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Enhanced Surveillance update - Greece, May 2020

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BACKGROUND

Economic developments and policies in Greece are monitored under the European Semester for economic policy co-ordination and under the enhanced surveillance framework according to Regulation (EU) No 472/2013 ([1]). The implementation of enhanced surveillance for Greece ([2]) acknowledges the fact that Greece needs to continue implementing measures to address the sources or potential sources of economic and financial difficulties, while implementing structural reforms to support a robust and sustainable economic growth.

Enhanced surveillance provides a comprehensive framework for monitoring economic developments and the pursuit of policies needed to ensure a sustainable economic recovery. It allows for a regular assessment of recent economic and financial developments in Greece, as well as for monitoring sovereign financing conditions and updates of the debt sustainability analysis. Enhanced surveillance also provides the framework for assessing the general commitment given by Greece to the Eurogroup of 22 June 2018 to continue and complete reforms adopted under the European Stability Mechanism programme and to ensure that the objectives of the important reforms adopted under the financial assistance programmes are safeguarded. In that context, enhanced surveillance monitors the implementation of specific commitments to complete key structural reforms started under the programme in six key areas by agreed deadlines up to mid-2022, namely: (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 ([3]). Ten due specific commitments are assessed in this report alongside follow-up actions to previous commitments.

This is the sixth enhanced surveillance report for Greece. It is issued alongside the country-specific recommendations for Greece under the European Semester and the assessment of Greece's 2020 Stability Programme. The report is based on the findings of a mission held remotely on 8 and 23 April 2020 and regular dialogue with the authorities. The mission was conducted by the European Commission in liaison with the European Central Bank ([4]); the International Monetary Fund participated in the context of its Post Program Monitoring framework, while the European Stability Mechanism participated in the context of its Early Warning System and in line with the Memorandum of Understanding of 27 April 2018 on working relations between the European Commission and European Stability Mechanism.

This report could serve as a basis for the Eurogroup to decide on the release of the next set of policy-contingent debt measures worth EUR 748 million. These measures were agreed with the Eurogroup on 22 June 2018 and include the transfer of income equivalent

([1]) Regulation (EU) No 472/2013 of the European Parliament and the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability, OJ L140, 27.5.2013, p. 1.

([2]) Commission Implementing Decision (EU) 2020, C(2020)901, of 19 February 2020 on the prolongation of enhanced surveillance for Greece.

([3]) https://www.consilium.europa.eu/media/35749/z-councils-council-configurations-ecofin-eurogroup-2018-180621-specific-commitments-to-ensure-the-continuity-and-completion-of-reforms-adopted-under-the-esm-programme_2.pdf.

([4]) ECB staff participated in the review mission in accordance with the ECB's competences and thus provided expertise on financial sector policies and macro-critical issues, such as headline fiscal targets and sustainability and financing needs. The review mission was preceded by a technical mission, also held remotely, from 26 March to 7 April 2020.

amounts stemming from central banks' holdings of Greek government bonds under the Securities Markets Programme and the Agreement on Net Financial Assets and a waiver for the step-up interest margin for certain loans provided by the European Financial Stability Facility. The second tranche of policy-contingent debt measures was released following the Eurogroup on 4 December 2019, inter alia based on the assessment of the implementation of Greece's commitments for mid-2019 included in the enhanced surveillance report adopted by the Commission on 20 November 2019 ([5]).

OVERALL ASSESSMENT

The outbreak of the Coronavirus has fundamentally altered the social and economic reality in Greece, as in most other Member States. The Greek government reacted quickly and started implementing measures aimed at containing the spread of the Coronavirus already at the end of February. Similar to other Member States, the containment measures have severely restricted economic activity and affected, directly or indirectly, a large part of the labour force.

The authorities have adjusted their policy priorities in a responsible way, mobilising a large amount of income support and liquidity measures promptly while remaining committed to sustain reforms that will support the recovery once the pandemic-related disruptions subside. As an immediate response, a broad range of fiscal measures were adopted to support households' income and businesses faced with a fallout in demand, and to inject liquidity to the economy, including through tax deferrals and guarantees for commercial banks to support the provision of new loans. The government has also substantially increased funding to the healthcare system and is modernising labour legislation to facilitate short-time work schemes.

Greece will also benefit from support provided at EU level. The European Central Bank announced a EUR 750 billion Pandemic Emergency Purchase Programme, which will include Greek sovereign bonds, and decided to temporarily ease the Eurosystem's collateral requirements as well as to relax certain regulatory requirements for the banking sector, with the aim to support availability of credit. Greece is also benefitting from the Commission's initiative to make the best use of the European Structural and Investment Funds to respond to the pandemic (the Coronavirus Response Investment Initiative), the planned temporary Support to mitigate Unemployment Risks in an Emergency (SURE), and the support from the European Investment Bank to mitigate the impact on investment. Support to migration management will be available through the Action Plan for immediate measures to support Greece and via the EU Civil Protection Mechanism.

To bolster the reform momentum and help restart a sustainable economic recovery after the Coronavirus outbreak, the Greek authorities have undertaken a number of complementary commitments in several policy areas. These initiatives complement the authorities' existing efforts to address remaining structural weaknesses and will be conducive to the better functioning of the public administration and to improving the business environment. The complementary commitments include actions in the following areas: (i) improving the regulatory framework for doing business; (ii) improving and modernizing the framework for individual labour law; (iii) improving the functioning of the justice system; (iv) enhancing the capacity of the Supreme Council for Civil Personnel Selection and strengthening control over hiring of temporary staff; (v) adopting and implementing the

([5]) https://ec.europa.eu/info/sites/info/files/economy-finance/ip116_en.pdf.

National Transport Master Plan, as well as revising the legal framework for approving the sustainable urban mobility plans and proceeding with the elaboration of sustainable urban mobility plans for the main urban centres; (vi) preparing a holistic strategy for the protection, management and investment-oriented exploitation of Greek public real estate; (vii) fully developing a Strategic Project Pipeline of large infrastructure projects; (viii) developing and fully operationalising an improved support and delivery mechanism – a Project Preparation Facility - for project preparation and implementation of public sector infrastructure projects and Public Private Partnerships; (ix) adopting a new public procurement strategy for 2021–2025; (x) introducing and extending the scope of e-health projects; (xi) developing a national strategic policy framework for healthcare; (xii) improving health care planning through the mapping of health and long-term care needs with available resources; (xiii) improving the education system through reforms in higher and vocational education, and the setting up an evaluation system; (xiv) implementing digital projects to promote e-governance; and (xv) implementing projects to digitise geospatial data.

