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Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for Greece

{SWD(2021) 155 final}

2021/0159 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for Greece

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1] and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The COVID-19 outbreak has had a disruptive impact on the economy of Greece In 2019, the gross domestic product per capita in current prices (GDP per capita) of Greece was 55 % of the EU average. According to the Commission's 2021 Spring forecast, the real GDP of Greece declined by 8,2 % in 2020 and is expected to decline by 4,5 % cumulatively in 2020 and 2021. Longer-standing aspects with an impact on medium-term economic performance include in particular the high level of long-term unemployment, low productivity growth due to a concentration of economic activity in traditional and low-innovation sectors; moreover, high regulatory burdens, red tape and a slow and inefficient justice system hamper private investments.

(2) On 9 July 2019 and on 20 July 2020, the Council addressed recommendations to Greece in the context of the European Semester. In particular, in 2019, the Council recommended to Greece to take action in 2019 and 2020 to a) achieve a sustainable economic recovery and tackle the excessive macroeconomic imbalances by continuing and completing reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018 (country-specific recommendation 1 2019)[2]; and b) focus investment-related economic policy on sustainable transport and logistics, environmental protection, energy efficiency, renewable energy and interconnection projects, digital technologies, research and development, education, skills, employability, health, and the renewal of urban areas, taking into account regional

[1] OJ L 57, 18.2.2021, p. 17-75.

[2] These policy commitments pertain to structural reforms initiated under the economic adjustment programmes to improve the functioning of the Greek economy and have a timeline of up to mid-2022. They are monitored under enhanced surveillance and the quarterly progress reviews thereof and, focus in particular, on the areas of (i) fiscal and fiscal-structural policies, (ii) social welfare, (iii) financial stability, (iv) labour and product markets, (v) Hellenic Corporation of Assets and Participations and privatisation, and (vi) the modernisation of public administration.

disparities and the need to ensure social inclusion (country-specific recommendation 2 2019). In 2020, the Council recommended to Greece to take action in 2020 and 2021 to a) take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery in line with the 'general escape clause'; when economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment; strengthen the resilience of the health system and ensure adequate and equal access to healthcare (country-specific recommendation 1 2020); b); mitigate the employment and social impacts of the crisis, including by implementing measures such as short-time work schemes and ensuring effective activation support (country-specific recommendation 2 2020); c) swiftly deploy measures to provide liquidity and continued flow of credit and other financing to the economy, focusing in particular on small and medium-sized enterprises most affected by crisis; front-load mature public investment projects and promote private investment to foster the economic recovery; focus investment on the green and digital transition, in particular on safe and sustainable transport and logistics, clean and efficient production and use of energy, environmental infrastructure and very-high capacity digital infrastructure and skills; improve the effectiveness and digitalisation of the public administration and promote digital transformation of businesses (country-specific recommendation 3 2020); and d) continue and complete reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018 to restart a sustainable economic recovery, following the gradual easing up of constraints imposed due to the COVID-19 outbreak (country-specific recommendation 4 2020). Having assessed progress in the implementation of these country-specific recommendations at the time of submission of the recovery and resilience plan, the Commission finds that substantial progress has been achieved with respect to the recommendations on effectively addressing the pandemic, including by implementing measures such as short-time work schemes and providing liquidity to affected companies, as well as with respect to the recommendation to continue and complete reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018.

(3) On 2 June 2021, the Commission published an in-depth review under Article 5 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council[3] for Greece. The Commission's analysis led it to conclude that Greece is experiencing excessive macroeconomic imbalances, in particular related to high government debt, incomplete external rebalancing and high non-performing loans, in a context of high unemployment and low potential growth.

(4) [The Council recommendation on the economic policy of the euro area recommended to euro area Member States to take action, including through their recovery and resilience plans, to, inter alia, ensure a policy stance which supports the recovery and to further improve convergence, resilience and sustainable and inclusive growth. The Council recommendation also recommended to strengthen national institutional frameworks, to ensure macro-financial stability and to complete EMU and strengthen the international role of the euro.] [If the Council recommendation is not adopted by the time of the CID adoption, the recital will be removed].]

[3] Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

(5) On 27 April 2021, Greece formally submitted its national recovery and resilience plan to the Commission, in accordance with Article 18(1) of Regulation (EU) 2021/241. That submission followed a consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The national ownership of the recovery and resilience plans is underpinning their successful implementation and lasting impact at national level and credibility at European level**.** Pursuant to Article 19 of that Regulation, the Commission has assessed the relevance, effectiveness, efficiency and coherence of recovery and resilience plan, taking into account the assessment guidelines of Annex V to that Regulation.

