costs of personnel. **[Continuous]**
8. An analysis will be made of how hospital accounting schemes integrate DRGs at hospital level in view of future activity-based cost reporting and prospective budgets payment for hospitals **[Q4-2012]**

2.8.5 Centralised procurement

1. The Government increases substantially the number of expenditure items and therefore the share of expenditure covered by centralised tender procedures through EPY. [**Continuous**]
2. EPY will undertake a major effort to utilise tender procedures for framework contracts for the most expensive medicines used in the outpatient context so as to substantially reduce the price paid by EOPYY. [**Q4-2012**]
3. In compliance with EU procurement rules, the Government conducts the necessary tendering procedures to implement a comprehensive and uniform health care information system (e-health system) including the full and integrated system of hospitals' IT systems. [**Continuous**]

2.9 *Upgrading the education system*

1. The Government implements the Action Plan for the improvement of the effectiveness and efficiency of the education system and regularly reports on the progress of its implementation including on the results of the external evaluation of high education institutions [**December 2012**].
2. On higher education: the provisions of the laws 4009/2011 and 4076/2012 are fully and promptly implemented including:
 - i. the activation of the Quality Assurance Authority [**December 2012**];
 - ii. the constitution of the Council of Higher Education Institutes is completed [**March 2013**], with the respective organisation charters and internal regulations completed; [**September 2013**]
 - iii. the election of the new Rectors [**December 2012**]. The procedure on the consolidation/merging of departments of universities and technological institutes (ATHINA Project) starts to be implemented [**March 2013**].
3. On primary and secondary education, progress on the implementation of the school and teacher evaluation policy including the schools' self-assessment project is reported on a quarterly basis [as of **Q1 2013**].

3 Banking

4 Strengthen labour market institutions and promoting employment

5 Creating favourable conditions for economic activity

The program places strong emphasis on implementing structural reforms that aim at improving the business and overall economic environment and contribute in enhancing competition and competitiveness. These include horizontal measures to reduce time and costs to i) create a company, ii) to get establishment and operating licenses for manufacturing activities, iii) to get permits for environmental projects and activities, iv) to export and import, combined with measures to improve the functioning of the judicial system.

5.1 *Promoting an efficient and competitive business environment*

5.1.1 Rationalising / eliminating quasi-fiscal charges

1. The Government further refines by **November-2012** the list of non-reciprocating charges in favour of third parties presented to the Commission services in November 2011 by i) identifying beneficiaries; ii) specifying the legal base of each contribution and iii) quantifying contributions paid by consumers in favour of those beneficiaries.
2. **Within the preparation of the 2013** budget, the Government ceases to earmark and directs:
 - i. the 0.5 percent charge provided for in the Emergency Statute 788/48 and in Law 3883/1958 on the value of all imported merchandise in favour of the National Technical University of Athens, the University of Thessaloniki, the Athens Academy and for the promotion of exports.
 - ii. the non-reciprocating charge calculated on the fuel price in favour of Mutual Distribution Fund of the Oil-Pump Operators of Liquid Fuel.
3. The Government eliminates the vast majority of the quasi fiscal charges in a budget neutral way in the 2014 budget. [**October 2013**]

5.1.2 Reducing procedural and other administrative burden

1. To further **simplify time and cost for company creation**, the Government, among others:
 - i. eliminates the prior check carried out by the One Stop Shop (OSS) on outstanding social security and health payments by founders, members, and directors of the new company, so that it does not cause a potential blockage to company formation. Instead, and after company formation, the OSS would notify IKA and / or OAEE of the company number and founders information, so that IKA and / or OAEE can take any further actions that they deem necessary. [**December 2012**]
 - ii. eliminates the *ex-ante* requirement for company seal and perforation of documents (books) as per the Code of Books and Records. [**December November 2012**]
 - iii. enables the Ministry of Development to issue a Ministerial Decision providing for draft model company statutes without the prior proposal of the chambers of notaries and lawyers (*cfr.*, Art. 12.2 of Law 3853/2010) [**December 2012**] and publishes the model company statutes in **January 2012**.
 - iv. reduces the minimum capital requirements of new companies to levels comparable with "best practice" Member States and within the limits of the second Company Law Directive. [**December 2012**]

- v. makes voluntary the registration of companies with the chambers of commerce. **[December 2012]** [ZK4]
 - vi. **Prior to the disbursement** removes the mandatory presence of a lawyer to draft the articles of association of companies with capital in excess of €100,000 (*cfr.* Art. 42.1 of law 3026/1954). [ZK5]
2. The Government takes additional measures by **June 2013** at the latest, to reduce by 50% the cost of starting a business, as measured by the World Bank's *Starting a Business* sub-indicator. The results will be monitored in the World Bank's 2014 edition of Doing Business. **[Q4 2013]**
 3. To implement law 3982/2011 on the **fast track licensing procedure for technical professions, manufacturing activities and business parks and other provisions**, the Government issues the Presidential Decrees provided for in:
 - i. Art. 4.4 of the same law, regarding preconditions for obtaining a licence for industry technicians, plumbers, liquid and gaseous fuel technicians, cooling technicians and machine operators in constructions. **[Q4 2012]**
 - ii. Art. 4.4, on preconditions for obtaining a licence for electricians, to reduce the number of specialisms, increase the mobility of electricians within the same level category and provide for the institution of private certification bodies. **[Q4 2012]**
 - iii. Art. 27.4, on Certified Inspectors. **[Q4 2012]**
 - iv. Art. 24.5, laying down the requirements for Citizens Service Centres' (KEP) for integrated electronic application among licensing bodies and for modalities of processing demands through it. **[Q1 2013]**
 - v. Art. 27.4, defining the fees paid for establishment and operating licenses. **[Q4 2012]**
 - vi. Art. 35.2, providing for the certification of the licensing service of the Chamber of Engineers. **[Q4 2012]**
 4. To implement Law 4014/2011 on **environmental licensing of projects and activities**, the Government issues the Ministerial Decisions provided for in:
 - i. Art. 2.13, to further specify the procedure and specific criteria for environmental licencing. **[Q4-2012]**
 - ii. Art. 8.3, on environmental licensing of projects and activities (other than industrial activities), laying down the standard environmental commitments of projects and activities in category B. **[Q1-2013]**
 5. To simplify **export and import procedures**, the Government publishes a National Trade Facilitation Strategy **[October 2012]** with time bound quantitative performance indicators to streamline pre-customs and customs procedures according to best practices and EU regulations. The overall goal of the strategy is (i) to establish an electronic single window for exports providing for a single entry point for exporters for all products and destinations and (ii) to achieve 50% reduction in reduction of the number of days and cost needed to export by **Q4 2015**.

In the short term, the Government:

- i. **Prior to disbursement**, amends the regulatory framework of custom brokers to, among others i) eliminate the limitation of customs brokers' services to natural persons and to legal partnerships; ii) allow legal persons to represent others at customs, authorise companies (natural and legal persons) to complete customs formalities (for themselves or for other companies) without employing the services of a customs broker; iii) lift geographical restrictions, nationality

- requirements, the age limit to sit the examinations for customs brokers; iv) increase the frequency of examinations; v) review the system of annual renewal of licenses and to vi) repeal minimum fees.
- ii. launches in **November 2012** a review of the customs office as a pilot to optimise operations, reduce the number of physical and documentary controls, reassess the organization of labour, sequencing of procedures and work shifts and to enable 24/7 trade. The review is completed in **March 2013** and is applied to [Athens airport and Piraeus Port by June 2013 and all other customs offices by December 2013](#).^[ZK6]
 - iii. reviews the risk assessment system for exports, with recommendations for improvement in order to align it with best practices in EU Member States. **[December 2012]** The level of controls converges to the average level of controls in the EU by **September 2013**.
 - iv. reviews and streamlines pre-customs and customs procedures for selected pilot products (fresh vegetables fruits, white cheese) according to EU regulations and best practices and presents an approach for extending the simplification process to a wider set of frequently exported / imported products. **[December 2012]**
 - v. ensures that the e-customs system supports the electronic submission of all import and export declarations, including the possibility of submitting documents and making payments electronically. **[June 2013]**
 - vi. implements automatic clearance for low risk declarations, based on EU best practices. **[June 2013]**

The trade facilitation strategy is supervised and coordinated by an inter-ministerial steering committee, to be appointed by **October 2012**.