This report concludes that, considering the extraordinary circumstances posed by the Coronavirus outbreak, Greece has taken the necessary actions to achieve its due specific reform commitments. The pandemic has led to unprecedented economic disruption and has warranted an emergency policy response by the national authorities, supported by EU-wide initiatives. In addition to directing resources to the implementation of immediate priorities, the containment measures necessary to tackle the Coronavirus outbreak had the side effect of severely affecting reform implementation capacity, especially in areas relying on labour-intensive processes but also those dependent on the functioning of inter-ministerial working groups or legislative or judiciary actions. The close engagement of the Greek authorities with the institutions is welcome and the necessity to prioritise policies focusing on the immediate needs to tackle the health and economic impacts of the Coronavirus outbreak fully recognised. It is also welcome that the Greek authorities continue their efforts to pursue ongoing reforms where possible and decided to proceed with a set of complementary policy commitments. Looking ahead, mobilising resources to step up efforts in areas affected by previous delays, including financial sector reforms, will be important to underpin confidence and support a sustainable recovery. The Greek authorities are simultaneously progressing with their mid-2020 commitments, which, together with follow-up actions on previous commitments, will be assessed in the second half of the year.

MACROECONOMIC DEVELOPMENTS

The economic impact of containment measures affects Greece through multiple channels. Similar to other Member States, the closure of all non-essential businesses and labour supply problems due to containment measures requiring staff to stay at home weigh on the supply of goods and services. As the same time, demand has been negatively affected by the corresponding fallout in incomes, which are only partly cushioned by the authorities' emergency measures, as well as by the limited consumption possibilities. Moreover, the increased uncertainty as well as lower liquidity and provision of credit is likely to take a toll on investment.

Tourism and shipping services – two very important sectors for Greece's economy – are expected to be hit particularly hard. Tourism will inevitably suffer from travel restrictions in Greece and from abroad and the fallout in bookings that would otherwise would have been made in spring for the summer season will make the effect of the pandemic more persistent than in other sectors. The flourishing professional tourism sector is also likely to be severely affected, as it relies on conferences attended by a large number of participants. Shipping, another important export industry, will suffer from the decline in global trade expected in 2020.

Unemployment is expected to increase in 2020 and the economic crisis may also reverse the recent improvements in poverty rates. While measures supporting short-time work and unpaid leave for the duration of the containment measures will help cushion the shock, the unemployment rate according to the Commission 2020 spring forecast is projected at around 20%, up from 17.3% in 2019, erasing the gains from the previous three years. The particularly large share of self-employed and of micro enterprises in Greece and the high number of seasonal workers, leave households exposed to a protracted period of low incomes, which could lead to a marked increase in the share of people at risk of poverty or social exclusion in 2020 and beyond. At 31% in 2019, this share was already well above the euro area average of 21% but had been on a declining trend.

Extremely low oil prices and the downward pressure on wages will weigh on inflation. Downward pressure is expected to come from the fallout in incomes especially in the service sector. At the same time, the drop in oil prices will partly counterbalance the effect on real incomes.

Overall, based on the Commission 2020 spring forecast, Greece's real GDP is projected to fall by about 10% in 2020 and to recover fairly strongly in 2021. The forecast is subject to a high degree of uncertainty. The projection is conditional on a gradual lifting of the containment measures starting mid-May, which would limit the decline in economic activity to the second quarter in most industries and to the third quarter in the tourism-related sectors. Longer travel restrictions, reaching into the second half of the year, would represent a downside risk in view of its impact on the tourism sector. The policy measures are expected to cushion the depth of the recession and buttress a marked rebound in GDP in 2021. The projection is subject to a large degree of uncertainty as to the duration of containment measures, the progress of the pandemic as well as the effect of the shock on potential output, household savings and banks' asset quality.

FISCAL DEVELOPMENTS AND OUTLOOK

Greece has entered this crisis in a relatively favourable fiscal position, with substantial cash reserves, a strong primary surplus, and low medium-term re-financing needs on its high public debt. The extraordinary fiscal adjustment implemented during and following the programmes has made Greece better equipped to weather the Coronavirus outbreak compared to the global financial crisis a decade ago. The budget has been delivering high structural surpluses for several years while meeting or outperforming the fiscal targets. Greece also enjoys cash reserves close to EUR 34 billion, which is an important asset in view of the fallout of revenues and extraordinary spending to tackle the crisis.

Greece reached its primary surplus target of 3.5% in 2019, meeting the target for the fifth year in a row. The headline balance reached 1.5% of GDP, well above the euro area average of -0.8% GDP.

To protect the economy and in line with the co-ordinated response agreed by the Eurogroup, the authorities adopted a large set of fiscal measures. The package of fiscal measures includes a special unemployment scheme for wage earners, self-employed and individual businesses affected by the crisis, the payment of repayable advances to companies with a significant reduction in turnover due to the crisis, the payment of social security contributions of employees whose labour contracts have been suspended, an interest subsidy on loans for small and medium-sized enterprises and higher health care expenditure. Other fiscal measures include a suspension of settlement of debts on social security contributions, discounts for a timely payment of tax obligations and social security contributions, temporary economic support to certain liberal professions and the primary sector, and a number of smaller measures.

Apart from the Coronavirus pandemic unfolding since March, Greece is also grappling with renewed migration pressures. Greece has recorded a 46% increase in migrants' arrivals in 2019 and the inflows have further strengthened in the first quarter of 2020. To support and acknowledge Greece's efforts to manage the migration crisis, the EU pledged to provide Greece EUR 700 million emergency support. The migration-related expenses that were not financed through EU-funds and therefore excluded from the primary balance monitored under enhanced surveillance reached 0.1% of GDP in 2019 and are expected to increase to 0.2% of GDP in 2020. The authorities have taken steps to record these expenses across the public administration and clarified that the range of eligible costs include wages of police officers assigned to the management of the migration crisis.

The updated forecast of the European institutions ([6]) expects the primary balance to turn to a deficit in 2020, before returning to a surplus in 2021, but the uncertainty is extraordinarily high. At the time of drafting this report, only very preliminary data were available to confirm the magnitude and the severity of the economic and fiscal fallout. The final cost of the measures adopted to tackle the crisis as well as their phasing out, and the full effects of automatic stabilisers on public finances are also subject to uncertainty. As the measures will be phased out and the economy will start recovering, the primary balance is expected to turn back into a surplus in 2021. In view of the extraordinarily high uncertainty, the present assessment will be updated in autumn.

