

GREECE

- After narrowing steadily until 2008, the gap in GDP per capita relative to best performing OECD countries has since steadily widened as labour productivity and labour utilisation have sharply declined.
- Recent initiatives to modernise the Public Employment Service (PES) are welcome steps to address persistently high unemployment. The sizeable social impact of the crisis will be further alleviated by the introduction of a minimum income scheme. Recent reforms to simplify business licensing procedures and red tape for exports, as well as to raise efficiency in public administration and tax collection, should boost competitiveness.
- Priority should be given to ensuring that the multiple reforms introduced in the recession and recovery context are being fully implemented. Further reforms are also needed, notwithstanding the progress achieved. Improvements in active labour market policies and the social safety net are needed to address the labour market and social consequences of the crisis. More needs to be done in the area of product markets to unleash growth potential via, e.g. a more efficient allocation of resources. Reforms to raise the efficiency of taxation and of public administration are also important for productivity and would help fiscal consolidation.
- Well-targeted active labour market policies and timely implementation of welfare reforms along with improvements in education should help to reduce income inequality and poverty risk.

Growth performance indicators

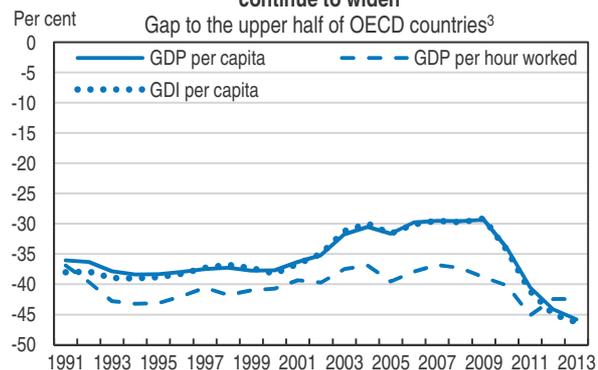
A. Average annual trend growth rates

Per cent

	2003-08	2008-13
Potential GDP per capita	1.3	-1.3
Potential labour utilisation	0.7	-0.2
<i>of which:</i> Labour force participation rate	0.6	0.2
Employment rate ¹	-0.3	-1.0
Trend employment coefficient ²	0.4	0.6
Potential labour productivity	0.6	-1.1
<i>of which:</i> Capital deepening	0.7	1.1
Labour efficiency	-0.9	-2.9
Human capital	0.9	0.7

B. Gaps in GDP per capita and productivity

continue to widen



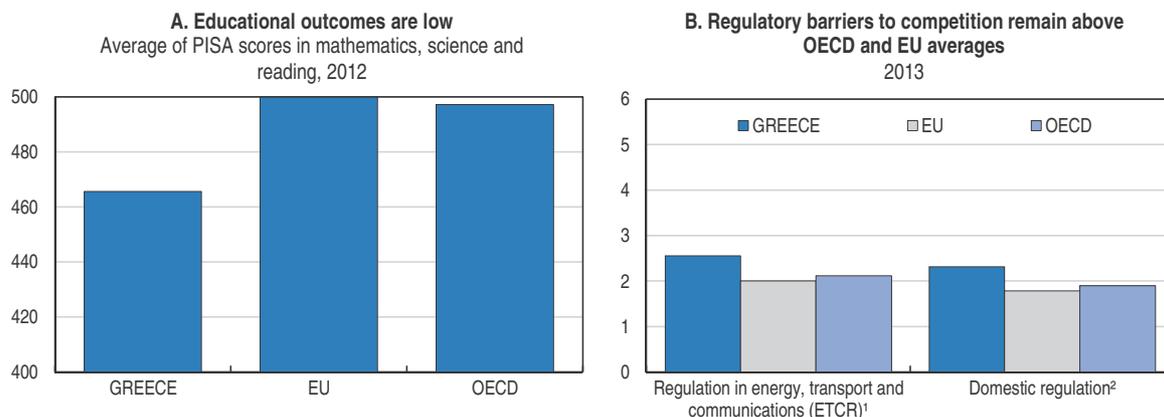
1. The employment rate is defined with respect to the economically active population; a positive growth rate corresponds to a decline in the structural unemployment rate and vice versa.
2. This adjustment variable is added to the decomposition to capture the impact of non-resident workers.
3. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

Source: Panel A: OECD, *Economic Outlook 96 Database*. Panel B: OECD, *National Accounts and Productivity Databases*.

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GREECE

Policy indicators



- 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.
- 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 (2015), “The 2013 update of the OECD product market regulation indicators: Policy insights for OECD and non-OECD countries”, *OECD Economics Department Working Papers*, forthcoming.

Source: Panel A: OECD (2014), *PISA 2012 Results: What Students Know and Can Do (Volume I, Revised edition, February 2014): Student Performance in Mathematics, Reading and Science*, PISA, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264208780-en>. Panel B: OECD, *Product Market Regulation Database*, www.oecd.org/economy/pmr.

StatLink  <http://dx.doi.org/10.1787/888933178222>

Going for Growth 2015 priorities

Priorities supported by indicators**Enhance the efficiency of active labour market policies and of the social safety net.**

Well-targeted labour market policies and timely implementation of welfare reforms are essential to reduce long-term unemployment.

Actions taken: The modernisation of the Public Employment Services (PES) is underway, aiming at a new operational model with greater focus on individual needs and programme monitoring. A 2013 law upgrades vocational education and apprenticeships. A pilot minimum income scheme was enacted in 2014.

