

## GREECE

- GDP per capita stands at around 50% below the best performing OECD countries, following a continuous decline since 2009 due to a drop in both employment and labour productivity.
- Inequality has increased with the Gini coefficient rising by 0.3 percentage point per year between 2008 and 2013. During the same period, inequality in OECD stayed constant on average. The income of the poorest also fell relatively more than for the total population.
- Over the past couple of years, structural reforms implemented have partially addressed previous *Going for Growth* recommendations. Progress has been made in the areas of VAT compliance and the social safety net for instance whereas reforms in the areas of education and the public administration have been modest. A number of reforms in areas beyond the scope of *Going for Growth* priorities have also been implemented.
- Fully implementing policies to reduce poverty and inequality, such as the Guaranteed Minimum Income, would alleviate the severe social cost of the crisis while boosting consumption and growth. Easing further regulations in network industries and strengthening the capacity and independence of regulatory agencies would raise competitiveness. Continuing to streamline regulation would improve the business environment. Pursuing the fight on tax evasion and further broadening the tax base is key to raising revenues in a more inclusive and growth-friendly way. Better exploiting EU structural funds to boost investment in education, research and innovation, and information and communication technology will enhance skills and human capital, and lay the foundation for a stronger economic growth.

### Going for Growth 2017 priorities

**Continue strengthening the social safety nets.** The long crisis has increased poverty, generating high human and social costs; long-term unemployment remains high.

**Actions taken:** A National Strategy for Social Inclusion was launched in early 2015 to tackle poverty, social exclusion and discrimination. The first phase of the means-tested Guaranteed Minimum Income ended in May 2016. The second phase started in July 2016, with a view to having a national roll-out in 2017. A pilot review of primary discretionary expenditure has been conducted in 2016 and a comprehensive expenditure review covering the General Government is planned for 2017.

**Recommendations:** Implement policies to reduce poverty and inequality. Fully implement the Guaranteed Minimum Income, as planned, and introduce a school-meal and a housing assistance programme targeted to the poor. Expand the pilot expenditure review to the entire public administration, as planned, and use the resulting savings to enhance job-search and training policies and the social safety net.

**Ease regulation in network industries.** Regulatory barriers to competition remain relatively high in several network industries (e.g. energy and transport), resulting in inefficiencies and low competitiveness.

**Actions taken:** Progress has been made in the separation of the electricity transmission system operator (ADMIE) from the Public Power Corporation (PPC), the incumbent. The legislation was amended to facilitate unbundling in the gas market.

**Recommendations:** Further ease regulations in network industries and strengthen the capacity and independence of regulatory agencies.

**Enhance the efficiency of public administration.** Inefficiencies of the public administration hold back investment and affect negatively the business environment.

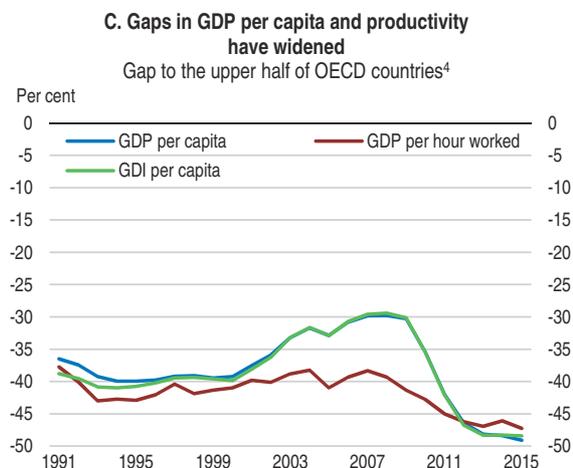
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## Growth performance and inequality indicators

A. Growth		
Average annual growth rates (%)	2003-09	2009-15
GDP per capita	1.3	-3.9
Labour utilisation	1.3	-2.2
of which: Labour force participation rate	0.9	0.0
Employment rate <sup>1</sup>	0.0	-3.0
Employment coefficient <sup>2</sup>	0.4	0.9
Labour productivity	0.4	-1.3
of which: Capital deepening	-0.2	1.5
Total factor productivity	0.5	-2.8
Dependency ratio	-0.4	-0.4

B. Inequality		
	Level	Annual variation (percentage points)
	2013	2008-13
Gini coefficient <sup>3</sup>	34.3 (31.7)*	0.3 (0)*
Share of national disposable income held by the poorest 20%	6.5 (7.7)*	-0.1 (0)*