6. To identify and eliminate unnecessary **reporting requirements** for businesses:

- i. The Government, assisted by the OECD, starts applying the Standard Cost Model (SCM) to identify administrative burdens for businesses in 13 key sectors, with a view to reducing administrative burdens by at least 20 percent (compared with the baseline year 2008). **November 2012**
- ii. The sectors are the following: Agriculture and agricultural subsidies, Annual accounts/company law, Energy, Environment, Fisheries, Food safety, Pharmaceutical legislation, Public procurement, Statistics, Tax law (VAT), Telecommunications, Tourism, Working environment/employment relations.
- iii. Following the identification of administrative burdens [by **June 2013**], the Government completes the amendments to sector specific legislation by **September 2013**.

7. To facilitate **spatial planning** including through an effective land registry, the Government:

- i. adopts legislation to (i) simplify and reduce the time needed for town planning processes **[January 2013]**; (ii) update **[March 2013]** and codify legislation on forests, forest lands and parks **[September 2014]**. It also licenses at least two disposal sites for hazardous waste **[June 2013]**.
- ii. completes the revision of the 12 regional spatial plans to make them compatible with the sectoral plans on industry, tourism, aquaculture and renewable energy. The first phase of this revision is completed **[December 2012]**, followed by a

second phase for modifications [**May 2013**], a third phase for the formulation of proposals [**September 2013**] and a fourth phase for the legislation of the final proposal [**December 2013**].

- iii. accelerates the completion of the land registry, with a view to:
 - a) tendering out all remaining rights (ca. 15 million) and awarding cadastral projects for 7 million rights. [**December 2012**]
 - b) digitalising the operations of all mortgage and notaries' offices and conveying all newly registered deeds to the cadastre by **2015**.
 - c) exclusively-operating cadastral offices for large urban centres by **2015**.
 - d) establishing a complete cadastral register and exclusively operating cadastral offices nationwide by **2020**.

5.1.3 Enhancing competition

1. With the help of the Hellenic Competition Commission, the Government will screen the restrictions in the air transport services (including airport services) and maritime transport (including seaport services) and will prepare by **end-January 2013** a set of measures to promote competition in those sectors and facilitate price flexibility.
2. The Government, assisted by the OECD, starts applying the Competition Assessment Toolkit in sectors such as food processing, retail trade, building materials and tourism to identify unnecessary restraints on market activities and develop alternative, less restrictive measures that still achieve government policy objectives. [**December 2012**]
3. Immediately upon completion of the analysis [**June 2013**], the Government will prepare the legislative amendments to remove disproportionate regulatory restrictions identified by the Competition Assessment Toolkit, with a view to having them adopted by **September 2013**.

5.2 Reforming the judicial system to support economic activity

To improve the functioning of the judicial system, which is essential for the proper and fair functioning of the economy, and without prejudice to the constitutional principles and the independence of justice, the Government:

- ensures effective and timely enforcement of contracts, competition rules and judicial decisions;
- increases efficiency by adopting organisational changes to courts;
- speeds up the administration of justice by eliminating backlog of court cases and by facilitating out-of-court settlement mechanisms.

In designing and implementing the measures below, the Government consults the EC/IMF/ECB.

5.2.1 Review of the code of civil procedure

1. The Government commits to review the Code of Civil Procedure in accordance with the roadmap defined in section 9.3 of this Memorandum, which defines intermediate steps towards its completion by **Q1-2014**.

5.2.2 Judicial statistics

1. In order to facilitate the implementation of a performance and accountability framework for courts, the Government will compile and publish on its website the information indicated in Section 9.4 of this Memorandum. [**Quarterly**]
2. It also establishes an interservice group between the Ministry of Justice, Transparency and Human Rights, the Ministry of Finance and the Hellenic Statistical Authority to cooperate in the compilation and publication of the data in Section 9.4 of this Memorandum and the establishment and updating of a database with case data for each court. This cooperation takes into consideration current and future e-justice applications. [**November 2012**]

5.2.3 Tax case backlog reduction

1. Following the submission of the work plan for the reduction of the backlog of tax cases in all administrative tribunals and administrative courts of appeal in January 2012 and its first update in July 2012, which provides for the intermediate target for reducing the backlog by at least 80 per cent by end-December 2012 and for the *full clearance* of the backlog by end-July 2013, the Government, by **end-October 2012** and thereafter once a quarter:
 - i. presents updated and further refined work plans (ensuring that priority is placed on high value tax cases – i.e., exceeding €1 million);
 - ii. takes remedial action in case of anticipated or actual deviations, and
 - iii. publishes reports on progress in backlog reduction.

5.2.4 Non-tax case backlog reduction

1. The Government presents to the EC/IMF/ECB and publishes the study of the backlog of non-tax cases in courts conducted jointly with an external body of experts. [**October 2012**]
2. By **end-January 2013**, the Government presents to EC/IMF/ECB, based on the above-mentioned study, an action plan with specific measures for a reduction of such backlog of at least 50 per cent by **end-July 2013**.

5.2.5 Reorganization of the magistrates' court

1. As publicly announced, the Government adopts a Presidential Decree providing for the rationalisation and reorganisation of the magistrates' courts and the allocation of appropriate human resources and infrastructure for the new structure of magistrates' courts resulting from this reform making the most effective use of the existing resources available within the system. [**October 2012**] The Presidential Decree on the reform of the magistrates' courts is implemented in **Q1 2013**.

5.2.6 Development of e-justice applications in courts

1. By **end-October 2012**, the Government updates, further refines and operationalises every quarter the e-justice work plan of December 2011 and its first update of July 2012 for the use of e-registration and e-tracking of the status of individual cases in all courts covered by the action plan and for e-filing.
2. The updates will contain an evaluation to be completed by **end-March 2013** of the e-filing pilot project at the Athens Court of First Instance, an evaluation to be completed by **end-March 2014** of the level of integration of IT systems achieved at that time in all courts of

the country, and a timetable with proposed deadlines regarding the extension of e-registration and e-tracking to all courts by **end-2015**. The Government ensures consistency of the e-Justice action plan with the e-government strategy.

5.2.7 Promotion of pre-trial conciliation and mediation

1. By **end-October 2012**, the Government develops its strategy on the active promotion of pre-trial conciliation, mediation, and arbitration, with a view to ensuring that a significant amount of citizens and businesses make use of these modes of alternative dispute resolution. In order to implement this strategy, the Government, *inter alia*, applies to obtain funding under the Operational Programme ‘Human Resource Development’ by **end-November 2012**.
2. By **end-September 2013**, the Government conducts an assessment of whether the enactment of Law 3898/2010 on mediation in civil and commercial matters has delivered the results which the legislation intended to achieve, and presents data and analysis concerning costs, time and success rates associated with the enforcement of agreements arising from alternative dispute resolution as compared with the enforcement of judicial decisions.
3. By **end-December 2013**, the Government presents a legislative proposal for the effective opening of the mediator’s profession to non-lawyers.

5.2.8 Other measures on judicial reform

1. **Assessment of the Law on fair trial and conciliation** (4055/2012): The Government conducts an assessment whether the enactment of Law 4055/12 has delivered the results which the legislation intended to achieve, in particular as regards civil courts, improved case processing in multi-member first instance courts, the speeding-up of the issue of provisional measures, the strengthening of the institution of ‘voluntary jurisdiction’ in certain matters at the level of the magistrates’ courts and efficiency gains in enforcement proceedings, and as regards administrative courts, the strengthening and general application of pilot proceedings in the Council of State and the speeding-up of the issue of provisional measures. [**Q4 2012**]
2. **Administrative review of cases**: The Government prepares, in accordance with Law 4048/2012 on better regulation, draft legislation providing for, where appropriate, a compulsory administrative review before an independent committee before a case may be brought before the administrative courts and submits it to the Greek Parliament. [**Q2-2013**]
3. **Study on household and corporate insolvency**: the Government evaluates existing law and practice in this area and prepares a paper assessing the areas for improvement to bring the Greek insolvency law and practice in line with international best practices with a focus on:
 - i. allocating risks between debtors and creditors in a transparent, predictable and equitable manner;
 - ii. supporting the early rescue of financially stressed but economically viable businesses, with a particular focus on SMEs (e.g., through out-of-court restructuring, pre-insolvency reconciliation or fast track court approval procedures), whilst maintaining safeguards against the abuse of these procedures;
 - iii. ensuring efficient liquidation to facilitate swift exit of non-viable firms;
 - iv. allowing flexibility in the modality for the sale of a debtor’s estate (e.g., going concern sale) to maximize the value for all interested parties;

- v. providing sufficient publicity of decisions relating to insolvency procedures;
- vi. ensuring adequate training of the principal parties involved in resolving insolvency (e.g. judges, receivers, administrators, liquidators) and
- vii. addressing cross-border insolvency outside the scope of Regulation (EC) No 1346/2000 to mitigate delays of insolvency proceedings involving multinational entities or groups of enterprises and facilitate their reorganization.