Greece benefits from the same flexibility arrangements as other Member States in the context of the Stability and Growth Pact. Faced with the emerging implications of the Coronavirus outbreak, the 16 March 2020 Eurogroup stated that the full use of the flexibility will be made available under the Stability and Growth Pact to all Member States. In a Communication adopted on 20 March 2020, the Commission shared with the Council its view that the severe economic downturn resulting from the Coronavirus outbreak warranted the activation of the general escape clause of the Stability and Growth Pact ([7]). On 23 March, EU Finance Ministers supported that view. The general escape clause allows for a temporary departure from the budgetary requirements, including Greece's fiscal targets monitored under enhanced surveillance, provided that this does not endanger fiscal sustainability in the medium term. It does not suspend the procedures of the Stability and Growth Pact or Greece's commitments but it will allow the Commission and the Council to undertake the necessary policy coordination measures in order to tackle the economic consequences of the pandemic.

Public finances face further risks with respect to ongoing court cases and public service obligations. As analysed in the previous report, the Council of State is expected to issue a milestone ruling on retroactive payments to pensioners. An additional fiscal risk stems from the cases referred to in the 5th enhanced surveillance report against the Public Real Estate Company, where the question of the validity of recent arbitral awards is pending before a

([6]) Published as the Commission 2020 spring forecast: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts_en

([7]) https://ec.europa.eu/info/sites/info/files/economy-finance/2_en_act_part1_v3-adopted_text.pdf

Court of Appeal. Further fiscal risks concern the restructuring cost of the Hellenic Post including a possible payment of the remaining public service obligation for 2013-2020.

PUBLIC INVESTMENT

Unlocking the full potential of public investment remains a priority and also a key requirement for a speedy recovery after the Coronavirus outbreak. General government investment in 2019 fell short of the initial plans by 1.2% of GDP, similarly to previous years. As the underspending was matched by lower drawing of EU funds in 2019, its net impact on the primary balance was broadly neutral. However, the recurrent undershooting of investment expenditure raises concerns in view of the country's large investment needs, making it vital to make the best use of EU funds and, ultimately, deliver the needed stimulus for restarting growth.

The Greek authorities have decided to take a number of important steps for addressing the underlying weaknesses. They have established a road map towards a swift implementation of the National Development Programme adopted in 2019. In addition, the authorities have agreed to establish a project preparation facility and develop a pipeline of new projects. These measures are expected to speed up the preparation and implementation of projects. The pipeline of strategic projects is planned to be fully developed by January 2021 and the project preparation facility made operational in March 2021. The authorities are also encouraged to improve the predictability and coordination of archaeological and expropriation procedures based on a review of earlier reforms.

The implementation of the November 2019 action plan to enhance the monitoring and forecasting of the Public Investment Budget is on track. The investment budget is prepared and executed independently from the non-investment part ('ordinary') state budget, which requires high standards of transparency and information flows. Greece has adopted a detailed action plan to remedy weaknesses in this respect in November 2019, with an implementation timeline until 2021. The implementation of the action plan is overall on track and the authorities expect the possible delays due to the Coronavirus outbreak to be minor.

The authorities have further engaged with the European institutions regarding the possible use of SMP-ANFA income equivalent amounts for reducing gross financing needs or financing other agreed investments. The Greek authorities indicated their intention to use the next available tranche of SMP-ANFA income equivalent amounts to reduce gross financing needs. Following the mandate given at the December 2019 Eurogroup, technical work to operationalise the Eurogroup statement of June 2018 has been undertaken by the European institutions and the authorities. The workstream will be further followed up in autumn 2020, in the context of progress made on improving planning and execution of public investments referenced above.

TAXATION AND PUBLIC REVENUE ADMINISTRATION

In the face of the quickly developing Coronavirus pandemic, the authorities were unable to finalise the on-going nationwide property tax valuation exercise, a mid-2020 specific commitment, in time for the current year's tax assessment cycle. This will postpone the implementation of the wider property tax reform to 2021 and have a small deficit-increasing fiscal effect of approximately EUR 150 million on 2020 revenues. The authorities have committed to reschedule the exercise to autumn with the objective of aligning property tax values to market prices by January 2021.

The Independent Authority for Public Revenue has been at the centre of the authorities' efforts implemented to date to combat the economic impact of the Coronavirus pandemic. The Independent Authority has administered the deferrals of taxes and instalments on tax debts, hosted a platform for the implementation of the refundable advances and issued electronic residency certificates to facilitate the movement of persons residing on islands following the imposition of the containment measures.

The Independent Authority is on track in meeting the majority of its key performance indicators for the first quarter of 2020 and its staffing numbers increased at a modest pace during this period, although remaining well below the targets (an end-2019 specific commitment). Debt collection has continued at a similar pace for the first quarter of 2020 as for the same period for the previous year, while the proportion of fresh audit cases has increased. Staffing levels continued to increase during the first quarter and currently stands at 11 916, compared to 12 500 that was set as the target by end of 2019.

The complementary measures in the areas of human resources, IT and housing needs, agreed in 2019, have seen limited progress. The primary legislation on the human resources reform remains pending and the timeline for its full implementation will be affected by the Coronavirus pandemic, but a revised timeline is yet to be set. Regarding the IT infrastructure and to clarify the competency areas of the Independent Authority no concrete progress has been made. These efforts are expected to be stepped up with greater urgency, as the interoperability of various databases would strengthen the capacity to combat tax evasion and facilitate the timely collection of taxes. As concerns relocation of the headquarters of the Independent Authority into one single location, the previously identified building was passed to another public body. The authorities currently plan to construct two new buildings to host the Independent Authority next to the Ministry of Finance at the outskirts of Athens, with an expected completion in 2024.

The authorities are taking steps to strengthen the operational capacity of the Operational Coordination Centre that coordinates anti-smuggling efforts, and made progress on a number of projects improving tax collection and compliance. The draft provisions aiming to enhance the Centre's capacity and governance are expected to be adopted by end of May 2020. The authorities are planning to revise the customs law to, among others, advance the use of intelligence methods in anti-smuggling operations. The electronic invoicing system is expected to be launched as planned in July 2020 and the Model Collection Office, which has received technical support provided through the European Commission, approaches completion but the needed personnel is yet to be identified and transferred.

The Joint Centre for the Collection of Social Security Debt continued to meet its debt collection targets in the first quarter of 2020. Moreover, legislation outlining the classification of uncollectable debt, which has been pending for some time, has been adopted and is consistent with the classification of uncollectable tax debt.