(6) The recovery and resilience plans should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 and of the EU Recovery Instrument set up by Council Regulation (EU) 2020/2094[4] in order to support the recovery in the aftermath of the COVID-19 crisis. They should promote the Union´s economic, social and territorial cohesion by contributing to the six pillars referred to in Article 3 of Regulation (EU) 2021/241(7). The implementation of the Member States' recovery and resilience plans will constitute a coordinated effort of investment and reforms across the Union. Through the coordinated and simultaneous implementation of these reforms and investments and the implementation of cross-border projects, these reforms and investments will mutually reinforce each other and generate positive spillovers across the whole Union. Therefore, about one third of the impact of the Facility on Member States' growth and job creation will come from spillovers from other Member States.

Balanced response contributing to the six pillars

(7) In accordance with Article 19(3), point (a) and section 2.1 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of Regulation (EU) 2021/241, taking the specific challenges, the financial allocation of the Member State concerned and the requested loan support into account.

(8) Article 3 of Regulation (EU) 2021/241 provides that the scope of application of the Facility should refer to policy areas of European relevance structured in six pillars: (a) green transition; (b) digital transformation; (c) smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs; (d) social and territorial cohesion; (e) health, and economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity; and (f) policies for the next generation, children and the youth, such as education and skills. The reforms and investments included in the plan contribute to all six aforementioned pillars. Further, there is an overall balance between pillars (c), (d), (e) and (f). Therefore, the plan represents to a large extent a

[4] Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433I , 22.12.2020, p. 23.)

comprehensive and adequately balanced response to Greece's economic and social situation.

(9) More specifically, as regards green transition, the plan includes measures intended to move Greece towards a low-carbon energy model, reduce greenhouse gas emissions, increase renewable energy sources, promote energy-efficiency and the energy renovation of buildings, introduce sustainable transport modes and protect the natural environment. Reforms and investments on digital transformation relate to enhancing connectivity and broadband coverage, digitalising public administration and key sectors of the economy, and developing digital infrastructures and digital skills. To sustain smart and inclusive growth, the plan provides for measures to reinforce private investments, including for SMEs, improve the business environment, stimulate research, development and innovation performance, increase employment and link skills to jobs, and enhance the efficiency of the public administration and the justice system. Further, targeted interventions are designed to strengthen social cohesion by addressing challenges related to labour market participation, skills development, and equal opportunities, while a number of investments facilitate territorial cohesion. Moreover, to mitigate adverse shocks and better respond to crises, the plan contains actions to tackle long standing issues of the healthcare and social protection systems (social resilience), foster sustainability of public revenues, financial sector resilience, and economic activity diversification (economic resilience), and ensure efficient public administration and sound governance (institutional resilience). Concerning policies for the next generation, reforms and investments across all levels of education aim at digitalising processes and infrastructures, and developing digital skills for the youth, while other measures focus on early childhood education and care.

(10) Greece aims to promote private investments, through a 'Loan Facility' which should make use of the following distribution channels: (i) international financial institutions, through operational agreements; (ii) commercial banks, through an open call for selection; (iii) an equity platform, through a mandate agreement; and (iv) InvestEU Member State compartment, through a contribution agreement. The aforementioned agreements and the call for the selection of commercial banks should include provisions on the selection criteria of supported companies for compliance with Regulation (EU) 2021/241 and the 'do no significant harm' technical guidance of the Commission (2021/C58/01), requiring the use of sustainability proofing, an exclusion list, mandatory legal compliance checks for transactions exempt from sustainability proof by an independent auditor and selection of activities in compliance with relevant Union and national environmental legislation. The commitment for international financial institutions, commercial banks, and InvestEU to invest funds to support the climate and digital transition should be conducted using the methodology in Annexes VI and VII to Regulation (EU) 2021/241, while independent auditors should verify compliance with the principle of do not significant harm and with the climate and digital targets under Regulation (EU) 2021/241.

Addressing all or a significant subset of challenges identified in Country Specific Recommendations

(11) In accordance with Article 19(3), point (b) and section 2.2 of Annex V to Regulation (EU) 2021/241 the recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations, including fiscal aspects thereof, and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011,

addressed to Greece or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester. With respect to country-specific recommendation 1 2019 and country-specific recommendation 4 2020, policies pursued to address specific commitments given by Greece in the Eurogroup in June 2018 will continue to be monitored under enhanced surveillance.