Recommendations: Strengthen activation programmes and their evaluation. Proceed swiftly with the restructuring of PES. Ensure the timely implementation of the pilot minimum-income scheme and, drawing lessons from this pilot, introduce a full-scale minimum-income scheme.

Reduce regulatory barriers to competition. Remaining administrative burdens to business operation and weak competition hinder productivity and investment.

Actions taken: Reforms in customs procedures under the 2013-15 National Strategy for Trade Facilitation have reduced red tape for exports. A framework law has been approved in 2014 with a view to overhauling licensing procedures for business setup and investment. More recently, a law was passed to promote competition in four key sectors, including tourism and retail trade. Many regulated professions have been opened up, for example in the areas of law, accounting and engineering. As of 2013, Sunday shopping has been allowed up to seven times per year. The liberalisation and reform of the electricity and gas

GREECE

markets are underway, including ownership unbundling of the electricity transmission company and privatisation measures. Privatisation is also being pursued in other industries (e.g. ports, regional airports and railways).

Recommendations: Pursue efforts to simplify licencing procedures and reduce remaining administrative burdens for exports. Monitor closely the implementation of the law that opens up closed professions and its impacts on competition. Proceed swiftly with the privatisation programme.

Improve the quality and efficiency of the education system. Inefficiencies in the education system impact adversely on secondary and tertiary outcomes, hence on human capital accumulation and productivity.

Actions taken: In secondary education, curricula have been made more flexible and an evaluation policy of schools and teachers is underway. In higher education, a first wave of institutional consolidation has been completed – to reduce duplication – and an external evaluation system is under preparation.

Recommendations: Proceed swiftly with the evaluation of educational institutions and teachers. Make schools more autonomous and accountable. Implement fully the provisions of the 2012 laws on higher education, including the introduction of performance-based funding for universities. Complete as scheduled the external evaluation process of higher institutions.

Other key priorities

Enhance the efficiency of public administration. An efficient public administration is essential for high-quality public services and the rapid implementation of growth-enhancing structural reforms.

Actions taken: A “mobility scheme” was developed in 2013 to address chronic staffing allocation problems in the public sector. A new system for recruiting managers is currently being legislated, while steps were also taken to improve the current evaluation system of civil servants. The reorganisation of ministries and public entities is underway.

Recommendations: Proceed swiftly with establishing an evaluation system of staff performance based on clear individual objectives. Enhance further the development of e-government.

Enhance the efficiency of the tax system. Tax evasion is widespread, hampering an effective revenue collection and raising social concerns about an unfairly distributed of tax burden.

Actions taken: Reforms in 2013-14 simplified the tax system and broadened its base, including by removing several deductions and credits of the personal income tax, reducing the number of tax brackets and unifying multiple property taxes. Measures were introduced in 2013 to enhance the efficiency of tax inspection and tax debt collection, including by transferring responsibility of collection of social security contributions to a single entity. The autonomy of the tax administration was also increased.

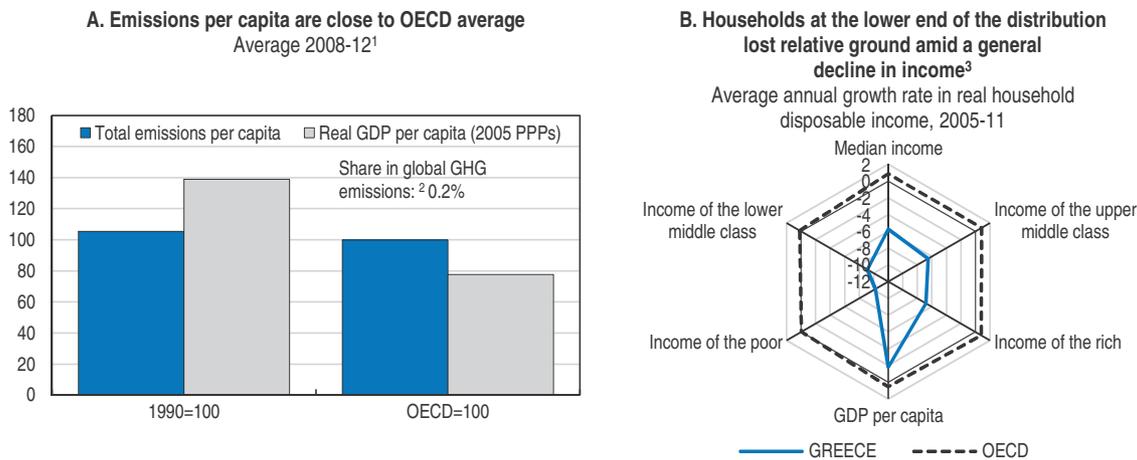
GREECE

Recommendations: Enhance the efficiency of tax collection. Improve the effectiveness of audits through better cross-checking procedures. Speed up court proceedings in order to strengthen enforcement.

Reform areas no longer considered a priority in *Going for Growth*

For Greece, all priority areas from the 2013 issue of *Going for Growth* are maintained.

Beyond GDP per capita: Other policy objectives



1. Total GHG emissions including LULUCF in CO₂ equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.
2. Share in world GHG emissions is calculated using International Energy Agency (IEA) data.
3. Household income across the distribution is measured by income standards with varying emphasis on different points of the distribution – from the low to the top-end of the distribution. See methodological notes at the end of the chapter for the computation of household income across the distribution.

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

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