PUBLIC FINANCE MANAGEMENT

The Coronavirus outbreak has had an adverse effect on the implementation of the arrears clearance plan, but progress has been made on improving the underlying processes and the authorities remain committed to the timeline set in the October 2019 plan. The stock of arrears in January 2020 stood at EUR 1.3 billion, EUR 69 million above the December 2019 level and EUR 340 million above the clearance target. The authorities were not in a position to deliver complete aggregate data for the period after January and reported that the stock of arrears in some subsectors may see a temporary rise as a result of disruptions to the associated labour-intensive processes. Nevertheless, the authorities designed two measures that should clear 15% of the overall stock of arrears once operations resume. They aim to speed up the arrears clearance for health providers and allow for an immediate clearance of certain tax refunds. With a view to avoiding the accumulation of new arrears, the authorities plan to implement a new IT system in the Single Social Security Fund (EFKA) to substantially accelerate the pace of clearing the backlog of pension claims. The authorities reported improvements in the centralised procurement in the healthcare sector, implemented a majority of the Hellenic Court of Auditors' recommendations and are strengthening internal controls.

The Treasury of Single Account system is operational and provides a useful overview of the state cash situation while the cash forecasting project is progressing (an end-2019 specific commitment). The Public Debt Management Agency, the Ministry of Finance and the Bank of Greece are therefore able to monitor almost in real time a great part of the cash balances and flows of the general government. The pilot project on cash forecasting covering the majority of state's cash reserves will be implemented according to the March 2020 draft strategy. The pilot project will be gradually fine-tuned and extended to entities with budgeted expenses above EUR 50 million in January 2021, which is considered a satisfactory threshold given the pilot itself already covers entities holding 70% of the total state cash reserves.

The implementation of the Chart of Account reform is broadly on track (mid-2021 and mid-2022 commitments), but its implementation in the Public Investment Budget remains a challenge. The Coronavirus pandemic caused delays in the procurement process for the new IT system supporting the reform but the overall timeline of the project remains unchanged. The authorities are designing a functional classification for the Chart of Account to ensure consistency with the performance budgeting framework. Progress is also being made in the implementation of Chart of Account classifications in the budget execution of the Public Investment Budget, whilst a less detailed classification currently remains for the budget preparation. The authorities will look to make further improvements through technical support by the European Commission.

The authorities committed to adopt a new public procurement strategy for 2021-2025 by the end of 2020 contributing to a more sustainable and efficient use of public resources (a complementary commitment). A well-functioning public procurement system is a key element in the investments process that will be crucial for the recovery after the Coronavirus outbreak. Addressing the weaknesses in the procurement process could help rationalise public spending, boost growth and guarantee a competitive business environment. The authorities agreed to review the legal framework and implementation in consistency with the relevant EU legislation.

SOVEREIGN FINANCING

Greece's debt servicing needs are low in the coming years. Since the onset of the pandemic, Greece has successfully issued both treasury bills and long-term bonds, indicating sustained access to market financing. Greece's debt servicing costs in 2020 and 2021 are low and mostly reflect the refinancing of short-term bonds. Following a long period of a decline, spreads over the German government bonds have started to increase as the crisis unfolded, reaching a high of around 400 basis points on a 10-year maturity mid-March, with high volatility. Following the announcement of the Pandemic Emergency Purchase Program of the

European Central Bank and the inclusion of the Greek government bonds in this program, volatility subsided, and the spread declined by around 200 basis points. However, spreads have slowly increased further, reaching levels that were 130 basis points higher at the end of April than the February lows.

The considerable cash reserves provide cushion to absorb liquidity shocks but a further intensification of the crisis may lead to non-trivial increases in financing needs. The cash reserves of the general government reached around EUR 34 billion at the end of March 2020, of which around EUR 26 billion belong to the state and the rest to general government entities. Given the limited debt financing needs, the cash reserves are available to absorb liquidity shocks in the coming months. Greece signalled that it plans to keep its presence in the bond markets and raise further cash to cater for downside financing risks. The main risk would be a continued economic standstill lasting well beyond May, which may require additional use of the cash buffer in the early summer months.

SOCIAL WELFARE

Greece demonstrated strong responsiveness to the health emergency, by putting in place strict social distancing measures shortly after the detection of the first cases. By closing non-essential shops and putting limits on non-essential movement early on, Greece prioritised public health and patients' safety. Measures to contain the spread of the Coronavirus among vulnerable groups, who are not only exposed to higher risks in terms of physical health but also of livelihood and living conditions, require careful monitoring by the authorities.

Structural reforms already implemented and additional funding of EUR 200 million are supporting the health system response to Coronavirus but more financial resources may be needed in the short term. Previously adopted measures designed to deliver an effective, accessible, efficient and resilient healthcare system, such as introducing universal healthcare coverage, a comprehensive primary care network and centralised procurement, are proving key in the response to the pandemic, as they ensure unhindered access to health care services and appropriate supply and stocks of resources.

Clawback collection, a continuous commitment, is progressing with delays, not all imputable to the current emergency situation. The authorities aim at meeting the originally agreed targets, with some delays due to the containment measures but also some accumulated from before the current health emergency. The authorities are planning to take measures to contain the increase in the amounts to be clawed back but further measures are likely to be needed to reverse the trend. Introducing means-tested exemptions for co-payments would strengthen patient protection but is not considered at present.

The roll-out of primary health care, a mid-2020 specific commitment, had to be suspended given the outbreak of the Coronavirus pandemic. The authorities are working on new tools to protect the population, such as telemedicine, and have expanded the bed capacity through agreements with the private sector. They have also doubled down on efforts to attract medical staff, especially doctors. The roll out of the reform will resume after the current emergency, while existing primary care units are already deployed to respond to the pandemic.

Centralised procurement, a mid-2020 specific commitment, is ongoing with a focus on the urgent needs of the health system. Central governance of regional procurement is delivering more efficiency, which could be further supported by the re-activation of the Price

Observatory. While draft legislation to convert the new central body for health procurement into a private legal entity is still under development, the current emergency is trial-testing some elements of the new system.

The authorities have updated their action plan to finalise the setup of the Single Social Security Fund (EFKA), a mid-2020 specific commitment. The aim of the plan is a comprehensive digital transformation by the end of 2020 leading to a new operational and institutional setup. The major organisational measures to be completed by end-June 2020 concern the merging of the Supplementary Pension Fund (ETEAEP) into the Single Social Security Fund and the creation and operationalisation of the department for Public Sector Pensions within it. The remaining organisational reforms are the creation of local subsidiaries for farmers and self-employed, which have seen delays due to the Coronavirus outbreak but are planned to be completed four months after operations resume.