(12) The recommendations related to the immediate fiscal policy response to the pandemic can be considered as falling outside the scope of Greece's recovery and resilience plan. In line with the provisions of the General Escape Clause, and in response to the COVID-19 pandemic and related economic downturn, Greece has adopted budgetary measures to strengthen the capacity of its health system, contain the pandemic and provide relief to those individuals and sectors that have been particularly affected. This forceful policy response has cushioned the contraction in GDP, which, in turn, curtailed the increase in government deficit and public debt.[5]

(13) The plan includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Greece by the Council in the European Semester in 2019 and in 2020, notably in the areas of quality and sustainability of public finances; accessibility and resilience of the health system; active labour market policies; policies supporting public and private investments in the areas of education, skills and employability; research and development; safe and sustainable transport and logistics, clean and efficient production and use of energy including renewable energy and interconnection projects; environmental infrastructures; renewal of urban areas; and the digital transformation of the public administration and businesses. The plan also includes a significant number of measures addressing challenges in the areas of fiscal structural policies, social welfare, financial stability, labour and product markets, and the modernisation of public administration, following up, broadening and complementing post-programme commitments. In the medium-term, given its strong focus on investment, employment and productivity-enhancing policies, the implementation of the plan is expected to support the economic recovery and thus contribute to achieving a prudent fiscal position and ensuring debt sustainability in line with the relevant country-specific recommendation (country-specific recommendation 1 2020). The proposed active labour market policies are diverse and targeted at groups in need of support, aiming at job creation while contributing to the green transition (country-specific recommendation 2 2020). The plan supports addressing important challenges of the Greek education system and foresees sizeable investment in skills through life-long learning, with great focus on digital transformation in both education segments (country-specific recommendation 3 2020 and country-specific recommendation 2 2019). Targeted measures are put forward to support social integration of vulnerable groups, including persons with disabilities and homeless people, Roma and people living in extremely poverty, while there are a number of measures to promote participation of women to the labour market (country-specific recommendation 2 2020).

(14) The plan foresees to front-load the implementation of mature public investment projects and to promote private investments in priority sectors, including those

[5] Recommendation for a Council Recommendation delivering a Council opinion on the 2021 Stability Programme of Greece, COM(2021) 508 final.

contributing to the digital and green transition, with measures related to energy efficiency, sustainable transport, environmental protection and the renewal of urban areas, commensurate to the related challenges in line with the country-specific recommendations on public and private investment (country-specific recommendation 3 2020 and country-specific recommendation 2 2019). Moreover, the plan supports addressing challenges related to the digitalisation of the public administration and businesses (country-specific recommendation 3 2020 and country-specific recommendation 2 2019). The plan builds on and complements key structural reforms started under the economic adjustment programmes to improve the broader functioning of the economy and which are currently monitored under the enhanced surveillance framework. The plan proposes ambitious reforms of the business environment, labour market and social policies, the health-care system and of the public administration including the tax administration and justice. These reforms are flanked by investments supporting their implementation (country-specific recommendation 4 2020 and country-specific recommendation 1 2019).

(15) By addressing the aforementioned challenges, the implementation of the plan is expected to also contribute to correcting the excessive macroeconomic imbalances that Greece is experiencing, notably with respect to high government debt, incomplete external rebalancing and high non-performing loans, in a context of high unemployment and low potential growth.[6]

Contribution to growth potential, job creation and economic, social and institutional resilience

(16) In accordance with Article 19(3), point (c) and section 2.3 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to have a high impact (Rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Greece, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within Greece and the Union.

(17) Simulations by the Commission services show that the plan has the potential to increase the real GDP of Greece by 2,1 – 3,3% by 2026.[7] The plan builds upon and is consistent with the comprehensive 'Development Plan for the Greek Economy', published in November 2020[8]. As such, it addresses the main obstacles affecting long-term growth in Greece, including notably the sizable investment gap and the need to improve the quality of education, as well as the efficiency and quality of public administration and of the justice system. The implementation of the planned active labour market policies, reskilling and upskilling has the potential to increase labour market participation and employment, including that of women.

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6 These macroeconomic imbalances refer to the recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 in 2019 and 2020.

7 Such simulations reflect the overall impact of NGEU, which also includes funding for ReactEU, and increased funding for Horizon, InvestEU, JTF, Rural Development and RescEU. Such simulation does not include the possible positive impact of structural reforms, which can be substantial.

8 The Plan was published (in EL) and is available at the government's website https://government.gov.gr/wp-content/uploads/2020/11/growth_plan_2020-11-23_1021.pdf.

(18) Several measures are expected to increase the productivity of the economy. Some reforms aim to improve business environment and to help the ease of doing business, which is complemented by advances in digitalisation. The public administration is expected to be modernised and regulatory and administrative burden is set to be reduced, while improvements in tax administration should help to create a more growth-friendly tax environment. The plan includes an ambitious agenda to improve the efficiency and quality of the justice system through digitalisation, revision of judicial maps, and projects investing in physical and human capital. Furthermore, additional funds provided to the private sector through the Loan Facility are expected to induce private investment.