[February 2012]

4. **Study on the costs of civil litigation:** the Government launches a study on the costs of civil litigation, its recent increase and its effects on workload of civil courts, together with recommendations. **[Q2-2013]**

6 Efficient Network Industries and Services

6.1 *Energy policy*

Designing an appropriate energy policy, given the country's needs and potential, is fundamental for economic growth. For this reason the Government must follow a holistic approach which maximises the benefits for market participants, protects consumers and vulnerable parts of the society and the rights of tax payers. The reforms below aim at bolstering competitiveness and efficiency in the electricity and gas market, to avert a repetition of the 2012 liquidity crisis and to position the energy sector as a potential contributor for prosperity.

6.1.1 Unbundling effectively network activities from supply activities

1. Legislation is passed providing for the details of the ITO-option for the gas TSO. [**end-November 2012**]
2. DESFA applies for certification to RAE. [**Q4 2012**]
3. The unbundled gas TSO is certified by the Greek energy regulator. [**Q1 2013 or prior to the clearance of the privatisation of DEPA, whichever date comes earlier**]

6.1.2 Provisions regarding the privatisation of PPC and DESFA:

1. The Government submits a plan for the restructuring of PPC with a view to preparing the company for privatisation and to allowing PPC to be competitive with other firms in a liberalised electricity market. The plan shall specify which parts of PPC should be privatised and within which timeframe. The plan shall also include provisions for the divestment of lignite-fired and hydro electricity generation capacity currently managed by PPC and evaluate the possibility of ownership unbundling of ADMIE. [**November 2012**]
2. The Government undertakes that whichever the outcome of the privatisation process the gas industry and electricity industry structure will be fully compliant with Directive 2009/73/EC and 2009/72/EC. [**Continuous**]

6.1.3 Ensuring that electricity prices reflect costs

1. The Government takes measures for the gradual phasing out of regulated electricity prices for all but vulnerable customers by **June 2013**. In this respect:
 - i. it issues a Ministerial Decision to adjust end-user prices for low voltage customers, effective as of January 2013. [**December 2012**]
 - ii. as necessary, it issues a Ministerial Decision by **end-March 2013**, effective as of May 2013, to further set low voltage end user prices at cost recovery.
 - iii. it removes regulated tariffs for all but vulnerable consumers. [**Q2-2013**]
2. In addition, the Government assesses best practices with a view to charging royalties for the use of hydro and lignite. [**Q1 2013**]
3. To evaluate the incumbent electricity company's operating costs the Government submits to the EC/IMF/ECB and publishes a study by a specialist of European standing to compare PPC worker's remuneration with best-practice European electricity companies, by

comparable job assignments and productivity per employee. Remuneration and promotion schemes also to be assessed against practices in private Greek companies. [**Q4 2012**]

6.1.4 Implementing smart metering systems

1. The Government issues a Ministerial Decision, based on the advice of RAE, on the large-scale replacement of existing systems with smart metering systems and explores assistance from EU structural funds and/or the EIB to conduct this strategic investment. [**end-December 2012**]

6.1.5 Providing for a financially sustainable development of renewable energy sources

Within a short term perspective, the Government:

1. Ensures that from **January 2013** onwards, LAGIE publishes monthly data on the evolution of the RES account with projections throughout 2013. [**Monthly**]
2. Takes measures to reduce the accumulation of licences issued for renewable energy installations, but not implemented. [**November 2012**]
3. Adjusts the RES levy every six months [**January and July 2013**] to eliminate the projected RES account debt by **end-December 2013**.

To achieve a long-lasting reform of renewable support schemes, the Government:

4. Submits to the Commission services a **detailed plan for the reform** of the renewable energy support schemes such that they are more compatible with market developments and are subject to budgetary discipline. [**Q4 2012**] The reform should look into:
 - i. options applicable to the support scheme, including market elements such as forward looking tariff digression and feed-in-premia, combined with a ceiling on the number of licenses, volume of capacity supported or overall subsidies to be provided per technology/tariff category.
 - ii. current and expected trends in costs for all relevant technologies.
 - iii. a sustainable and transparent framework for the regular adjustment of the RES levy.
5. Caps temporarily new connections of rooftop PV systems. [**Q1 2013**]
6. Adopts the reform of the renewable energy support schemes as specified in paragraph 4. [**Q2 2013**]

6.1.6 Planning the development of the electricity market in the medium to long term

1. A detailed plan and roadmap to change the market model is presented to the Commission services, including measures to have effective competition in generation and supply, the development of a power exchange, introducing an intra-day market and implementing market coupling with neighbouring markets. [**end-December 2012**]
2. The study also presents a time bound roadmap and estimation of costs of connecting Crete to mainland Greece. [**end-December 2012**]

6.1.7 Fuel distribution

1. To facilitate the **import and trade of oil and oil products**, in the transposition of Directive 2009/119, the Government creates the framework for setting up of a Central Stockholding Entity (CSE), within the meaning of the Directive. In addition, the transposition law will grant economic operators, on which it imposes stockholding obligations, the right of delegation of such obligations with:
 - i. the CSE in Greece (should there be one) or to other economic operators within Greece which have surplus stocks or available stockholding capacity, without quantitative restrictions, and /or
 - ii. the CSEs of other EU Member States up to a percentage of the stockholdings obligations imposed on them, upon the entry into force of the transposition law, and /or
 - iii. economic operators abroad which have surplus stocks or available stockholding capacity up to a percentage of the stockholdings obligations imposed on them, upon the entry into force of the transposition law.

The percentage of cases (ii) and (iii) is at least 30%. [Q4 2012]

2. To eliminate **restrictions on public and private use trucks** for fuel distribution:

Prior to the disbursement, the Government takes measures to:

 - a. allow independent gas stations to own or rent tanker trucks of any capacity provided that safety standards for the transportation of fuel are respected.
 - b. allow independent gas stations to hire public-used tanker trucks for fuel transportation without needing to qualify for their own private used tankers.
 - c. allow any tanker truck, regardless of its capacity, to enter the refineries and customs installations to transport fuel under their own brand name/trademark, provided that safety standards for the transportation of the fuel are respected.
3. To improve **monitoring systems**, prevent **illegal trade and tax evasion** in fuel distribution, the Government, **prior to the disbursement**:
 - i. issues technical specifications and next steps for the implementation of the input-output measurement system in all fuel stations;
 - a. issues a Ministerial Decision providing for the installation of GPS systems, as provided for in Art. 320 of law 4072/2012.

6.2 Electronic communications

The switchover from analogue to digital TV technology will release a significant amount of high quality radio spectrum which will be free for the deployment of new services and new technologies. This 'digital dividend' can boost both the broadcasting sector and the wireless communication industry, make a major impact on competitiveness and growth, and provide a wide range of social benefits. The items below provide a roadmap for the release of the digital dividend in Greece.