The design of the disabilities benefit framework, a mid-2019 specific commitment, has been agreed. Following a discussion on EU best practices, a new reform approach will be adopted based on assessments of functional disability based upon physical examinations by qualified experts. Such assessments are widely used by other Member States with the dual role of assessing benefit eligibility and making specific proposals for disability mitigation and rehabilitation. The agreed roadmap for the implementation of the new design of the commitment will start with a pilot project from January 2021.

As part of the commitment to complete the rollout of all three pillars of the Social Solidarity Income scheme, the authorities have completed the evaluation of the pilot of the new delivery system for active labour market policies, an end-2019 commitment, and have set up initial plans to run further pilots for the expansion of the new model. The evaluation of the pilot by the World Bank, in the context of technical support provided through the European Commission, identified avenues for improvement, e.g. in terms of human resources capacity, take-up, administrative complexity and data collection. Taking these lessons on board, the authorities will now proceed to the scale-up of the pilot in additional geographical areas with different labour market characteristics, widen the target group and strengthen data collection and analysis with a view to drawing lessons for the broader rollout.

Regarding the review of the system of subsidies for local public transport, the evaluation study (an end-2019 specific commitment) has been delayed by the Coronavirus outbreak, but reform legislation is expected to be completed in any case by end September 2020.

FINANCIAL SECTOR DEVELOPMENTS

The Greek banking sector has become more stable and resilient to shocks since the end of the programme, but legacy risks and significant underlying vulnerabilities remain, reinforced by the likely significant negative impact of the Coronavirus outbreak. Liquidity continued to improve throughout 2019 and has remained resilient. Asset quality is, even without the impact of the Coronavirus pandemic, still a major challenge, despite the improvements made in 2019. The capital position of Greek banks is in line with capital requirements but remains exposed to increased capital demand in the near future and largely dependent on the sovereign through the high share of deferred tax credits in banks' capital. By end-2019, the banks have returned to profitability but it remains low and fragile. It is dependent on lending growth, exposed to a renewed deterioration of asset quality and, to some extent, sovereign spread volatility.

The pace of reduction of non-performing loans accelerated in 2019 but their share remains high. Their stock reached EUR 68.5 billion (40.6% of customer loans) at end-2019, down by EUR 13.3 billion relative to one year before and EUR 38.7 billion below the March 2016 peak. Given the expected adverse impact of the Coronavirus outbreak on the secondary market for non-performing loans, there is even more pressure on their successful restructuring through banks' internal procedures in order to maintain an improving trend in asset quality. The crisis is affecting banks' non-performing loans reduction strategies, which will need to be revised. Implementation of the Hercules scheme is temporarily being postponed, though one securitisation transaction is in the process of being finalised. Planned sales of non-performing loans are also on hold, while debt enforcement measures have temporarily been suspended, inter alia due to court closures.

The authorities are taking steps to sustain access to finance for affected businesses, which complement initiatives at the level of commercial banks and servicers. The government provided guarantees and direct grants to help maintain employment and liquidity in the economy, which will also support asset quality in the banking sector following the temporary voluntary debt moratoria applied by banks and servicers. The announced supervisory flexibility at European level will contribute to bank lending capacity. Looking further ahead, limiting – to the extent possible – the negative impact on asset quality and continuing to address the legacy of non-performing loans will be instrumental in fostering viable lending during the recovery phase.

The Coronavirus pandemic has diverted resources at all levels of the public administration, limiting progress and resulting in delays in the advancement of financial sector reforms. Nevertheless, the authorities remain committed to harmonising the insolvency framework and to improving the existing tools for the resolution of non-performing loans. This is welcome as with the Coronavirus pandemic unfolding, an efficient insolvency framework is increasingly important. The actions outlined below are monitored and assessed as part of a continuous commitment in the area of financial policy.

- **The authorities have advanced with the preparation of a new Insolvency Code.** The new Code will integrate the corporate and personal insolvency regimes. It is expected to be adopted by the end of June and enter into force on 1 January 2021. While a full assessment will only be possible once a stable text is available, the current draft provides a welcome modernisation and unification of insolvency law, based on international best practices. A key requirement for the effective application of the Code will be a sound processing and enforcement framework, in terms of both legislation and practical implementation capacity. The draft Code also contains a proposal for a sale-and-leaseback scheme, whereby the primary residence of eligible borrowers could be bought by a state-owned entity and leased back to the debtor, with the possibility of repurchases, while vulnerable eligible borrowers will be entitled to a subsidy on the rent of the leased-back property. While similar schemes exist in other countries (such as Ireland), the proposal risks creating a significant involvement of the public sector in the real estate market as well as fiscal risks, calling for great prudence in advancing along these lines. The scheme as currently proposed would also raise issues around enforceability, targeting of scope/beneficiaries, and potential overlaps with other instruments.

- **The authorities legislated a three-month extension of the Primary Residence Protection scheme, which was due to expire in April, to the end of July.** The decision was taken despite the limited appeal of the scheme and reflected the difficulties faced by the applicants to timely apply due to the outbreak of the pandemic. No modification was introduced with respect to the loans covered by the scheme or to the eligibility criteria. The authorities have also announced their intention to extend the application deadline for the Out-of-Court Workout until the end of July.

- **In order to alleviate the impact on social groups financially affected by the Coronavirus pandemic, the authorities announced a temporary instalment subsidy for mortgage, consumer and business loans secured by a primary residence.** The mechanism, which is distinct from the above-described sale-and-leaseback scheme under the insolvency code, will be available to eligible physical persons and will cover performing loans, forborne non-performing exposures and other non-performing exposures on the basis of a specific cut-off date. The scheme will be open for applications for one month from 1 July 2020 and will be available only to debtors affected by the pandemic. A pre-requisite to the participation in the scheme will be that the concerned loans are restructured in agreement between the banks and debtors. The restructuring offer will be extended by the banks on a discretionary basis. Given the wide perimeter of the eligible loans, it will be essential to include strong safeguards to ensure that only viable loans are restructured and the negative impacts on payment discipline are mitigated.

- **The authorities submitted an action plan and a corresponding legislative proposal for accelerating the clearance of the household insolvency backlog, which has increased further as a result of the suspension of court proceedings.** The authorities committed to adopting the provisions required for its implementation by end-May 2020, while asserting that an electronic platform for the replacement of distant hearing dates by more timely ones can be operational within 45 days from the adoption of legislation.