(19) The plan presents a comprehensive set of measures to address labour market deficiencies and to improve social cohesion. These measures are expected to build capacities of employment and social institutions. The revision of the labour code, and improvements in public administration efficiency thanks to digitalisation and better labour market monitoring are also expected to reduce vulnerabilities to shocks. Furthermore, these measures are expected to contribute to cohesion by fostering participation in the labour market, including for vulnerable groups.

(20) The implementation of the plan is expected to effectively contribute to addressing a multitude of employment and social challenges relevant for the implementation of the European Pillar of Social Rights. To foster equal opportunities and access to the labour market, the plan envisages a new strategy for lifelong learning and a modernisation of the upskilling and reskilling system. The reform would redesign and upgrade the current fragmented programmes, establishing new curricula linked to labour market needs and an assessment framework for the providers of upskilling programmes. Investments in further upgrading of vocational education and training are also envisaged. With a view to improving labour market dynamics, Greece also plans significant investments in upskilling and reskilling programmes.

Do no significant harm

(21) In accordance with Article 19(3), point (d) and section 2.4 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to ensure that no measure for the implementation of reforms and investment projects included in the recovery and resilience plan does significant harm to environmental objectives (Rating A) within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council [9] (the principle of 'do no significant harm').

(22) For each of the measures, the recovery and resilience plan is expected to ensure that no significant harm is done to any of the six environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852, namely climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Greece provided justifications following the 'do no significant harm' technical guidance adopted by the Commission (2021/C 58/01). Where needed, Greece has proposed the implementation of mitigating

[9] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

measures to ensure that significant harm is avoided, which should be ensured through the respective milestones and targets.

(23) Particular attention is paid to horizontal schemes, including those for which a loan is requested, where the requirements for complying with the principle of 'do no significant harm' are enshrined in the design of the schemes and should be specified in a milestone or target.

Contribution to the green transition including biodiversity

(24) In accordance with Article 19(3), point (e) and section 2.5 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan contains measures that effectively contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 37,5 % of the plan's total allocation, calculated in accordance with the methodology of Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 Regulation (EU) 2021/241, the recovery and resilience plan is consistent with the information included in the National Energy and Climate Plan 2030.

(25) Reforms and investments are expected to make a significant contribution to advance the decarbonisation and energy transition objectives of Greece as set out in the National Energy and Climate Plan (NECP 2030) and the Carbon Neutrality Roadmap 2050, thereby contributing to the Union's climate target and objective respectively. A number of the investments contributing to the green transition are embedded in broader national plans, such as the long term renovation strategy, waste management strategy, reforestation, circular economy and biodiversity, and are expected towards the implementation of these strategies.

(26) The recovery and resilience plan contains measures addressing a number of challenges in the green transition areas. On clean energy, the plan contains both reforms and investments that are expected to increase the renewable energy sources in Greece's energy mix. Sizeable investments are planned that are expected to improve the energy efficiency of Greece's ageing housing stock, complemented by actions targeting energy poor households. Other significant climate and environmental contributions are provided by measures supporting sustainable mobility through both reforms and investments that are expected to improve urban public transport and enhance the infrastructure for electric vehicles. The plan contains investments that are expected to support biodiversity, through reforestation aiming to restore degraded forest ecosystems, and strengthening of the environmental protection through the introduction of a monitoring system of species and habitat types. The plan includes investments on sustainable agriculture that are expected to promote innovation and protect the environment through improving the environmental profile of agricultural holdings and mitigate the effects of climate change. Finally, the Loan Facility should target climate-related activities in a selected number of intervention fields, such as energy efficiency and demonstration projects for the private sector with significant energy savings or reduction of greenhouse gas emissions, new renewable energy sources' capacity (solar and wind) and smart energy systems.

(27) On the environmental objectives as set out in Regulation (EU) No 2020/852[10], the plan includes measures on climate change mitigation that are expected to reduce greenhouse gas emissions, mainly through enhancing energy efficiency of buildings. The plan includes a number of measures related to climate change adaptation, including preparation of local urban plans that are expected to facilitate urban renewal and make the cities more climate resilient and to strengthen flood mitigation infrastructure. Further, measures on water supply and urban wastewater are linked with specific targets that are expected to reduce water leakage and energy consumption, thus contributing to a more sustainable use of water resources. Finally, with regard to biodiversity, the plan covers a reforestation measure that is expected to increase the forest-covered area by 16 500 ha using mostly native species.

Contribution to the digital transition

(28) In accordance with Article 19(3), point (f) and section 2.6 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan contains measures that effectively contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 23,3 % of the plan's total allocation, calculated in accordance with the methodology of Annex VII of Regulation (EU) 2021/241.

