



European
Commission

A NEW START FOR JOBS AND GROWTH IN GREECE – ALMOST TWO YEARS ON

Situation as of 10 June 2017





CONTEXT

In mid-2015, Greece applied for and was granted a stability support programme under the European Stability Mechanism (ESM). In parallel, following a suggestion from the European Commission, the [Euro Summit on 12/13 July 2015](#) mandated it to work closely with the Greek authorities to boost investment in support of jobs and growth through the use of EU Funds. The Commission proposed a set of measures to **mobilise up to EUR 35 billion under various EU funding programmes for the period 2014-2020**, which is the current multiannual programming period of the EU budget. To this end, the Commission adopted on 15 July 2015 a Communication on "[A new start for jobs and growth in Greece](#)" with the view to helping Greece:

- i. To ensure that the EU Funds still available** under the 2007-2013 programming period are used in time before the end of the eligibility period at the end of 2015;
- ii. To meet the necessary requirements** to access all the EU funds available in the current programming period of 2014-2020;
- iii. To implement reforms and make best use of the EU Funds** by making use of technical support provided and coordinated by the Commission's [Structural Reform Support Service](#) (SRSS).

In this context, the Commission proposed, and the Council agreed, a series of exceptional measures, including increasing the level of annual pre-financing available for the 2014-2020 programming period by EUR 1 billion. Almost two years on, these steps are bearing fruit. This note summarises the key actions taken and takes stock of progress, focusing on the EU structural funds and technical support.



ACTIONS TAKEN

The **exceptional measures** to help Greece absorb EU funds include:

For the 2007-2013 period

The co-financing rate was increased to 100% with retroactive effect and the 95% cap on payments before Operational Programme closure in 2017 was removed.

For the 2014-2020 period

An additional pre-financing of 3.5% of total EU funds was paid annually for 2015 and for 2016.

As a result of these exceptional measures, Greece received about EUR 2 billion in EU funds in 2015 and 2016, in addition to what was already planned. This frontloading of financial resources has played a role in sustaining the economy at a time of stretched financial liquidity.

Other measures to help Greece absorb EU funds in relation to the 2014-2020 period include:

- o To ensure that EU money reaches the real economy and is used solely for payments to beneficiaries and operations of the Operational Programmes, a "**ring-fence mechanism**" was put in place. Since October 2015, all funds allocated to the financing of EU financed projects are transferred to this account. In addition, EUR 500 million under disbursement from the European Stability Mechanism related to the stability support programme was paid into this account for the use as national co-financing to increase the cash flow available to finance projects.
- o The Commission has **extended the so-called "top up"** in co-financing beyond the June 2016 initial regulatory deadline until after the end of the stability support programme. This "top up" facility is provided to Member States experiencing or threatened with serious difficulties with respect to their financial stability. Currently, this has brought the average co-financing rate close to 90% for Greece, depending on the Operational Programme and the category of regions (more developed, less developed or transitional regions).
- o As a result of the review of national cohesion policy funding envelopes for the period from 2017 to 2020, Greece has been allocated an **additional EUR 970 million for 2017-2020** (Commission decision 2016(311)). Talks with Greece have started on the policy priorities for this additional funding and Greece needs to come with a complete proposal without delay. The corresponding Partnership Agreement and Operational Programmes will have to be revised accordingly.
- o The Commission is providing **hands-on technical support** to the Greek Authorities for facilitating the management and implementation of the EU structural and investment funds, including when it comes to the simplification of implementation. For example, the Commission is providing extensive assistance to improve the planning and the management of the construction and operation of waste water projects, for implementing the land register, for the digitalization of the Greek economy and government and for setting up co-financed financial instruments.
- o In addition, **the Commission provides technical support for building administrative capacity for the design and implementation of reforms** of importance for the use of EU funds and for the success of the stability support programme. This was done through the Commission's Structural Reform Support Service (SRSS) and with the help of other Commission services, international organisations and Member States' experts. The support is provided in line with the "Plan for technical cooperation in support of structural reforms" agreed with the Greek Authorities, which defines guiding principles, areas of cooperation, working modalities and financing arrangements.

- **As of 10 June 2017, nearly two years since the jobs and growth plan for Greece started, Greece has received almost EUR 11 billion from a large pool of EU funds.**
- **With the help of the extraordinary measures, Greece is the top absorber of EU structural funds for the 2007-2013 period.**
- **At this point in time, Greece also ranks among top performers in terms of use of EU funds for the period 2014-2020 from the European Regional Development Fund, Cohesion Fund and European Social Fund.**
- **The Structural Reform Support Service provides and coordinates technical support for a whole range of reforms.**
- **The European Fund for Strategic Investments is also kicking in.**

o The European Structural and Investment Funds are by far the main source of public investment in Greece. **Since July 2015, Greece has received almost 11 billion from a large pool of EU funds**, out of which over EUR 2 billion thanks to the extraordinary measures. This includes EU funds which could still be mobilised under the previous EU programming period (2007-2013) and the ones which could be frontloaded under the new one (2014-2020). **This total amount is equivalent to 6% of the annual GDP of Greece (2016).**

o Thanks to all the extraordinary measures, **Greece ranks top in terms of the absorption of EU structural funds for the 2007-2013 programming period.** For example, the absorption rate for the European Regional Development Fund, the Cohesion Fund and the European Social Fund is 100%, while the average rate in the EU without such special measures is 94%.