- **The authorities are taking steps that are considered feasible at the current juncture to implement the four-year action plan for the clearance of the backlog of called guarantees, which remains considerable.** Examination and expected payments of claims for the first quarter of 2020 is proceeding according to plan, while the set-up of an e-file repository was improved through secondary legislation in early May. The redeployment of staff and other resources has started, but the processing of claims has slowed in view of the constraints imposed by the pandemic. The authorities intend to speed up to the extent possible the processing of claims in the second half of 2020 compared to the targets, while examining ways to further frontload the payment schedule until 2023. An acceleration of the processing of claims already this year would support the liquidity of the banking sector.

- **The conduct of e-auctions has halted as a result of the closure of the courts and notarial offices but work is ongoing on improving the process going forward.** The authorities presented an outline of amendments to the Code of Civil Procedure to address procedural obstacles and impediments, as well as proposals for enhancing the user-friendliness of the e-auctions platform. The necessary legal amendments will be elaborated by the law-drafting committee for the ongoing revision of the Code of Civil Procedure which is due to conclude its work, accompanied by an explanatory report, by end-September 2020, rather than by end-March as originally foreseen.

The Hellenic Financial Stability Fund has engaged in initiatives to better assess and monitor the effects of the Coronavirus pandemic on the financials of the systemic banks.

The outbreak of the pandemic necessitated the Fund to strengthen its monitoring – and potentially other – roles within the current legal framework.

LABOUR MARKET

The pandemic has started to have a significant impact on the labour market, and the authorities are taking a range of measures to minimise job losses and longer-term economic damage. These include increased working time flexibility and a special parental leave following school closures; the temporary prohibition for employers to carry out dismissals, combined with a wage allowance for the employees concerned by a government-mandated suspension of activities (overall currently up to 1.7 million private sector employees and 500 000 self-employed); and the prolongation of unemployment benefits until end-May. The authorities are also considering to implement a new, broader temporary short-time work scheme, providing more flexibility to companies for adjusting working hours, while workers receive partial compensation for the hours not worked. The decision on the precise design and timing will be based on the fiscal costs. The scheme is likely to qualify for support from the European Union's temporary Support to mitigate Unemployment Risks in an Emergency (SURE) scheme or other initiatives (European Social Fund).

The authorities have completed the implementation of the 2017-2019 action plan to fight undeclared work, an end-2019 specific commitment, and will now implement a follow-up plan. A road map for the follow-up action plan is expected to be adopted shortly.

In light of the Coronavirus pandemic, the authorities have decided in agreement with the social partners to postpone the update of the minimum wage from June 2020 to January 2021. According to a preliminary assessment of the 2019 sizeable minimum wage increase conducted by the World Bank, there is limited evidence that employment and unemployment in sectors with a high share of minimum wage workers has changed relative to sectors employing higher-wage workers, albeit further analysis would be warranted. Looking ahead, the Coronavirus outbreak is creating high uncertainty and impeding the timeline of the consultation process envisaged in the legal framework. All the actors involved in the process have therefore requested the government to postpone the minimum wage update to January 2021, which is reasonable.

PRODUCT MARKETS AND COMPETITIVENESS

The authorities continue working towards improving economic framework conditions and boosting competitiveness, despite the shifting priorities and difficulties faced due to the Coronavirus outbreak. This will be crucial in order to ensure that the Greek economy exits from the current situation on a strong footing and will be able to generate a robust and sustainable recovery. Inevitably and appropriately, significant resources have been diverted towards ensuring business continuity during the pandemic, which has served as a catalyst to advance the digital governance agenda. The authorities committed to undertake **complementary actions** in digital initiatives to further ease the administrative burden for businesses and citizens, as well as increasing transparency to investors over land use rules. As regards economic diplomacy, the immediate focus shifted towards tackling the pandemic, while actions to promote exports, including the preparation of a short- and medium-term strategy, are progressing. Determined implementation, including through the swift adoption of legislation to consolidate responsibilities within the Ministry of Foreign Affairs and the setting-up of the necessary inter-ministerial governance structures, will be key.

Work on investment licensing is progressing across a number of fronts, despite delays caused by factors mostly outside the authorities' control, though risks remain. Developments across specific commitments were uneven. The tender for the IT system to support the investment licensing reform, an end-2019 specific commitment, is being delayed by court decisions. Work on the implementation of the inspections framework law and further simplification of procedures, two mid-2020 specific commitments, is progressing though with some delays, to some extent attributable to the Coronavirus outbreak. At the same time, the authorities aim at concluding the revision of the nuisance classification by mid-2020, well ahead of the mid-2021 specific commitment deadline. Moreover, the authorities adopted legislation to improve the environmental permit process, and are working on secondary legislation for the certification of external inspectors and environmental assessors, due for finalisation by mid-2020. From a governance perspective, further strengthening inter-ministerial coordination will be instrumental in ensuring sustained implementation of the investment licensing reform across all sectors.

With a view to further improving the business environment, the authorities are pursuing complementary actions to cut red tape, help establish clear rules for government-to-business interactions, and increase the predictability of economic transactions. With the help of technical support by the European Commission, the authorities aim to improve Greece's performance in relation to the Word Bank's Doing Business indicators, while also working towards identifying problems and improving relevant aspects not included in the scope of this project.

The Coronavirus outbreak has affected the cadastre project, and there is a risk of further delays of the recently updated roadmap if the containment measures persists. A number of workstreams, such as senior management appointments, preparation of the corporate strategy of the Hellenic Cadastre, technical specifications for the archive digitalization strategy and award of the final five contracts are progressing. The recruitment of specialised staff remains a challenge and a legal amendment to facilitate the process was adopted in May. The opening of regional cadastral offices has been suspended and will resume once the situation normalises. The public presentation of all remaining forest maps scheduled to start on January 2020 and to be gradually completed by June 2020 has been frozen, for reasons not related to the Coronavirus outbreak. This is a matter of concern, as delays in the uploading of the maps risk have an impact on the completion of the cadastral mapping as a whole.

The Coronavirus outbreak has had an impact on the Greek energy sector, with lower oil and gas prices, with social distancing measures affecting demand patterns and certain technical projects; it has also caused a liquidity problem for market actors given a slowdown in payment of bills. One result of this is that the target model 'go-live', a mid-2020 commitment, will be delayed, due to issues with implementing a technical project for the balancing market, related to contractors' difficulties in deploying staff as a result of the containment measures. Nevertheless, Greece made progress on several fronts, notably launching the forward market for electricity. The exacerbation of non-payment of bills in the consumer market has threatened a liquidity crisis amongst energy providers, and so far the authorities have responded with measures that aim to ease this pressure without distorting the market. In the mid-term, Greece's timeline for decommissioning lignite plants remains intact for now, and Greece signalled its intentions to put maximum efforts into this project. The Renewable Energy Sources Special Account has also come under a particular strain as a result of lower energy and EU emissions trading prices.