(29) The recovery and resilience plan contains measures in the digital transition areas addressing the related challenges and is overall well aligned with key objectives of the Digital Strategy of the Union and with the priorities related to digital set out by the Commission in the 2021 Annual Sustainable Growth Strategy. These measures concern connectivity, interoperability in the design of public services, cybersecurity, artificial intelligence, development of digital skills, availability of open data and the empowerment and equal participation of women, older people and vulnerable groups in the digital age. Component 2.1 of the plan contains investments to facilitate the installation of fibre optic infrastructure in buildings, the development of 5G networks covering all major Greek highways, the deployment of submarine cables for interconnection of Greek islands and the interconnection with Cyprus and the utilisation of space technologies and applications. Reforms institute the framework needed to facilitate the switch to fast broadband connections and the transition to 5G technology. Measures in Component 2.2 target the digital transformation of public sector entities as regards archives and enhanced digital services, business process improvements, increased interoperability between systems and data, cybersecurity and data governance strategies and policies as well as extended use of advanced technologies such as cloud computing and big data. Component 2.3, in conjunction also with measures under Component 4.1, aims to boost the adoption of digital technologies by businesses, in particular SMEs by tackling key challenges of digital inclusion. These initiatives are expected to allow for the creation of the digital business ecosystem and support SMEs in obtaining digital services, data platforms and spaces, and new technology cash registers and Point-Of-Sale (POS) terminals. In conjunction with other measures under Components 4.1 and 4.6, measures under Component 2.3 are expected to contribute to the digital transition of the Greek industry, to accelerate its transition to Industry 4.0, and to transform firms' business

[10] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

models to increase their competitiveness and resilience. The plan also includes, under Component 3.2, measures aimed at bridging the current digital gap in the human capital dimension, by modernizing and upgrading the life-long learning system and by providing upskilling and reskilling for the workforce that correspond to the needs of the market, with a focus on digital skills. Such measures are expected to contribute to bridging the digital divide and to reinforce basic digital literacy across the entire population. Finally, the Loan Facility should target digital-related activities in a number of intervention fields, in particular through investments in very high capacity broadband networks, investments aimed at digitalizing both SMEs and large enterprises, investments in the development and deployment of cybersecurity technologies, advanced digital technologies and other types of ICT infrastructure.

(30) The measures of the plan related to the digital transition appear well aligned with Greece's shortcomings in the digital field as identified in the Digital Economy and Society Index (DESI). These measures are expected to effectively complement existing national plans and initiatives and, overall, to significantly contribute to the digital transformation of the Greek economy and society, by contributing to improving the competitiveness and resilience of the economy, while ensuring inclusiveness. In addition, these measures are expected to bring a transformational change and have a lasting impact.

Lasting impact

(31) In accordance with Article 19(3), point (g) and section 2.7 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to have a lasting impact on Greece to a large extent (Rating A).

(32) The plan comprises a series of reforms which are expected to induce lasting changes on policies and facilitate their effective implementation. Reforms to ease the administrative burden of doing business, and improve regulatory quality are conducive to creating a level-playing field for businesses and unlocking Greece's investment potential. To this end, measures to strengthen market surveillance should facilitate effective policy enforcement. With respect to energy policy, the rationalisation of the licensing procedure for renewable energy sources (RES) plants aims to address the long lead times for RES deployment and support Greece's green transition, while respecting environmental legislation. Financial-sector reforms aim to enhance credit decision-making and empower the non-performing loan market through tackling information asymmetries and to strengthen capital markets, thus increasing Greece's economic resilience to future shocks. Significant initiatives to improve the governance system across public administration levels, modernising staff hiring procedures and strengthening the national public procurement and anti-corruption frameworks are expected to address inherent structural weaknesses. Important reforms of the justice system aim at modernising the system and increasing its quality and efficiency, including through the revision of the judicial map, digitalisation and upskilling of judges and judicial clerks.

(33) The investments included in the plan aim to address root causes of key challenges identified and appear sustainable from a financial and budgetary perspective. A large number of investments in digital infrastructure for the public administration are foreseen, both at central and municipal level. Coupled with a comprehensive process simplification programme, these are expected to induce a lasting structural change in the functioning of the administration and to address the currently low level of digital

public services for citizens and businesses alike. Further, significant digital investments in tax administration are expected to contribute to the fight against tax evasion and smuggling and to reduce the administrative burden on taxpayers. The introduction of digital processes and tools in the justice system, coupled with the training of judges and judicial staff is conducive to the better functioning of courts. Investments in education, social welfare, health care, and employment services, and the upskilling and reskilling of the workforce, with an emphasis on green and digital skills, are expected to safeguard the resilience and improve the quality of such critical services, in an inclusive and sustainable way. Significant investments are also foreseen to facilitate the achievement of the long term objectives of environmental and decarbonisation policies, including energy-efficient renovation of buildings, strategic green urban regeneration projects, land rehabilitation measures for lignite-affected areas, installation of charging infrastructure for electric vehicles and measures to support reforestation and sustainable agriculture. Lasting impact of the plan can also be enhanced through synergies between the plan and other programmes financed by the European Union (including cohesion policy funds and InvestEU) notably by addressing in a substantive manner the deeply rooted territorial challenges and promoting a balanced development.