1. Regarding the **release of Digital Dividend**, the Government (and/or EETT) undertakes to:

- i. amend the frequency and the broadcasting plans, taking into consideration the state of play of international coordination, allocating and authorising the use of the digital dividend to Electronic Communication Services. [**November-2012**]
- ii. adopt necessary secondary legislation for the assignment of licenses for broadcasting and for the establishment of licensing procedures. [**March-2013**]
- iii. launch the public consultation on the tender procedure for the assignment of the digital dividend (800 MHz band) allocating and authorising the use of the digital dividend to Electronic Communication Services, in line with EC Decision 2010/267/EU and in respect of the deadlines and procedures of the RSPP. [**December 2012**] (*)
- iv. resolve cross-border coordination issues with neighbouring countries, if any. If difficulties on international coordination make this date unfeasible, the frequency and broadcasting plans might indicate alternative channels for re-location of broadcasters, while continuing negotiations with third countries in view of the final assignment of frequencies to broadcasters and mobile operators. [**Continuous**]
- v. Adopt secondary legislation that defines a mandatory date for the switch-off of analogue broadcasting and a technologically neutral utilisation of the 800MHz band after the switch off, taking also into account the provisions of the draft Radio Spectrum Policy Programme (RSPP). [**March 2013**]
- vi. launch the tender for the assignment of rights of use for broadcasting transmission. [**March 2013**]
- vii. proceed to the tender procedure for the assignment of frequencies of the digital dividend, allocating and authorising the use of the digital dividend (800 MHz band) to Electronic Communications Services in line with EC Decision 2010/267/EU and in respect of the deadlines and procedures of the RSPP. [**June 2013**] (*)

(*) The deadlines for steps (iii) and (vii) might be amended according to the Decision of the European Commission on the request for derogation from the deadline provided by Art. 6.4 of the Radio Spectrum Policy Programme submitted by the Greek Government on 15 May 2012.

6.3 Transport

The opening of the road haulage and occasional passenger transport is completed. Therefore, priorities now shift to measures that allow for higher levels of tourism and investment, particularly with respect to road (limousines and shuttle services), maritime and port activities (domestic ferry and port services) and aviation. Specific actions are expected to lead to the reduction of operating costs of service providers, while increasing consumers' choice. The gradual restructuring of railways should also lead to its effective privatisation.

6.3.1 Road

The Government **prior to disbursement** adopts all necessary measures to:

- i. remove restrictions on the rental of pickup trucks, vans and chauffeur services;
 - ii. Allow shuttle services by hotels and tour agencies using small vehicles (less than 12 seats) and tour packages for small vans and off-terrain vehicles.
1. After having completed the report on the functioning of the regular passenger services, the Government:

- i. defines a follow up strategy for the effective opening of the sector in line with state aid rules and EU Legislation on awarding contracts of passenger transport services, while ensuring continuity of service provision and identifying concrete options for public transportation in remote areas. **[December 2012]**
- ii. approves the required law (and necessary acts) that ensures equal conditions and access equity to all road passenger service operators. **[March 2013]**

6.3.2 Maritime Activities and Ports

1. The Government launches **[October 2012]**:
 - i. a consultation procedure to review the legal framework of the domestic ferry industry, with a view to strengthening the growth potential of the tourist sector. Particular attention is given, inter alia, to increasing the flexibility of (i) manning requirements of vessels outside the minimum routing obligations and (ii) approving changes in the timetables and vessel size for ferry services. This consultation will lead to a concrete amendment of Law 2932/2011. **[March 2013]**
 - ii. the social dialogue, following the Maritime Labour Convention (2006) principles, in order for labour arrangements to respond to the current economic context and future developments.
2. Following the first submitted version of the port national strategy, the Government adopts a five-year port national strategy that ensures connectivity of ports with the overall transport network, specifying concrete projects, deadlines for implementation and a financial plan. The strategy will be coherent with TEN-T priorities and principles, such as the smooth operation of the internal market, the mobility of persons and goods and the economic, social and territorial cohesion of the European Union, the efficient use of the assigned Structural and Cohesion Funds and in line with State aid rules. **[December 2012]**
3. In alignment with the new ports strategy and organisational model for ports, the Privatisation Fund (HRADF) defines a concrete privatisation strategy mainly through concessions with the objective of making the best use of the ports **[February 2013]** and launches the appropriate call(s) for tender. **[March 2013]**
4. The Government revises the legal framework governing port labour relations and the administrative functioning of ports and sends a draft proposal to the Commission services (see Annex 9.5 for a non-exhaustive list of labour regulations for ports). **[December 2012]** This revision complies with the EU social *acquis* and provides, among others, for the training and certification of cargo-handling employees, and defines a competitive model for ports and terminal operators. The new legal framework is adopted. **[March 2013]**
5. The Government examines compatibility with Community legislation and in particular State aid rules and amends as necessary provisions concerning Piraeus Port (OLP) and Thessaloniki Port (OLTH), in particular **[December 2012]**:

- i. Law 2688/1999:
 - a. Chapter A, Article Second, paragraph 2;
 - b. Chapter A, Article Third, article 5, paragraph 5;
 - c. Chapter B, Article Seventh, paragraph 2;
 - d. Chapter B, Article Eighth article 5, paragraph 5.
- ii. Law 2937/2001: Article 34.

6.3.3 Aviation

1. After having submitted the National Airport Policy, the Privatisation Fund (HRADF) launches the appropriate process leading to the privatisation of regional airports. **[December 2012]**
2. The Government submits legislation for the restructuring of the Hellenic Civil Aviation Authority (HCAA), which strengthens its regulatory role and implements the full separation between Regulation and Management from Operation. The Government ensures improvements in the performance of air traffic management delivery through adherence to the relevant EU Regulation (EU 691/2010). **[December 2012]** Public airports that will not be privatised will be formed under a public body and their management and operation will be totally separated from the HCAA. New legislation is adopted. **[January 2013]**

6.3.4 Railways

1. The Government spins-off ROSCO (Maintenance Unit), GAIOSSE (Real Estate), transfers the leasing of the rolling stock activities from the OSE Group to the State, and provides an updated TRAINOSE Business Plan. **[November 2012]**
2. The Government amends the law such that the fee of charges for obtaining a license or a safety certificate does not exceed the average European charge. All operators are awarded safety certificates on the basis of published, simple and transparent rules for the duration of five years. **[December 2012]**
3. The rolling stock that is not used/needed by Trainose is transferred to a body that leases it on market conditions, including winners of such tenders. **[December 2012]**
4. The Government establishes independent award authorities for passenger services by rail that can organize competitive tenders **[January 2013]**. Contracts concluded in 2014 or later will generally be awarded by means of competitive tender. The National Safety Authority establishes the examination of five examiners for train drivers according to the EU Regulation and publication of register of examiners on the web. The safety authority publishes the conditions and procedures to recognize drivers **[March 2013]**. The Government amends the safety legislation to establish a right of any company on access to train driver facilities and examiners. **[April 2013]**
5. Tariffs in OSE Group and Trainose **[June 2013]** and OASA Group **[October 2013]** increase by at least 25 percent.

6.4 The Retail Sector

On retail, the selected measures aim at allowing a wider class of goods to be sold by more efficient retailers, and reduce their operating costs. Measures not only look into retail specific regulations (such as rules on pricing, sales and labelling) but also, into the rules on transport and healthcare provisions applicable to retail outlets. Combined, the measures should help contribute to lower prices and more choice for consumers.

Prior to the next disbursement, the Government:

- a. eliminates the requirement of minimum space for the sale of food products.
- b. allows mixed shops to sell goods other than food, subject to hygiene and food and safety standards.
- c. allows supermarkets the sale of pre-packaged meat, cheese and fish products; liberalizes sale in supermarkets for infant (i.e., 0-6 months).
- d. allows a delink of the working hours of all employees in establishments (as defined in Law 1037/1971 and related implementing legislation) from opening hours of the establishment.

adjusts the law to clarify that shift breaks are allowed in all retail establishments (including those with continuous working schedule).

In addition, the Government:

1. applies the same standards for transporting perishable goods to private-use trucks as those applicable to public-use trucks. [**Q4 2012**]
2. carries out a proportionality analysis of the restrictions applied on outdoor / ambulant trade for social policy criteria. [**Q4 2012**]
3. completes the revision of Ministerial Decision A2-3391/2009 on market regulations and submits it to the Commission services, in accordance with the notification procedure provided for in Directive 98/34. [**October 2012**] The revised Ministerial Decision on market regulations is adopted one month after the reply from the Commission services, following the notification process.
4. reviews and amends the Market Policing Code (Law 136 /1946) providing for various forms of public sector intervention in the production, distribution and consumption of goods in line with the simplifying recommendations of the Hellenic Competition Commission's opinion no. 24/VII/2012. [**January 2013**]

6.5 Regulated professions, professional qualifications and provision of services

6.5.1 Removing restrictions to the access to and exercise of regulated professions

1. **Prior to the disbursement**, the Government amends specific legislation to lift the restrictions in the professions and economic activities listed in Section 9.2.1 of this Memorandum.
2. For professions and economic activities included in Section 9.2.2, the Government prepares draft provisions in **November 2012** amending sector specific legislation as per the opinions of the Hellenic Competition Commission. The legislation is adopted by **December 2012**.
3. A report on the implementation of Law 3919/2011 is published on the Government's website [**November-2012**], including:
 - i. the list of all professions/economic activities falling under the scope of that law.