o Following the support of the Commission, **Greece carried out simplification measures in the legislation and the implementation of EU structural funds.** Such measures included the demarcation between political and administrative tasks, enhanced coordination of the funds as well as reinforcement of anti-fraud measures. Upon the Commission's guidance and with the help of technical assistance, Greece took legislative action to simplify the payment circuit of projects. Likewise, as also provided in the Memorandum of Understanding for the programme, Greece set up an inter-ministerial committee with the aim to lift bottlenecks in the implementation of projects for the 2007-2013 period. The work of the committee was extended to the 2014-2020 period and includes an on-going streamlining of the framework on expropriation and archaeology related to projects.

o Greece accelerated the finalisation of some projects under the 2007-2013 period, for example:

- The development of a Waste Treatment Project in West Macedonia, which contributes to the compliance with the EU environmental acquis.

- The upgrading of a Liquefied Natural Gas terminal in Revithoussa, which is a project of strategic importance, as it contributes to the flexibility, stability and security of energy supply for the Greek Natural Gas transmission system.

- The completion of five motorways concessions, which help to build a modern motorway network on the mainland, connecting its regions with fast and safe motorways to the benefit of the citizens and businesses.

- The regeneration of the Thessaloniki's seafront, which makes the city "greener" and more attractive to both citizens and tourists.

- The construction of schools, through a successful co-financed Jessica Public Private Partnership scheme, which provide new and modern learning environments to Greek kids.

o **The absorption rate for the 2014-2020 period has reached 20%, whereas the EU average is at 8%.** (This relates to the European Regional Development Fund, Cohesion Fund and European Social Fund - pre-financing and interim payments, including the additional 7% extraordinary pre-financing). Even if the additional 7% pre-financing is excluded, **Greece's absorption rate is at 13%, making it rank amongst the top performers** compared to other Member States.

o The current project selection rate for the European Regional Development Fund, the Cohesion Fund and the European Social Fund stands at 38%, with contracting at 28%. **The pace of project implementation by the Greek authorities is deemed normal** at this moment of the programming while mainly focused to phased or transferred projects from the 2007-2013 programming period. The Greek authorities however need to accelerate the maturation of new projects for co-financing in the 2014-2020 programming period.

o The approval of the second phase of major projects is on track: ten were recently adopted for a total amount of [EUR 1.3 billion](#). This will allow major strategic projects that started in the 2007-2013 period to be completed in the current 2014-2020 period. These investments include for example EUR 730 million for the extension of the metro in Thessaloniki, EUR 377 million for urban public transport systems in Athens and the region of Attica, EUR 51 million for broadband rollout in the country or EUR 38 million for better collection and treatment of waste in the region of Attica.

o In 2016, with the support from EU funds, the Greek Authorities have also launched **a new generation of Public Work Schemes.**

o Moreover, operations approved **in Greece under the [Juncker Plan's European Fund for Strategic Investments \(EFSI\)](#) now represent a total financing volume of EUR 1 billion** which is expected to trigger EUR 3 billion in investments. The projects focus on the areas of infrastructure and innovation (7 approved projects amounting to EUR 849 million) and SME financing (7 approved agreements with financial intermediaries (banks, funds, etc) worth EUR 195 million, with some 3,540 smaller companies or start-ups to benefit from this support). In December 2016, the Commission and the European Investment Bank Group launched a new Fund-of-Funds with EUR 200 million from the European Regional Development Fund and EUR 60 million from the European Investment Fund which will include up to EUR 10 million from EFSI supported resources, to boost the competitiveness of SMEs and start-ups.

o At the same time, Greece benefits from the technical support for building administrative capacity for the design and implementation of structural reforms. Greece has transferred EUR 45 million of its technical support allocation under the European Structural and Investment Funds to the Commission for this support (EUR 15 million in 2014 and EUR 30 million in 2016). **17 technical support projects have been already completed, and 32 projects are currently being deployed on the ground for a total of around EUR 28.6 million.** The remaining funds (i.e.

EUR 12.9 million) will be also progressively deployed. Technical support has been closely aligned with the provisions of the stability support programme. While until now it was primarily focused on the aid to the preparation of changes to the legislative framework, important assistance has been delivered to finalise the technical work for the national rollout of the Guaranteed Minimum Income that started in February 2017 as well as in the context of the recapitalisation of Greek Banks, the fight against undeclared work and the management of the migration crisis.

o Although positive results have been obtained, there is no time for complacency. While the technical support is available to assist the Greek authorities in their reform efforts, Greece remains responsible for the timely and effective reform implementation and it is for the authorities to make best use of the support provided. Further determined efforts are needed to implement reforms effectively and to make best and timely use of the European resources made available to Greece to support the economic recovery and strengthening the foundations for sustainable growth, job creation and territorial cohesion. The Commission stands ready to continue to provide further technical support as needed.