Monitoring and implementation

(34) In accordance with Article 19(3), point (h) and section 2.8 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan are adequate (Rating A) to ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators.

(35) The recovery and resilience plan presents a management control system that involves four bodies, consisting of the Recovery and Resilience Facility Coordination Agency, line Ministries' competent services, implementing bodies and the Financial Audit Committee (EDEL). The overall responsibility to coordinate the implementation and monitoring is given to the recently established Recovery and Resilience Facility Coordination Agency, which is part of the Ministry of Finance. The majority of the implementing bodies responsible for the implementation of the measures remain to be identified. In accordance with Article 20(5), point (e) of Regulation (EU) 2021/241, Greece should duly establish the management and control system before the first payment request is submitted to the European Commission, in order to comply with Article 22 of that Regulation. The plan provides a detailed overview of the monitoring and reporting processes foreseen.

(36) The milestones and targets of the Greek plan constitute an appropriate system for monitoring the plan's implementation. They are in general sufficiently clear and comprehensive to ensure that their completion is traced and verified. Further, the milestones and targets are relevant and acceptable, as their scope reflects the overall objective of the measures.

(37) Milestones and targets are also relevant for measures already completed which are eligible according to Article 17(2) of the Regulation. The satisfactory fulfilment of these milestones and targets over time is required to justify a disbursement request.

(38) Member States should ensure that financial support under the Facility is communicated and acknowledged in line with article 34 of Regulation (EU) 2021/241.

Technical support may be requested under the Technical Support Instrument to assist Member States in the implementation of their plan.

Costing

(39) In accordance with Article 19(3), point (i) and section 2.9 of Annex V to Regulation (EU) 2021/241, the justification provided in the plan on the amount of the estimated total costs of the plan is to a medium extent (Rating B) reasonable and plausible and is in line with the principle of cost efficiency, and is commensurate to the expected national economic and social impact.

(40) A detailed breakdown of the cost per measure was provided, with the costing methodology varying across measures and the bottom-up approach being the most prevalent. For the significant majority of the measures, the costs are assessed as reasonable, plausible, cost efficient and commensurate. The amount of the estimated total costs of the recovery and resilience plan is also commensurate to the expected social and economic impact of the envisaged measures and the justifications provided for the cost assessment are in general sufficient. For a limited number of cost assessments, costs exceeded the cost range set by comparable projects to a medium extent. The cost assessment was assessed by an external consultant and approved by Greece's National Productivity Board. Finally, the estimated total cost of the recovery and resilience plan is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of financial interests

(41) In accordance with Article 19(3), point (j) and section 2.10 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding from that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with EU law, including for preventing, detecting and correcting corruption, fraud and conflicts of interests, and for protecting the Union finances in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council.

(42) An additional milestone is set requiring the establishment of the legal mandate of the Financial Audit Committee and the setup of the management control and audit systems to be able to: (a) ensure the collection of data and monitoring of the achievement of milestones and targets; (b) allow for the preparation of management declarations and the audit summary as well as payment claims and (c) establish the necessary procedures to collect and store data on beneficiaries, contractors, subcontractors, and beneficial owners in accordance with Article 22 of Regulation (EU) 2021/241 for the first payment claim by 30 September 2021. A dedicated audit report on the system set-up should be undertaken. The report should analyse any related weaknesses found and corrective actions taken or planned.

(43) The control and audit system developed by Greece is coherently designed to meet the requirements of Regulation (EU) 2021/241. The internal control system is based on robust processes and structures: roles and responsibilities of the actors for controls and audits are clear, relevant control functions are appropriately segregated and the independence of actors performing audits is ensured. The Financial Audit Committee

carries out audits to check whether implementing bodies that should undertake the management and implementation of the approved projects carry out procedures to prevent, detect and correct fraud, corruption and conflicts of interest, when using the funds provided under Regulation (EU) 2021/241, including arrangements aimed at avoiding double funding from other Union programmes, as well as compliance with applicable rules. Each implementing body is rated for its inherent and control risk and the Financial Audit Committee sets its audit priorities based on the risk order. Double funding under Regulation (EU) 2021/241 and other Union programmes is averted through several levels of controls. The independent certified auditors should audit the implementing bodies, responsible for the implementation and management of the investments and reforms. The Recovery and Resilience Facility Coordination Agency is tasked with the overall coordination and monitoring of the recovery and resilience plan and constitutes the single point of contact between the Greek authorities and the Commission. The payment requests should be submitted by the Recovery and Resilience Facility Coordination Agency to the Commission on a semi-annual basis, upon verification of the achievement of the milestones and targets through the RRF Management Information System, accompanied by the management declaration and the summary of the audits carried out by the Financial Audit Committee. It is anticipated that the actors responsible for controls should have the legal empowerment and administrative capacity to exercise their foreseen roles and tasks.