\* OECD average

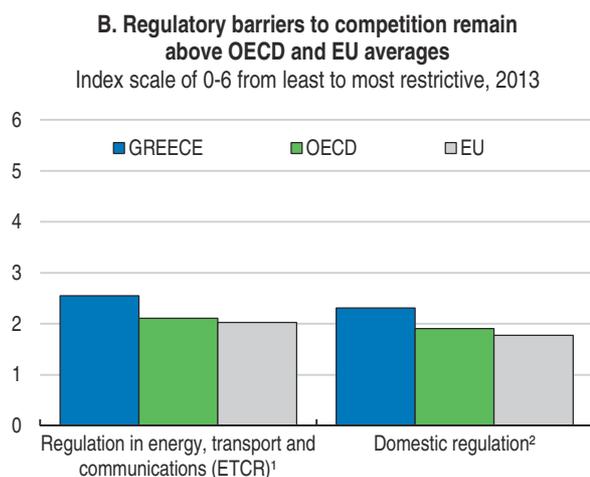
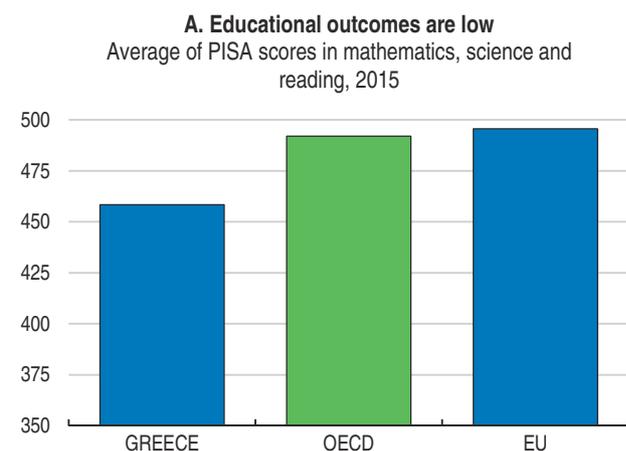


1. The employment rate is defined with respect to the economically active population; a positive growth rate corresponds to a decline in the structural unemployment rate and vice-versa.
2. This adjustment variable is added to the decomposition to capture the impact of non-resident workers.
3. The Gini index measures the extent to which the distribution of disposable income among households deviates from perfect equal distribution. A value of zero represents perfect equality and a value of 100 extreme inequality.
4. Percentage gap with respect to the weighted average using population weights of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2010 PPPs).

Source: Panel A: OECD, Economic Outlook No. 100 Database; Panel B: OECD, Income Distribution Database; Panel C: OECD, National Accounts and Productivity Databases.

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## Policy indicators



1. Seven indicators of regulation in network sectors are aggregated into one indicator of regulation in energy, transport and communications (ETCR) and cover telecoms, electricity, gas, post, rail, air passenger transport and road freight.
2. Average of the product market regulation subcomponents: public ownership, involvement in business operations under "State control" and regulatory protection of incumbents under "barriers to entrepreneurship". For further details see Koske, I., I. Wanner, R. Bitetti and O. Barbiero, "The 2013 update of the OECD product market regulation indicators: policy insights for OECD and non-OECD countries", OECD Economics Department Working Papers.

Source: Panel A: OECD, PISA Database; Panel B: OECD, Product Market Regulation Database.

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**Actions taken:** In November 2016, a new framework law for the simplification of investment licensing and a new law for one-stop agencies for businesses, to simplify the establishment of new businesses, entered into force. The National Trade Facilitation Strategy (NTFS) for Greece foresees the implementation of a ‘national single window’ for exports that would act as one-stop shop specifically for export procedures. An Action Plan for export promotion was approved by competent Ministries and stakeholders and two agencies were established, one for policy planning and the other for implementation. Other measures taken include: revisions to the unified wage grid in the public sector; revisions to the system for evaluating and promoting civil servants; amendments to the Code of Civil Procedure to accelerate judicial proceedings, streamline enforcement procedures and alter the seniority of claims in case of forced liquidation.

**Recommendations:** Improve the quality of regulation by making better and more extensive use of regulatory impact analysis. Make the national single window for exports and the one-stop agencies fully operational. Reduce delays and backload of cases in the judiciary by using more e-justice tools, encouraging out-of-court settlements, model cases, and specialised competition courts.

**Enhance the efficiency and fairness of the tax system.** Tax evasion is pervasive. The gap between actual VAT collections and what could be collected is one of the highest among OECD countries, due to exemptions and reduced rates, as well as tax evasion.

**Actions taken:** In 2015, the VAT policy gap was reduced by streamlining reduced VAT rates and eliminating lower rates for certain regions. An independent public revenue agency was established in mid-2016 and will become operational in January 2017. The 2016 personal income tax reform introduced a unified income tax scale. Notably, the differential tax regime of farmers was aligned to that of wage earners and the definition of “professional farmer” was tightened. To fight tax evasion, auditing procedures and internal controls have been enhanced and centralised.

**Recommendations:** Ensure that the new public revenue agency operates fully independently and has the necessary means to perform its tasks effectively. Widen the use of electronic invoices. Broaden further the tax base.