EU FUNDING AVAILABLE TO THE GREEK ECONOMY AND SOCIETY (2014-2020, IN EUR MILLION)

PART 1: European Structural and Investment Funds (ESIFs), YEI, FEAD, EAGF	Amounts programmed 2014-2020	Amounts paid from 2014 (start of the programming period) up to 10 June 2017	Amounts paid since 12 July 2015 (Jobs and Growth Plan for Greece) up to 10 June 2017
European Agricultural Guarantee Fund (EAGF)	15,074	8,177	4,205
European Regional Development Fund (ERDF)	8,381	1,587	1,357
European Agricultural Fund for Rural Development (EAFRD)	4,718	745	745
European Social Fund (ESF)	3,684	966	862
Cohesion Fund (CF)	3,241	409	317
European Maritime and Fisheries Fund (EMFF)	389	48	48
Fund For European Aid to the Most Deprived (FEAD)	281	43	12
Youth for Employment Initiative (YEI)	172	108	54
Subtotal Part 1	35,938.6	12,083.9	7,600.9
Subtotal Part in % of Greek annual GDP 2016	20%	7%	4%

PART 2: Other EU Funds	Amounts paid from 2014 (start of the programming period) up to 10 June 2017 (in million)	Amounts paid since 12 July 2015 (Jobs and Growth Plan for Greece) up to 10 June 2017 (in million)
Horizon 2020	591.0	427.1
Asylum and Migration Fund and Internal Security Fund	328.0	299.8
Instrument for Emergency Support within the Union (IES)	169.8	169.8
Erasmus for all	140.0	89.8
European Globalisation Adjustment Fund (EGF)	35.1	6.5
LIFE+	27.9	15.1
Food and feed	21.5	16.3
European Union Solidarity Fund	15.2	10.5
Creative Europe	7.6	4.9
Connecting Europe Facility	6.4	2.1
Rights, Citizenship and Justice	4.4	3.5
Energy projects to aid economic recovery	3.8	-
Competitiveness of enterprises and small and medium-sized enterprises (COSME)	5.3	4.8
Health for Growth and Consumer protection	4.0	2.6
Social change and Innovation	3.2	1.8
Civil protection	3.3	1.8
Customs, Fiscalis and Anti-Fraud	2.4	1.6
Europe for Citizens	1.2	0.7
Subtotal Part 2	1,369.9	1,058.9
TOTAL AMOUNTS PAID	13,453.8	8,659.8
TOTAL AMOUNTS PAID in % of Greek annual GDP 2016	8%	5%



EU FUNDING AVAILABLE TO THE GREEK ECONOMY AND SOCIETY (2007-2013, IN EUR MILLION)

PART 1: Structural Funds, Cohesion Fund, Agriculture and Fisheries Funds	Amounts programmed 2007-2013	Amounts paid since 2007 up to 10 June 2017	Amounts paid since 12 July 2015 (Jobs and Growth Plan for Greece) up to 10 June 2017
European Agricultural Guarantee Fund (EAGF)	17,315	16,491	-
European Regional Development Fund (ERDF)	12,345	12,325	771
European Social Fund (ESF)	4,364	4,364	677
European Agricultural Fund for Rural Development (EAFRD)	3,815	3,624	515
Cohesion Fund (CF)	3,697	3,697	321
European Fishes Fund (EFF)	208	194	24
Subtotal Part 1	41,743.8	40,695.0	2,308.0
Subtotal Part 1 in % of Greek annual GDP 2016	24%	23%	1%

PART 2: Other EU Funds	Amounts paid 2007-2013 (in million)	Amounts paid since 12 July 2015 (Jobs and Growth Plan for Greece) up to 10 June 2017 (in million)
Seventh Research framework programme	929.3	0
Lifelong Learning and Youth in Action	224.4	0
Fundamental Rights, Justice and Citizenship	165.0	0
Solidarity and Management of Migration Flows + Security and Safeguarding Liberties	199.9	0
European Solidarity Fund	99.1	0
Competitiveness and Innovation Framework Programme	52.4	0
Life+	47.3	0
Trans-European Networks	37.1	0
Culture 2007-2013 and Media 2007	14.9	0
Social Policy Agenda	12.0	0
Public Health and Consumer Protection Programme	8.3	0
Customs 2013 and Fiscalis 2013	6.3	0
Energy Projects to Aid Economic Recovery	6.0	0
Civil Protection	5.7	0
European Globalisation Adjustment Fund	2.9	0
Europe for Citizens	2.1	0
Subtotal Part 2	1,813.0	-
TOTAL AMOUNTS PAID	42,508	2,308
TOTAL AMOUNTS PAID in % of Greek annual GDP 2016	24%	1%

TOTAL AMOUNT PAID SINCE 12 JULY 2015 (Jobs and Growth Plan for Greece) UP TO 10 JUNE 2017	10,968
TOTAL AMOUNT PAID SINCE 12 JULY 2015 (Jobs and Growth Plan for Greece) UP TO 10 JUNE 2017 in % of Greek annual GDP 2016	6%