(44) Greece has indicated that an IT-tool for the management and reporting of the milestones and targets is being developed in order to meet specific management and reporting requirements described in the plan. In accordance with Article 20(5), point (e) of Regulation (EU) 2021/241, Greece should implement this measure in order to comply with Article 22 of that Regulation.

Coherence of the plan

(45) In accordance with Article 19(3), point (k) and section 2.11 of Annex V to Regulation (EU) 2021/241, the plan includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(46) Reforms and investments presented in the Greek recovery and resilience plan are complementary to each other. They are based on a comprehensive growth plan, which ensures its coherence towards contributing to smart, inclusive and sustainable economic development in the future. The four main pillars of the Plan, (i) Green Transition, (ii) Digital Transformation, (iii) Employment, Skills and Social Cohesion, and (iv) Private Investment and Transformation of the Economy, are highly interlinked and mutually reinforcing. They contain measures related to the digital transformation, which are key enablers for the green and circular transition of the Greek economy. Similarly, the inclusion of climate-related and sustainability criteria from the green transition pillar is expected to reinforce the deployment of digital technologies and facilitate the implementation of the digital pillar. The strategic investments in digital multi-country projects and emerging technologies are expected to help achieving scale and interoperability. The third pillar is expected to ensure that digital and green transitions will be fair across the Greek society by prioritising sustainable job creation, improvement of the education system and skills, and the provision of high quality and effective health and social care services. The fourth pillar aims at mobilising private and public investment to boost competitiveness, support productivity and long-run

growth and to create new jobs, while also setting up institutional frameworks, which are expected to enable the digital and green transition to materialise in Greece.

Equality

(47) The plan contains a series of measures that are expected to contribute to addressing the challenges in the area of gender equality and equal opportunities for all. These include targeted reforms and investments in the areas of employment, skills, health and social cohesion. Long-term unemployed, persons with disabilities and homeless people, persons with a minority ethnic background, migrants and asylum seekers, and people living in extreme poverty are among the beneficiaries. The plan further aims to promote diversity awareness in the private and the public sector and to strengthen monitoring mechanisms. In terms of gender equality, the plan contains a number of measures to promote the participation of women in the labour market including through targeted employment subsidies and upskilling programmes and by expanding early childhood education and care facilities. Moreover, several of other measures that not explicitly aimed at promoting equal opportunities, contain an equality aspect. During the implementation phase of the plan, the collection of disaggregated data by gender and ethnic background should be ensured in order to better assess and follow up equality issues.

Security self-assessment

(48) The plan includes a security-self assessment for investments in digital capacities and connectivity. As regards investments in connectivity and in particular in 5G networks, the plan identifies the relevant security issues and associated risks and identifies mitigating measures to be enacted for each of them based on the common objective criteria included in the EU toolbox for Cybersecurity of 5G networks.

Cross-border and multi-country projects

(49) The plan includes several cross-border and multi-country projects, mainly under the digital pillar. There are investment projects with a digital dimension, such as the '5G corridors' investment, that is also expected to support the cross-border corridor Thessaloniki-Sofia-Belgrade and the 'Small satellites' investment that is expected to ensure interoperability with the European Quantum Communication Infrastructure (EuroQCI) initiative[11]. In addition, the 'Submarine fiber cables' investment project is expected to support the installation of submarine fibre cables to interconnect mainland Greece with its islands and with Cyprus. The plan also includes investing in a new high performance computing system to upgrade the existing one of the National Infrastructures for Research and Technology and its interconnection with the EuroHPC supercomputers; and the creation of a national Cybersecurity Operations Centre and its networking with similar centres of other Member States. The plan further includes a framework of the European Common Data Infrastructure Services, that is to say the Supply of Central Cloud Computing Infrastructure and Services.

Consultation process

(50) The plan includes a dedicated section describing the consultation process, which took place ahead of the submission of the plan to the Commission. The plan further lists the stakeholders who were consulted between July 2020 and April 2021 and provided

[11] See https://digital-strategy.ec.europa.eu/en/policies/quantum.

input for its preparation including representatives of local and regional authorities, industry and other economic associations, NGOs and key social partners. The plan further cites examples of recommendations of reforms and investments that were taken on board for its preparation. To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the plan.