- ii. the list of all remaining professions/economic activities that have not been treated beforehand. For these, the Government ensures that the regulatory framework is fully in line with chapter A of law 3919/2011 and the opinions (if applicable) of the Hellenic Competition Commission (HCC) by **[Q4 2012]**.
- 4. To reinforce **transparency** in the functioning of professional bodies: Legislation is adopted mandating the publication on the webpage of each professional association the following information:
 - i. the annual accounts of the professional association.
 - ii. the remuneration of the members of the Governing Board broken down by function.
 - iii. the amounts of the applicable fees broken down by type and type of service provided by the professional association as well as the rules for their calculation and application.
 - iv. statistical and aggregate data relating to sanctions imposed, always in accordance with the legislation on personal data protection.
 - v. statistical and aggregate data relating to claims or complaints submitted by consumers or organisations and the reasons for accepting or rejecting the claim or the complaint, always in accordance with the legislation on personal data protection.
 - vi. any change in the professional codes of conduct, if available.
 - vii. the rules regarding incompatibility and any situation characterised by a conflict of interests involving the members of the Governing Boards. **[Q4-2012]**
- 5. To **de-link minimum fees** for professional services from taxation and contributions to social security funds and professional associations:
 - i. The Government issues a Presidential Decree, which sets a system of prepaid fixed/contract sums for each procedural act or appearance by a lawyer, which is not linked to a specific 'reference amount'. **[November 2012]**
 - ii. Within the context of the tax reform, it also identifies ways of de-linking taxation from engineers legal fees and from lawyers legal fees / reference amounts. **[Q4 2012]** This reform becomes operational upon the entry into force of the tax reform in **January 2013**.
- 6. To assess the proportionality and justification of **activities reserved** to specific regulated professions:
 - i. The Government updates the study of the regulations of the professions submitted to the Commission services in July 2012, to assess the justification and the proportionality of the requirements reserving certain activities to providers with specific professional qualifications. **[November -2012]**
 - iii. Draft legislation is sent to Parliament amending unjustified or disproportionate requirements reserving certain activities to providers with specific professional qualifications, starting from the main regulated professions (i.e., lawyers, engineers, accountants, sworn-in valuers, energy / building inspectors, etc.). **[Q1-2013]**

6.5.2 Additional measures

Prior to disbursement, legislation is adopted to:

- a. repeal Art. 42 of Legislative Decree 3026/1954, regarding the mandatory presence of a lawyer for the drawing up of documents before a notary for a series of legal transactions.
- b. amend Art. 41 of Legislative Decree 3026/1954, to allow other professionals in the legal sector to conduct title deed searches.
- c. repeal the scale of minimum monthly amounts that are due to lawyers remunerated for services rendered with a fixed periodic fee (without prejudice to having fee regulations for trainee lawyers).

[ZK7]

Other actions

1. A draft code revising Legislative Decree 3026/1954 is submitted to the Commission services by **October 2012** and adopted by **December 2012**. The new code should, among others, abolish total bans on commercial communications, repeal age limits to take the Bar examinations, ease the re-entry into the legal profession and clarify the nature of lawyers' fees provided for in current legislation.
2. The Government takes additional measures by **June 2013** at the latest, to reduce by 50% the cost of registering property, as measured by the World Bank's *Registering Property* sub-indicator. The results will be monitored in the World Bank's 2014 edition of Doing Business. [Q4 2013]
3. To confirm progress in the area of regulated professions, the Government completes a study of the 20 largest professions examining the degree to which they have been liberalized, including results with respect to new entrants and price changes. [Q3 2013]

6.5.3 Easing the recognition of professional qualifications

1. Measures are taken to ensure the effective implementation of EU rules on the recognition of professional qualifications; including compliance with ECJ rulings (*inter alia*, related to franchised diplomas). In particular, the Government:
2. continues to update the information on the number of pending applications for the recognition of professional qualifications, and sends it to the European Commission. [Quarterly]
3. adopts legislation to i) remove the prohibition to recognise the qualifications derived from franchised degrees to access or exercise an economic activity and to ii) ensure that holders of franchised degrees from other Member States have the right to work in Greece under the same conditions as holders of Greek degrees. [November 2012]

6.5.4 Services Directive: exploiting the information benefits of the Point of Single Contact

The Government ensures:

1. that the Point of Single Contact (PSC) is fully operational in all sectors covered by the Services Directive. [Q4-2012]
2. that the PSC distinguishes between procedures applicable to service providers established in Greece and those applicable to cross-border providers (in particular for the regulated professions). [Q4-2012]

3. that there is adequate connection between the PSC and other relevant authorities (including one-stop shops, professional associations and the recognition of professional qualifications) and that the submission of on-line applications as regards the recognition of professional qualifications is fully operational. **[Q4-2012]**

7 Increasing the impact of structural and cohesion funds

1. The Government meets targets for payment claims and major projects in the absorption of EU structural and cohesion funds set down in the table below. Compliance with the targets shall be measured by certified data. [Q4 2012]

Table 1: Targets for payment claims in the absorption of Structural and Cohesion Funds (programming period 2007-2013) to be submitted through 2013

(EUR million)

	2012	2013
European Regional Development Fund (ERDF) and Cohesion Fund	2,850	3,000
European Social Fund (ESF)	880	890
Target of first half of the year	1,231	1,284
Total annual target	3,730	3,890

2. In deciding the "Public Investment Budget" allocation, the Government ensures that the necessary national contribution remains available in order to complete the unfinished ERDF, ESF and Cohesion Fund projects of the 2000-2006 programming period and to cover the required national contribution including non-eligible expenditure under the Structural Funds and Cohesion Fund rules in the framework of the 2007-2013 programming period.
3. The Government continues to monitor on a quarterly basis the implementation of the priority projects, certain of which — as the functional review of the public administration, the "Elenxis" project for the tax control services, the land register, the solid waste management infrastructures, the railway projects, the e-prescription, the e-procurement, the development of a social economy sector and the national registry — are critical for the development of the country. For priority projects in delay, a method for closer monitoring should be agreed [Q4 2012] in order to allow the adoption of the necessary measures on time. The priority projects should be completed by the **end of 2015**.
4. Support to SMEs managed at central and regional level is targeted to directly contribute to the development of the economy and the creation of sustainable employment, in particular for young people. Guidelines are issued for the definition of the conditions of granting state aid and its monitoring. [Q4 2012]
5. Legislation is adopted, and immediately implemented, to shorten deadlines and simplify procedures on contract award. [Q1 2013]
6. The monitoring tool for expropriations is completed and operational and data are made accessible to the public. [Q1 2013]
7. Following the simplification initiative launched in May 2010 the Government takes measures to speed up absorption, accelerate payments to beneficiaries and simplify the management and project implementation on the basis of issues raised by the Commission and any other additional issues which may be proposed. In particular, the Government

reviews the "sleeping" projects, un-activated delegations and sleeping contracts and informs the Commission on those eliminated. [Q4 2012] Similar exercises are periodically repeated until the expiry of the programming period.

8. The Government adopts measures and starts implementing an anti-fraud strategy in the field of the Structural Funds and the Cohesion Fund [Q2 2013]. The Government establishes an efficient inter-service consultation procedure supported by an electronic system. For this, an integrated project will be set up and implemented with the exploitation of the existing infrastructure. [Q1 2013]

8 Monitoring and Technical assistance

8.1 Statistics

High quality statistics are key for effective economic surveillance and policy design, and for the proper monitoring and execution of the budget. Significant progress has been made in improving the quality and coverage of statistics in Greece during the past two years.