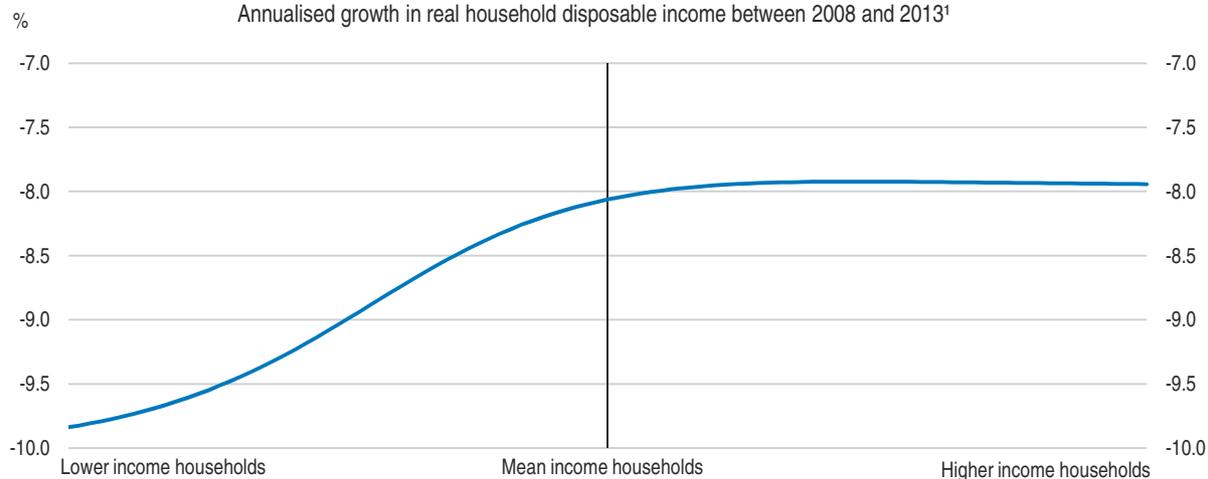
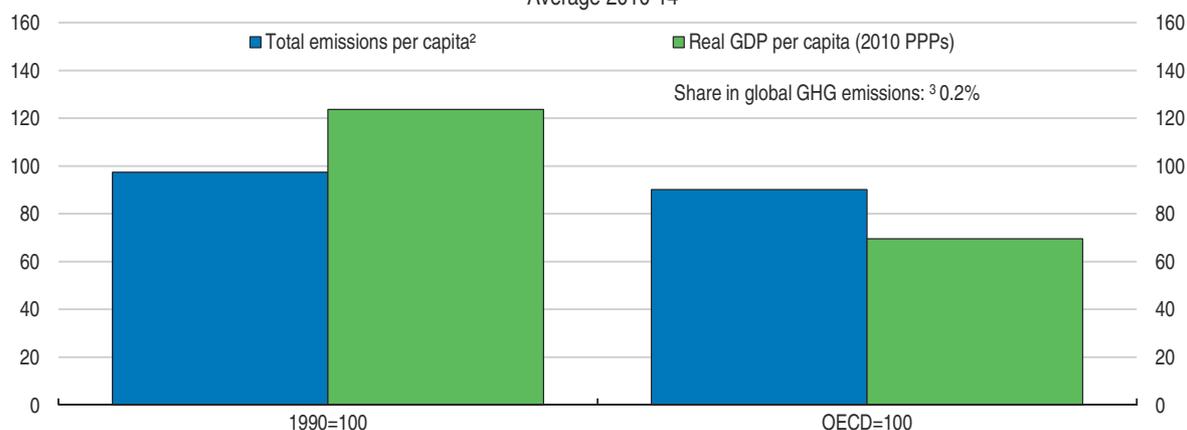
**Improve the quality of education system.** Educational outcomes measured by the PISA test scores are below the EU and OECD average. Participation in vocational education and training (VET) remains modest.

**Actions taken:** The curriculum in primary and secondary education has been rationalised. Efforts have been made to support students with learning difficulties by means of remedial classes.

**Recommendations:** Improve the quality of teachers by linking teaching evaluation to effective professional development. Make schools more autonomous and accountable. Implement a performance evaluation system for universities. Work with stakeholder to strengthen VET and ensure that the curriculum is relevant to employers’ needs. Develop a well-functioning skill-forecasting mechanism to update the curriculum of universities and VET.

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## Beyond GDP per capita: Other policy objectives

A. Income fell for all households but more so for those in the lower part of the distribution  
Annualised growth in real household disposable income between 2008 and 2013<sup>1</sup>B. Emissions per capita are below the OECD average  
Average 2010-14

1. The data show average annual growth rates in disposable income (i.e. income after tax and transfers) across the distribution and refer to the period between 2008 and 2013. Disposable incomes cover the full population. Income data are expressed in constant prices (OECD base year 2010).
2. Total GHG emissions including LULUCF in CO<sub>2</sub> equivalents (UNFCCC). The OECD average (excluding Israel and Korea) is calculated according to the same definition.
3. Share in world GHG emissions is calculated using International Energy Agency (IEA) 2010 data.

Source: Panel A: OECD, *Income Distribution Database*; Panel B: OECD, *National Accounts and Energy (IEA) Databases*, *United Nations Framework Convention on Climate Change (UNFCCC) Database*.

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