Discussions continue on the specifics of the anti-trust remedy, with the aim of presenting a market-testable proposal, a key step in finally implementing the remedy and closing this end-2020 commitment. The goal is for a structural remedy to be able to increase competition at all levels of the market and not to be overly biased towards a specific user profile, thus meeting the anti-trust concern brought about by the Public Power Company's continued exclusive access to baseload power sources. This key commitment, proposed as an alternative to the failed divestiture of two of the company's lignite plants, will be important in opening up the market to competition and encouraging new investment during Greece's energy transition.

Greece's National Energy and Climate Plan is currently under review by the European Commission. This ambitious plan for lignite decommissioning will require an increased uptake of renewable energy sources and gas as replacement of power, and a regional plan to deal with the socio-economic challenges. The forthcoming licensing law aimed at improving the setting up and development of renewable energy projects will contribute to this. Key to the success of the decommissioning plan will be the post-lignite transition in areas particularly reliant on the sector. Greece has established an inter-ministerial committee to develop a Just Transition Master Plan to steer this project, supported by the EU Just Transition Mechanism.

Regarding the transport sector, the authorities have adopted the National Transport Master Plan and are proceeding to its further specification at regional level. The specification of the National Transport Master Plan is an enabling condition of the upcoming structural funds programming period for comprehensive transport planning and will be instrumental in introducing a pipeline of projects for the next programming period. The authorities also took steps to improve transport conditions supply in Thessaloniki through a concession contract with the Joint Venture for Regional Transport (KTEL), and are preparing a strategic plan for its future reform integrating the Thessaloniki metro.

HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS AND PRIVATISATION

Inevitably, the Coronavirus pandemic has affected the functioning of the Hellenic Corporation of Assets and Participations (HCAP) and its portfolio companies and has led to adjustments and/or change of its priorities as well as of the schedule of part of Greece's commitments. While the authorities continue their strong engagement with the Corporation, the adoption of updated Ministerial Guidance, which is needed for the continued implementation of Corporation's strategic plan (a continuous commitment), as well as its planned update to its business plan, will be delayed until the Coronavirus situation has stabilised. Regarding the implementation of the Coordination Mechanism, the mandates of the respective state-owned enterprises were approved by the Cabinet Committee on 12 March, but the finalisation of a statement of commitments regarding each enterprise is not advisable at this juncture, again due to the uncertainty created by the Coronavirus. The Corporation continued improving corporate governance in state-owned enterprises through board reviews and appointments. A key challenge relates to the significant operational and financial issues at Hellenic Post. The pandemic will also limit improvements in the performance of the Corporation's real estate portfolio during 2020, though operational improvements should remain feasible. Technical work regarding the transfer of the Athens Olympic Athletic Centre to the Corporation has continued with the submission of a report by the technical advisor in April 2020.

The Corporations' current priority is ensuring continued operation of public enterprises in key sectors, and health and safety of staff. In this context, the uninterrupted provision of electricity, water and postal services is paramount, as is the safeguarding of business continuity in the public transport systems and central markets in Athens and Thessaloniki. The negative economic repercussions of the Coronavirus pandemic are expected to be particularly severe for the Athens Urban Transport Organisation and the Hellenic Post.

The momentum in the privatisation process observed over the previous months could not be maintained due to the Coronavirus outbreak. The pandemic is impacting the implementation of the privatisation programme in many ways, inter alia through difficulties in engaging with potential investors, impacts on asset valuations, reduced administrative capacity to implement necessary actions, and the interruption of construction works.

Despite the overall negative commercial environment caused by the pandemic, the Hellenic Republic Asset Development Fund is advancing with maturing actions on its transactions, and the authorities are supportive and are taking the required actions on their side. This will make possible the launching of the next steps in the respective transactions, at a time that the situation normalises. At this stage, the situation regarding the ongoing transactions is as follows:

- **Hellinikon (a 2018 specific commitment):** Despite the continued strong engagement of the authorities to complete the conditions precedent to allow the transfer of shares to the preferred investor (Lamda), the financial closing is delayed by complications in the tender process for the award of the casino licence. Following the dismissal of a first appeal, the excluded bidder lodged a petition for annulment along with interim relief measures before the Council of State. The Council of State rejected the petition for interim relief measures on 7 May 2020. This opens the way for a continuation of the tender process though its finalisation will need to await the Council of State decision on the merit of the petition for annulment. The authorities are pursuing steps to address the remaining pending issues.

- **Marina of Alimos concession (a mid-2019 specific commitment):** the marina of Alimos is one of the largest marinas in the South-Eastern Mediterranean, located on the South-Eastern waterfront of Athens. The Cabinet Act authorising the signature of the concession agreement was published in the Official Gazette on 7 April 2020 and the concession agreement was signed by all stakeholders on 13 May 2020. The financial closing of the transaction is set to follow within 120 days of the signature of the concession agreement.

- **Hellenic Petroleum (a mid-2019 specific commitment):** The authorities are yet to decide on the approach to be followed after the failure of the first tender in mid-2019. The Fund is considering all options. However, following the recent significant fall in the capitalisation value of the company, the Fund considered appropriate to delay further the launching of the transaction to a later point of time.

- **Sale of 30% of Athens International Airport (an end-2019 specific commitment):** At end-January 2020, nine investment parties were considered qualified to proceed to the binding offers phase. However, due to the impact of the pandemic, the deadline for the submission of binding offers had to be adjusted and the process will resume once the situation improves.

- **Public Gas Corporation – DEPA Commercial (an end-2019 specific commitment) – DEPA Infrastructure (a mid-2021 specific commitment):** Good progress was achieved with both tenders attracting strong investment interest. Nine interested parties submitted Expressions of Interest in each of the two international tenders. Their evaluation is underway but the launch of the binding offers phase for both transactions will be delayed due to the Coronavirus outbreak.

- **Egnatia (an end-2019 specific commitment):** The authorities have stressed their commitment to proceed with the transaction and took a number of actions in April and beginning of May 2020, including the signing of a Joint Ministerial Decision on key elements of the concession agreement and further administrative steps. Meanwhile the authorities and Egnatia S.A. are expected to proceed with the implementation of all remaining pending actions related to the specification of works for bridges to qualify as safe, the licencing of the tunnels, the completion of the construction of all toll stations and resolution by Egnatia S.A. of the open issues related to the four motorist service stations contracts that have been inactive since 2011.