The Government commits to continue supporting the work of ELSTAT, and to honour its "Commitment on Confidence" signed by the Prime Minister of Greece on 29 February 2012 and which states among other things that " The Hellenic Republic ...makes the solemn commitments to fully respect the international and European standards for statistical data quality....to guarantee and defend the professional independence of the....Hellenic Statistical Authority...and to defend [it] against any efforts to undermine [its] credibility...and secure adequate and stable resources [for it]"

1. The Government, as stated in the aforementioned "Commitment on Confidence", further commits to decouple the budget of ELSTAT from that of the Ministry of Finance in line with the existing procedures and involving the Hellenic Parliament and the Court of Audit. From January 1st 2013 onwards, ELSTAT as a legal entity under Greek public law will get budgetary execution autonomy in accordance with the relevant legal framework, in particular Law 4072/2012, article 323. The Authorities commit to complete all actions needed to establish budgetary execution autonomy to ELSTAT in line with Law 4072/2012, article 323.
 - i. To achieve this, the Government amends the Law 3832/2010 regarding the nonapplicability to ELSTAT of the provisions of article 25 of Law 2362/1995 and, more broadly, of any other provision the implementation of which is not consistent with the independence of ELSTAT (**November, 2012**).
2. Before **end-November 2012 [or prior to disbursement]**, and to ensure *a smooth and effective transition toward the new framework*, the Authorities further commit to clear all arrears for the financial years 2011 and 2012.

[ZK8]

2. TECHNICAL ASSISTANCE

Fiscal data, tbc

Banking data, tbc

9 Annexes

9.1 List of government pending actions related to the privatisation plan

(caveat: new pending actions arising after the MOU is signed should be completed as soon as possible.)

9.2 Regulated professions

9.2.1 List no. 1: list of restrictions on selected regulated professions to be repealed prior to the next disbursement

1. **Stevedores for land operations and at ports:** simplify declaration procedures, repeal fixed fees for loading and unloading services and allow stevedores to be employed under private sector law..
2. **Sworn-in valuers:** Issue new legislation to eliminate the applicable fees, the system of *numerus clausus*, the nationality requirement, allow legal entities to pursue the profession and open up the areas reserved in exclusivity to this profession.
3. **Accountants and tax consultants:** clarify in circular 26801/DIOE 654 of 13 June 2012 that the professional identity card will be issued automatically within the three months period; ii) revisit the validity of the Professional ID (currently, restricted to one year only); iii) clarify that it is SAEP the body responsible for the recognition of professional qualifications; iv) amend Ministerial Decision POL 1166/2011 to abolish the certification procedure provided for thereof, which is applicable to legal entities and natural persons; v) include in the text of the circular references to the legal text of accountants/ tax advisors that have been abolished by law 3919/2011. In addition, amend sector specific legislation to eliminate inconsistencies with the 2011 law on regulated professions.
4. **Temporary employment companies (TEC):** amend sector specific law to i) reduce the minimum capital of €176.083 (Art.123.1 of law 4052/2012); ii) two eliminate / reduce the amounts of bank guarantees (Art. 126); iii) to lift the requirement of having a minimum number of employees; iii) extend the scope of temporary employment agencies to cover, among others, the provision of consulting and training services.
5. **Private labour consultancy offices (PLCO):** amend sector specific law to i) allow employers of PLCOs – other than its director, to undertake mediation; ii) lift requirements on built in infrastructure and on technical equipment; iii) lift requirement provided for in Art. 104.2 of law 4052/2012, whereby if the registered office of the PEA or its branch has changed, the procedure regarding start of PEA activity /occupation under Art. 101 of the same law shall apply; iv) allow PEAs to do activities other than intermediation in the premises where the PEA operates.
6. **Real estate brokers:** Amend sector specific law to drop the probationary period before an applicant can become a real estate broker (Art. 199 of law 4072/2012).
7. **Actuaries:** review the regulatory framework governing the examination process so as to prevent the Hellenic Actuarial Society (HAS) from determining indirectly the number of successful candidates in the examinations in the interest of the incumbents (*cfr.* the Hellenic Competition Commission's opinion no. 14/VI/2012).
8. **Tourist guides:** provide that the professional ID card will be issued within the three months period or earlier) and amend sector specific law to open the profession to holders of related university degrees.
9. **Energy inspectors:** amend sector specific law to repeal minimum fees for energy inspection services and to simplify licensing.
10. **Private providers of primary care services:** amend sector specific law to eliminate inconsistencies with [Law 3919/2011 law on professions](#)[GL19].
11. **Customs brokers:** *cfr.* section on trade facilitation.

12. **Kiosks and cantinas in public buildings:** remove restrictions for licenses in favour of specific groups.
13. **Tourist offices:** eliminate prior authorization scheme, minimum office space requirements, applicable quasi-fiscal charges and reduce the amount of bank guarantees or require touristy offices to get insurance.
14. **Teaching at private tuition establishments and foreign language schools and teaching at home:** remove the need for prior licence and replace it by a notification of commencement of activity. Remove the need to renew the licence every year.
15. **Private primary and secondary schools:** abolish the nationality requirement to get an establishment licence, amend the requirement for formal qualifications to the founder of a private school; abolish shareholding capital requirements, the ban on more than one establishment, minimum distances, the need to renew licenses annually; remove prohibitions to licensing to relatives of private primary and secondary schools license holders, ~~the cap on teaching hours~~ and introduce more flexibility in the adjustment of tuition fees by schools. [ZK10]
16. **Private tuition establishment and foreign language schools:** Amend the requirement for formal qualifications to the founder of a private tuition establishment and foreign language schools and remove prohibitions to licensing to relatives of license holders.
17. **Vocational training institutes (VTI):** Allow the advertising of VTI without the approval of the E.O.P.P.E.P.
18. **Vocational training centres (VTC):** Amend sector specific legislation to base the accreditation of a VTC on the basis of an integrity check of objective statutory requirements; ii) to allow private individuals to establish legal entities; iii) to renew the accreditation in the form of notification under Art. 3 of Law 3919/2011, by uncoupling it from the scoring system.
19. **Post-secondary education centres:** repeal the prohibition that post-secondary education centres cannot be established by shareholders or partners of the legal entity which applied for an establishment and operating licence; to renew operating licences in the form of notification under Art. 3 of Law 3919/2011; allow post-secondary education centres to recruit off-register staff notified to the supervising authority, as in the case of VTC; repeal the need to submit a letter of guarantee for the opening of a post-secondary education centre.
20. **Accredited study centres:** Amend the regulation on renewing licenses, so that licenses renewals are limited to the notifications under Art. 3 of law 3919/2011; amend the regulation on teacher training certificates to recognize teachers with certificates from other Member States.
21. **Press distribution agencies:** remove prior authorization scheme and expand the number of economic activities carried out.

9.2.2 **List no. 2: regulated professions / economic activities whose regulatory framework needs to be adjusted to applicable opinions of the Hellenic Competition Commission** [ZK11]

1. **Professions under the Greek Ministry of Citizen Protection:** i) sale of revolvers, pistols and target-shooting weapons; ii) preparation of explosives; manufacture, conversion, assembly, finishing and repair of firearms, and charging/recharging of firearm cartridges; iii) charging cartridges for hunting weapons for sale; iv) sale of fireworks and flare launchers; v) manufacture of fireworks and flare launchers; vi) operation of private security firms; vii) work by security staff of private security firms; viii) operation of private investigation offices; ix) work by staff of private investigation office: *Cfr.* HCC Opinion no. 13/VI/2012.
2. **Dealers in antiques and more recent artifacts and restorers of fine art and antiquities:** *Cfr.* HCC Opinion no. 18/VI/2012.
3. **Professions / economic activities under the Greek Ministry of Citizen Protection – harbour guard:** i) Organisations certifying divers; ii) Suppliers of recreational diving services; iii) Rental of means of marine recreation; iv) Service boat operations; v) Towing operations; vi) Licensing for outdoor trading (stands or itinerant) on board ships; vi) Operation of casinos on board passenger vessels flying the Greek flag on international voyages; vii) Lifeguards: (i) Operation of public health establishments on anchored or floating craft and (ii) Operation of public health establishments on seafaring vessels: *Cfr.* HCC Opinion no. 22/VII/2012.
4. **Professions / economic activities under the Ministry of Health and Social Solidarity, Directorate-General for Welfare:** i) Care units for old people; ii) Day care centres for old people; iii) Creative activity centres for children; iv) Creative activity centres for children with disabilities; v) Nurseries and

kindergartens; vi) Private childrens' camps; vii) Child welfare institutes: *Cfr.* HCC Opinion no. 25/VII/2012.