Positive assessment

(51) Following the positive assessment of the Commission concerning Greece's recovery and resilience plan with the finding that the plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of that Regulation, this Decision should set out the reforms and investment projects necessary for the implementation of the plan, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the plan in the form of non-repayable financial and loan support.

Financial contribution

(52) The estimated total cost of the recovery and resilience plan of Greece is EUR 31 164 331 515 As the recovery and resilience plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of that Regulation, and, furthermore, as the amount of the estimated total costs of the recovery and resilience plan is higher than the maximum financial contribution available for Greece, the financial contribution allocated for Greece's recovery and resilience plan should be equal to the total amount of the financial contribution available for Greece.

(53) In accordance with Article 11(2) of Regulation (EU) 2021/241, the calculation of the maximum financial contribution for Greece is to be updated by 30 June 2022. As such, in accordance with Article 23(1) of that Regulation, an amount for Greece should be made available now for a legal commitment by 31 December 2022. Where necessary following the updated maximum financial contribution, the Council, on a proposal from the Commission, should amend this Decision to include the updated maximum financial contribution without undue delay.

(54) Furthermore, in order to support additional reforms and investments, Greece has requested loan support. The maximum volume of the loan requested by Greece does not exceed 6,8 % of its 2019 Gross National Income in current prices. The amount of the estimated total costs of the recovery and resilience plan is higher than the combined financial contribution available for Greece and the requested loan support.

(55) The support to be provided is financed from the borrowing by the Commission on behalf of the Union on the basis of Article 5 of Council Decision (EU, Euratom) 2020/2053[12] . The support should be paid in instalments once Greece has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

(56) Greece has requested pre-financing of 13 % of the financial contribution and of 13 % of the loan. That amount should be made available to Greece subject to the entry into

[12] OJ L 424, 15.12.2020, p. 1.

force and in accordance with the Financing Agreement provided for in Article 23(1) of Regulation (EU) 2021/241 and the Loan Agreement provided for in Article 15(2) of that Regulation.

(57) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any other Union programme than Regulation (EU) 2021/241 or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty,

HAS ADOPTED THIS DECISION:

Article 1
Approval of the assessment of the recovery and resilience plan

The assessment of the recovery and resilience plan of Greece on the basis of the criteria provided for by Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the recovery and resilience plan, the arrangements and timetable for monitoring and implementation of the recovery and resilience plan, including the relevant milestones and targets and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.

Article 2
Financial contribution

1. The Union shall make available to Greece a financial contribution in the form of non-repayable support amounting to EUR 17 769 942 602.[13] An amount of EUR 13 515 279 418 is available to be legally committed by 31 December 2022. Subject to the update provided for in Article 11(2) of Regulation (EU) 2021/241 calculating an amount for Greece equal to or more than this amount, a further amount of EUR 4 254 663 184 is available to be legally committed as of 1 January 2023 until 31 December 2023.

2. The Union financial contribution shall be made available by the Commission to Greece in instalments in accordance with the Annex. An amount of EUR 2 310 092 538 shall be made available as a pre-financing payment, equal to 13 per cent of the financial contribution. The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

3. The pre-financing shall be released subject to the entry into force and in accordance with the Financing Agreement provided for in Article 23(1) of Regulation (EU) 2021/241. Pre-financing shall be cleared against the payment of the instalments.

[13] This amount corresponds to the financial allocation after deduction of Greece's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

4. The release of instalments in accordance with the Financing Agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Greece has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan. Subject to the entry into force of the legal commitments referred to in paragraph 1, to be eligible for payment, milestones and targets shall be completed no later than 31 August 2026.

Article 3
Loan support

1. The Union shall make available to Greece a loan amounting to a maximum of EUR 12 727 538 920.

2. The loan support shall be made available by the Commission to Greece in instalments in accordance with the Annex. An amount of EUR 1 654 580 060 shall be made available as a pre-financing payment, equal to 13 per cent of the loan. The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

3. The pre-financing shall be released subject to the entry into force and in accordance with the Loan Agreement provided for in Article 15(2) of Regulation (EU) 2021/241. Pre-financing shall be cleared against the payment of the instalments.

4. The release of instalments in accordance with the Loan Agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Greece has satisfactorily fulfilled the additional milestones and targets covered by the loan and identified in relation to the implementation of the recovery and resilience plan. To be eligible for payment, the additional milestones and targets covered by the loan shall be completed no later than 31 August 2026.

Article 4
Addressee of the Decision

This Decision is addressed to the Hellenic Republic.

Done at Brussels,

For the Council
The President