- **Regional Ports (an end-2019 specific commitment):** Following a long period of delays, good progress has been achieved over the last months, with the Fund given the flexibility of designing the transactions on a case-by-case basis and the initiation of preparatory work on tenders for four ports. However, due to the unfavourable environment, it was considered reasonable to delay the launching of the transactions.

PUBLIC ADMINISTRATION

The public administration has been faced with a dual challenge in dealing with the Coronavirus pandemic, as it has spearheaded the authorities' response while facing sharp capacity constraints. Overall, the response of the public administration has allowed for key services that citizens and businesses rely on to continue largely uninterrupted. This has been supported by the launch of a number of digital tools during the containment period.

The authorities have made progress with the appointment of senior managers and strengthening the overall framework, though the process has been disrupted by the Coronavirus pandemic and some concerns remain. The appointments of the 13 new Permanent Secretaries have been completed, while the selection process for Directors has been temporarily paused. In March 2020, the authorities adopted legal provisions extending the selection process from central administration also to local level, which is welcome. Draft legislation has also been prepared to set up a uniform selection process for senior management posts at public sector entities, which is expected to come into effect in September 2020. The central role foreseen for the Supreme Council for Civil Personnel Selection in the selection process is welcome. On a more problematic note, the ongoing selection procedures for the structures managing the EU structural funds (National Strategic Reference Framework) have not progressed and plans to cancel this process and relaunch a new one could affect the stability and effective functioning of the management and control systems put in place, and the authorities are encouraged to consider alternative options.

Overall, good progress has been made in developing a Human Resources Management System, including completion of a significant number of digital organigrams and job descriptions (an end-2019 specific commitment). Until mid-March, government entities representing around two-thirds of total personnel had completed digital organigrams, with a link between the job description and jobholder established for 75% of occupied posts. The EU-funded tender on Human Resources System Support Services is expected to be launched by June 2020, while the upgrade of the census database is progressing as an interim solution.

The mobility cycle for 2020 has been launched in accordance with new legislation aiming to further improve this reform, notably by strengthening the link between the mobility scheme and the annual recruitment planning. The performance assessment cycle for 2019 has been delayed due to the pandemic, but the authorities are moving ahead with plans to strengthen the assessment framework and link it with the annual action plans of each Ministry and the selection process of managers.

The authorities have committed to strengthen the personnel selection system through updating the enabling law of the Supreme Council for Civil Personnel Selection's and to increase its overall capacity (a complementary commitment). The new commitment entails a revised law to be adopted by October 2020 and a detailed action plan for the Council's' reorganisation will be finalised by end-2020, with the implementation of specific key actions being monitored from 2021 onwards. Work has already been initiated, with a number of working streams being defined, including application process, special hiring provisions (incl. for temporary staff) and organisational issues.

The authorities are seeking to progress with ongoing work on legal codification, despite current disruptions. The Central Codification Committee has been re-established and is expected to have a key role in pushing ahead with the legal codification project. Due to the Coronavirus outbreak, the authorities have slightly delayed their plans to adopt a new codification law for the Labour Law Code and Code of Labour Regulatory Provisions (**a mid-2020 specific commitment**), but are committed to adopting the new codification law by September 2020. The tender for the flagship project to set up the national gateway for legal codification (**a mid-2022 specific commitment**) is expected to be launched shortly.

The implementation of the Executive State Law is progressing. First, the authorities have adopted a detailed legislative methodology manual and a template for a comprehensive impact assessment, which were prepared with technical support provided by the European Commission, and constitute key tools to enforce the good law-making provisions that came into effect in January 2020. Second, according to preliminary findings, the delegation of signature powers to the non-political level that came into effect in February 2020 is being applied efficiently across the central administration. This entails a major reform at the core of the public administration, and it is estimated that approximately 80% of all decisions taken in each ministry are to be signed off at administrative level.

Hiring of permanent staff in 2019 was in compliance with the staffing plan, and the staffing plan for 2020 respects the 1:1 replacement rule. At the same time, given the sharp increase of temporary staff since 2018, the authorities have agreed to a new complementary commitment to reinstate a ceiling of temporary staff from 2021 onwards. While the number of temporary staff has been on a decreasing trend since its peak in mid-2019, it remains well above the level in 2018 when Greece exited the ESM programme. The new commitment is expected to contribute to the authorities' ambition to strengthen the central control of hiring procedures. The recently adopted provision that moves specific municipal entities outside the mandate of the Single Payment Authority is a concern. In order for the ongoing third and final phase of the remuneration reform, it is important that the Single Payment Authority's mandate remains intact.

JUSTICE AND ANTICORRUPTION

As part of the project to strengthen e-justice, some progress has been recorded in the transition to mandatory electronic filing and processing of legal documents in civil and

penal jurisdictions and in the electronic issuance of court certificates and decisions. While electronic filing has been made mandatory for the administrative branch of the judiciary as of 1 January 2021, it remains optional and is only partially available in civil and penal jurisdictions. The authorities have committed to preparing an action plan by mid-2020 for the deployment of electronic filing throughout civil and penal jurisdictions, mapping territorially and thematically the current situation and setting forth a timetable. A precondition for the generalised and mandatory electronic filing is the acquisition of certified digital signatures by judges, administrative court staff and legal professionals, and the authorities have committed to take facilitating measures to this end.

On 15 April 2020 the authorities published the long overdue call for bids for the second phase of the Integrated Judicial Case Management System, a mid-2020 specific commitment. The bids are set to be submitted by 26 May 2020 and the competition for the award of the contract will take place on 1 June 2020. The delivery of the contractual project is planned to be completed within 36 months from the signature of the agreement.

The last stage of entry into force of the mandatory mediation framework has been completed in March. Due to the suspension of the function of courts in the context of the Coronavirus outbreak, the effects of the new framework will be measurable only later in 2020.

The authorities are also proceeding with the initiative of creating specialized chambers in civil and administrative courts (a complementary commitment). The new chambers will deal with specific categories of cases and will be staffed by judges with relevant professional experience or academic credentials.

The operational capacity of the National Authority for Transparency is gradually being enhanced with a view to making it fully operational by November 2020. The National Authority for Transparency closely monitors the implementation of the National Plan for Anticorruption, which shows good results so far, and collaborates with the Hellenic Court of Auditors on strengthening the internal control systems at both central and local level. The Authority is also involved in the oversight of political party financing and controls of asset declarations. The authorities committed to report shortly on the implementation of the institutional framework on political party financing to date. The recommendations of the Group of States against Corruption will be considered by a dedicated committee, which will propose any necessary legislative amendments by December 2020.