5. **Petrol sellers, shotfirers, blasters and natural gas sales.** *Cfr.* HCC Opinion no 26/VII/2012

9.3 Agreed roadmap between the Greek Ministry of Justice and the EC/IMF/ECB for the review of the code of Civil Procedure

1. By **end-October 2012**, the Taskforce on the review of the Code of Civil Procedure ("the Taskforce") prepares a briefing paper for its foreign expert members appointed by other EU Member States to assist its work. The objective of the briefing paper is to enable these foreign expert members to fully participate in its work, including developing alternative legal solutions to the identified reform needs based on cross-country experience in other Member States.
2. Starting from **October 2012**, the Taskforce also provides monthly updates by the end of each month on progress towards preparation by end-March 2013 of a detailed paper outlining the main proposals for amendments to the Code of Civil Procedure in line with the objectives defined in previous versions of this Memorandum. The detailed paper is presented to the EC/IMF/ECB shortly after its completion.
3. By **end-March 2013**, the Taskforce prepares a detailed paper outlining the main proposals for amendments to the Code of Civil Procedure in line with the objectives set out in previous versions of this Memorandum.
4. By **end-May 2013**, the Government holds a series of workshops to discuss the findings and proposals in the detailed paper prepared by the Taskforce. These workshops will allow for broad consultation with domestic stakeholders and participation from recognised international experts in the field of civil procedure. On the basis of the outcome of this consultation, the Taskforce presents a revised version of the detailed paper to the EC/IMF/ECB and submits the revised paper, after reflecting comments from the EC/IMF/ECB, to the Government.
5. By **end-June 2013**, the Taskforce presents a detailed work plan, which provides for the preparation of the draft law by end-January 2014 and contains specific deadlines and deliverables for the chapters of the draft law, and implements the plan with immediate effect. At the end of each month the Ministry of Justice, Transparency and Human Rights assesses compliance with the detailed work plan and takes immediate remedial actions in case of anticipated or actual deviations.
6. Starting from **July 2013**, the Taskforce prepares the draft law on the basis of the above-mentioned detailed paper and work plan, and provides monthly updates by the end of each month on progress towards preparation by **end-January 2014** of the draft law. The monthly updates describe the outcomes of the assessments of compliance with the detailed work plan and, if necessary, any remedial actions taken. The Ministry of Justice, Transparency and Human Rights holds at least three EC/IMF/ECB expert meetings throughout the drafting process: **July 2013, October 2013 and January 2014**. The meetings will allow for expert input in the drafting process and feedback on preliminary drafts of the legislation under preparation.
7. The Government finalises the study on the costs of civil litigation, its recent increase and its effects on workload of civil courts, together with recommendations, ensures that the recommendations are reflected in the draft law prepared by the Taskforce on the review of the Code of Civil Procedure and publishes the study. [Q4-2013]
8. The Government carries out a public consultation on the draft law bringing the Code of Civil Procedure in line with international best practice and submits the draft law to the Greek Parliament. [Q1-2014]

9.4 Statistics to be published by the Ministry of Justice or Ministry of Finance

- (a) *by end-October 2012*, for each administrative tribunal, court of appeal and the supreme administrative court:
 - (i) the number of judges and administrative staff, with a breakdown for judges working in tax chambers or dealing primarily with tax cases;

- (ii) the number of all cases;
 - (iii) the number of cases carried over from 2011;
 - (iv) the number of cases filed in the first two quarters of 2012;
 - (v) the number of tax cases, with a breakdown according to case value (up to EUR 150,000, between EUR 150,001 to EUR 300,000 and above EUR 300,000);
 - (v) the number of tax cases carried over from 2011;
 - (vi) the number of tax cases filed in the first two quarters of 2012;
 - (vii) the recovery rate for all tax cases, which for the purposes of the MoU, shall mean the ratio of the amount collected by the creditor in enforcement proceedings – following the issuance of an enforceable title – to the amount adjudicated by the court.
- (b) *by end-October 2012*, for each civil court, court of appeal and the supreme civil court:
- (i) the number of judges and administrative staff;
 - (ii) the number of all cases;
 - (iii) the number of cases carried over from 2011;
 - (iv) the number of cases filed in the first two quarters of 2012;
 - (v) the number of dormant cases on 30 June 2012, i.e. cases brought before the civil courts in which the relevant court's file records that they have been postponed or never received a hearing date and no party activity for receiving a hearing date has taken place for at least 18 months.
- (c) *by end-October 2012*, at the first instance, court of appeal level and the supreme civil court:
- (i) the number of all corporate insolvency cases;
 - (ii) the number of corporate insolvency cases carried over from 2011;
 - (iii) the number of corporate insolvency cases filed in the first two quarters of 2012
 - (iv) the average duration of corporate insolvency cases;
 - (v) a break-down of insolvency cases by sector (e.g., agriculture, construction, manufacturing, and services).
- (d) *by end-December 2012*, quarterly updates of the information in (a) to (c) above relating to the previous quarter.
- (iii) the number of corporate insolvency cases filed in the first two quarters of 2012;
 - (iv) the average duration of corporate insolvency cases;
 - (v) the recovery rate for all corporate insolvency cases, which for the purposes of the MoU, shall mean the ratio of the amount collected by all creditors in reorganisation, debt enforcement or liquidation proceedings to the total amount owed by the company;
 - (vi) a break-down of insolvency cases by sector (e.g., agriculture, construction, manufacturing, and services).
- (d) *by end-December 2012*, quarterly updates of the information in (a) to (c) above relating to the previous quarter.

9.5 Non-exhaustive list of regulations on port work for review under the new port strategy

- Port of Piraeus – law 1559/1950 (Gov. Gazette A 252/1950), law 2688/1999 (Gov. Gazette A 40/1.3.1999), Joint Ministerial Decision 5115.01/02/2004 on the approval of the General Regulation for Personnel (Gov. Gazette B 390/26.2.2004).

- Port of Thessaloniki - legislative decree 449/1970 (Gov. Gazette A 51/27.2.1970), law 2688/1999 (Gov. Gazette A 40/1.3.1999), Joint Ministerial Decision 5115.01/05/2003 on the approval of the General Regulation for Personnel (Gov. Gazette B 1203/26.8.2003).
- Work Regulation of the Dockworkers of the Piraeus Port approved by Joint Ministerial Decision 45058/7/1971-Gov. Gazette B 579/22.7.1971)
- Joint Ministerial Decision 44885/8919/1956, as modified by Joint Ministerial Decision 117756/8295/1967-Gov. Gazette B 9/11.1.1967)
- Law 3239/1955
- Law 5167/1932
- Ministerial Decision F 10221/26816/929- Gov. Gazette B 2778/2.12.2011

9.6 Additional fiscal measures for 2012 and Medium-Term Fiscal Strategy 2013-16

The additional measures for 2012 and the update of the medium-term fiscal strategy (MTFS) through 2016 will include the following:

1. Cuts in wage bill by at least EUR [XXX] million in 2012, and additional EUR [XXX] million in 2013, EUR [XXX] million in 2014, EUR [XXX] million in 2015 and EUR [XXX] million in 2016, through the rationalization of the State wage bill (including reduction of allowances for employees serving abroad and reducing the wage bill for consultants, and an hiring freeze at the Ministry of Citizen protection), progressive cuts (2 percent below €1000; 10 percent for €1000-1500; 20 percent for €1500-2500; 30 percent for €2500-4000; and 35 percent above €4000) in the monthly wages of employees under special wage regimes (judges, diplomats, doctors, professors, armed forces and police, airport personnel, and general secretaries) with effect by [August 1, 2012], introduction of a new special wage regime for the armed forces by 2014 yielding yearly at least EUR 194 million net of taxes and contributions, elimination of seasonal bonuses of employees at the state and local governments, and at legal entities of public and private law, the application of the uniform wage grid for public servants' to the parliamentary staff, abolition of exceptions from the public sector wage grid reform introduced in 2011, suspension throughout 2016 of fiscal and performance bonuses for public sector employees, reduction in the local government wage bill, extension of the attrition rule (1 new hiring out of 5 retirees) for the general government sector through 2016, harmonization of the wage grid of all state-owned enterprises in Chapter A with the uniform wage grid for state employees reducing average wages to no more than €1900 per month, reduction of intakes into professional academies, placing 2,000 civil service employees into the mobility and exit scheme, by abolishing positions of ~~specialized~~certain categories of employees, addressing disciplinary cases (including via outright dismissals) and by abolishing positions associated with closed/merged entities.
2. Cuts in pensions by at least EUR 4 319 million in 2013, and additional EUR 609 million in 2014, EUR 273 million in 2015 and EUR 185 million in 2016, through the anticipation of the full effects of the pension reform in 2013, the increase of the general pensionable age from 65 to 67 and of all age limits for particular types of pensions while maintaining the current number of contributions required to qualify for the full pension at 40 years, cuts in new lump-sum benefits by 23 percent for public employees and introduce a 3-percent tax on main pensions of public retirees who have already received their lump-sum pensions within the 15 years prior to 2010, the reduction of the overall monthly pension incomes (main and supplementary pensions) per pensioner (between €1000-€1500 by 3 percent; €1500-€2000 by 5 percent; and above €2000 by 12 percent), cuts in pensions for special wage regimes equivalent of the cuts to wages in special wage regimes, cuts in pensions of military and police due to elimination of automatic wage promotions, elimination of seasonal bonuses for main and supplementary pensions, means-testing pensions for specific categories of beneficiaries, the elimination of special pension benefits of trade unionists and cross-checks to abolish ineligible pension benefits in 2013.
3. Cuts in the state's operation expenditure by at least EUR [XXX] million in 2013, additional EUR [XXX] million in 2014, EUR [XXX] million in 2015, and EUR [XXX] million in 2016, through the gradual implementation of e-procurement for all public administration and 25 percent reduction in discretionary non-wage spending and rationalisation of education-related expenses (reduction in grants, structural reforms at the primary, secondary and university level in order to rationalize the cost of non-permanent staff positions).

4. Cuts in extra-budgetary funds' expenses and transfer to other entities by at least EUR 115 million in 2013, and additional EUR 97 million from 2014 onwards, through reduction in grants to entities outside the General Government educational and reduction in subsidies for public services' contracts.
5. Savings in state-owned enterprises by at least EUR 249 million in 2013 and additional EUR 123 million in 2014, EUR 97 million in 2015 and EUR 26 million in 2016, through increase in revenue, reduction in transfers from the State budget to entities outside the General Government, operational and personnel expenses. In order to enforce the achievement of those savings, a new institutional framework is introduced by 2013 fixing an overall target of at least EUR [XXX] in 2013, EUR [XXX] in 2014, EUR [XXX] in 2015 and EUR [XXX] in 2016, bettering the current monitoring system and introducing an enforcement mechanism in case of deviations from the target.
6. Cuts in operational defense-related expenditure producing savings by at least EUR 304 million in 2013, additional EUR 100 million in 2014, a marginal increase of expenditures for military procurement by EUR 197 million in 2015 and additional savings by EUR 37 million in 2016, through additional cuts in 2013-2014 and 2016 in military procurement on top of the reduction in military equipment procurement (deliveries) of EUR [XXX] million from 2013 to 2016, reduction in operational expenditures closure of military camps and reduction of intakes into military academies.
7. Cuts in healthcare and pharmaceutical expenditure by at least EUR [XXX] million in 2013, and additional EUR [XXX] million in 2014 and additional EUR 38 million in from 2015 onwards, through further development of the set of incentives and obligations for all participants along the medicines supply chain to promote the use of generic medicines, revises the co-payment structure for medicines to exempt from co-payment only a restricted number of medicines related to specific therapeutic treatments, the revision of medicines' price, based on the three EU countries with the lowest prices, application of automatic claw-back mechanism to pharmaceutical producers which guarantees that the outpatient pharmaceutical expenditure does not exceed the targets of EUR 2 490 billion in 2014 and EUR 2 080 million in 2015 to be in line with the overall target of 1 percent of GDP by 2015, increase in co-payments in hospitals, reductions in hospitals' expenditures, closure of hospitals and increase of healthcare contributions for farmers.
8. Savings from rationalisation of social benefits by at least EUR 395 million in 2013, additional EUR 13 million in 2015 and 2016, through the introduction of a length of residence in Greece criterion for the provision of pension benefits for uninsured individuals aiming to achieve savings (net of income taxes and social security contributions) of €13 million in 2013 and additional €13 million in 2014, the replacement of existing family benefits with a single targeted benefit which absorbs the tax family allowances cancelled by 2012 onwards, rationalization of the transportation reimbursement scheme for selected categories of patients in order to avoid frauds and misuse of public funds maintaining the service according to actual needs of patients, elimination of seasonal benefits for workers in industries with seasonal employment patterns, reduction of unemployment benefits targeted to specific geographical areas, targeting assistance pensions provided by EKAS to persons above 64 years, reduction of benefits to farmers and introducing two new social programmes capped, respectively, at 35 and 20 million from 2014 onwards: a Minimum Income Guarantee scheme applied in two pilot areas of the country with different socioeconomic profiles, and introducing a benefit equal to €200 per month payable for up to 12 months to long-term unemployed who exhaust the full length of unemployment benefit (12 months), provided they do not qualify for other training schemes and have family taxable income up to €10,000.

9. Cuts in state transfers to local governments by at least EUR 100 million in 2013 and additional EUR 120 million from 2014 onwards, through cuts in transfers from the State for ordinary expenses and investment of local government. In order to enforce the achievement of those savings, an internal stability pact is strengthened by 2013 fixing budget targets, putting in place an effective system of monitoring municipalities' expenses, economic disincentives in case of deviations from the targets and excluding any possibility for financing deficits.
10. Cuts in expenditure by the public investment budget (domestically-financed public investment, and investment-related grants) by EUR 150 million in 2013 and additional 150 million from 2014 onwards.
11. Increases in taxes by at least EUR [XXX] million in 2013 and additional EUR [XXX] million from 2014 onwards, through increases the fee for law suits, an increase of tax on ship owners' activities, reducing VAT refunds for farmers, reduction of diesel excise duty subsidy provided to farmers from 95 percent to [80] percent of the excise tax, equalization of the excise tax on LPG and motor diesel oil by raising the LPG tax, equalization of social security contributions by raising the ceiling for employees first employed before 1993 to that of employees first employed after 1993, a reform of tobacco excise taxation, imposing taxation on OPAP lottery games and increase of the tax rate on savings interest from 10 up to 15 percent.
12. If necessary, after consultation with the European Commission, ECB and IMF staff, these measures may be replaced with other measures yielding comparable or higher savings.

Abbreviations

ASEP	Supreme Council for Staff Selection
CPB	Central Purchasing Bodies
DEPA	Public Gas Corporation
DRG	Diagnostic-Related Group
DSO	Distribution System Operator
EC	European Commission
ECB	European Central Bank
EEA	European Economic Area
EETT	Hellenic Telecommunications and Post Commission
EFSF	European Financial Stability Facility
EKEVYL	National Centre for Medical Technology
ELSTAT	Hellenic Statistical Authority
EOF	National Organisation for Medicines
EOPYY	National Organisation for the provision of Health services
EPY	Health Procurement Commission
ERDF	European Regional Development Fund
ESA	European System of Accounts
ESF	European Social Fund
ESY	National Health System
EU	European Union
GDP	Gross Domestic Product
GEMI	General Commercial Registry
HRADF	Hellenic Republic Asset Development Fund
IDIKA	E-governance of social insurance
IMF	International Monetary Fund
KTEL	Joint Fund for Bus Receipts
LNG	Liquefied Natural Gas
LTV	Loan-to-value
MEFP	Memorandum of Economic and Financial Policies
MTFS	Medium-Term Fiscal Strategy
NHS	National Health System
OASA	Athens Urban Transport Organisation
OECD	Organisation for Economic Cooperation and Development
OGA	Agricultural Insurance Organisation
OSE	Railway Organisation of Greece
OTE	Hellenic Telecommunication Company
PPC	Public Power Corporation
PSC	Point of Single Contact
RAE	Regulatory Authority for Energy
RSPP	Radio Spectrum Policy Programme
SPA	Single Payment Authority
SPPA	Single Public Procurement Authority
TAP	trans-Adriatic pipeline
TEN-T	Trans European Transport network
TSO	Transmission System Operator
WHO	World Health Organisation

