



EUROPEAN COMMISSION
EUROSTAT

Directorate D - Government Finance Statistics (GFS)

Luxembourg,

FINAL FINDINGS

EDP Dialogue Visit to Greece

22-23 March 2022

EXECUTIVE SUMMARY

Eurostat undertook an EDP standard dialogue visit to Greece on 22-23 March 2022. The purpose of this meeting was to review the draft tables of the forthcoming April 2022 EDP notification and to discuss methodological issues and specific government transactions in the light of the implementation of the ESA 2010 methodology and the provisions of the Manual on Government Deficit and Debt. In particular, the visit aimed to review the recording of EU flows, the reporting of government interventions to support financial institutions and the measures introduced in the contexts of the COVID-19 pandemic and the increase in energy prices.

As regards the forthcoming April 2022 EDP notification, the draft tables were reviewed. The data for the year 2021, the adjustments in the tables and the main government operations carried out in 2021 were discussed.

With respect to the statistical implications of policy measures in the context of the COVID-19 pandemic, Eurostat inquired on the changes to the legislation on repayable advances that had been introduced in the last quarter of 2021 and discussed how such changes could affect the data to be reported in April 2022. As regards the deferral of taxes and social contributions introduced in 2020, the Greek statistical authorities confirmed that the first payments had started to be cashed in January 2022. Eurostat asked the Greek statistical authorities to make a new assessment using the actual amounts cashed and to reflect on how to change the coefficient used in the calculations. Eurostat also inquired on the funds managed by the Hellenic Development Bank (the COVID-19 Guarantee Fund and the TEPICH II Fund) and took note of two additional programmes involving small amounts. The support provided to Aegean Airlines in 2021 and the details of the warrants received by the Greek State were also discussed.

The sector classification of several units was discussed. It was agreed to reclassify Larco in the general government sector from the year 2020. The classification of Gaiaose, 5G Ventures and Phaistos Fund remains open.

Concerning taxes, Eurostat asked about the method used for recording road duties and inquired about the first conversion of Deferred Tax Assets (DTAs).

Eurostat inquired on the bond exchange operation undertaken in December 2021 concerning the remaining bonds from the Private Sector Involvement (PSI). As regards the difference between interest paid and accrued, Eurostat stressed the need to have additional breakdowns by instrument. The Greek statistical authorities agreed to provide the calculation of accrued interest on debt securities line by line. The table on interest recording was also discussed.

As regards the reporting of EU flows, the specific adjustments introduced for 2020 and 2021 related to the COVID-19 measures financed from EU funds were discussed. Eurostat asked whether there was any progress as regards the reporting of EU financial instruments and requested the Greek statistical authorities to improve the reporting of EU flows in table 6 of the Questionnaire related to EDP tables. The reporting system in place for the Recovery and Resilience Facility (RRF) was also discussed and Eurostat asked the Greek statistical authorities to fill in the RRF table in detail for the April 2022 EDP notification. Eurostat also inquired on the acquisition of civil protection equipment with EU funds in the context of the RescEU civil protection mechanism.

Eurostat took note of the new securitisation operations carried out under the Hellenic Asset Protection Scheme (Hercules) and recalled that a final decision on the treatment of the Hercules transactions would be taken at the moment in which the 2022 MGDD text will be approved.

As regards capital injections in the banking sector, the share capital increases carried out in Piraeus Bank, Alpha Bank and Attica Bank in 2021 were discussed. Eurostat provisionally accepted the recording proposed by ELSTAT to treat the first two cases as financial transactions and the third one as a capital transfer.

The Greek statistical authorities presented a table listing the energy measures planned and their estimated impact for 2021 and 2022. Eurostat took note of the sizeable amounts planned for 2022 and underlined the importance of monitoring these measures. The Greek statistical authorities agreed to send the table to Eurostat, to identify the ESA treatment of the measures and to provide additional information.

Eurostat inquired on the state of play as regards the set-up of a Sale and Lease Back Organization to protect vulnerable debtors' primary residence from enforcement actions. The Greek statistical authorities explained the estimated timeline for launching the tender process and for activating the entity.

On infrastructure projects, ELSTAT provided a list of existing concession contracts and the list was discussed. As regards future contracts, Eurostat inquired on the state of play of the concession contract for the Egnatia Odos motorway, which was planned to start in 2022.

Eurostat inquired on the methodology used for the reporting of standardised guarantees and ELSTAT agreed to report back.

Eurostat followed up on the table on derivatives and welcomed the reporting of transactions as assets or as liabilities depending on whether the derivative is an asset or liability, respectively, at the beginning of the year.

Concerning pensions, Eurostat inquired on the stock of unprocessed pension applications referred to in the reports of DG ECFIN. Moreover, Eurostat recalled that the implications of the Auxiliary Pension Reform would be reassessed once the new edition of the Manual on Government Deficit and Debt would be published.

As regards Emission Trading Systems, ELSTAT agreed to check whether the FIFO methodology currently applied can be assimilated to a time-adjusted cash method with a time-lag one year.

Eurostat inquired on the difference between the accumulated deficit arising from government interventions in the financial system over 2007-2020 (EUR -27 billion) and the related net assets arising from these interventions observed by end-2020 (EUR -37 billion). The time of recording of guarantee fees in the context of the financial crisis was also discussed.

Eurostat appreciated the documentation provided by the Greek statistical authorities prior to the EDP dialogue visit and thanked them for their cooperation during the discussions, which were transparent and constructive.

FINAL FINDINGS

Introduction

In accordance with Article 11 of Council Regulation (EC) No 479/2009 of 25 May 2009 (the EDP Regulation) on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, Eurostat carried out an EDP dialogue visit to Greece on 22-23 March 2022.

The delegation of Eurostat was headed by Mr Luca Ascoli, Director of Eurostat Directorate D 'Government Finance Statistics'. Eurostat was also represented by Ms Gita Bergere, Head of Unit D-2 Excessive Deficit Procedure (EDP) I, Mr Philippe de Rougemont, Ms Lourdes Prado, Mr Miguel Alonso and Mr Floris Jansen. Representatives of DG ECFIN and the European Central Bank (ECB) participated in the meeting as observers.

The Greek authorities were represented by the Hellenic Statistical Authority (ELSTAT), the General Accounting Office of the Ministry of Finance (GAO) and the Bank of Greece (BoG). In addition, representatives from the following entities participated in the discussion for some specific points in the agenda: Public Debt Management Agency (PDMA), Ministry of Finance, Ministry of Development and Investment and Ministry of Labour. The expert providing technical assistance to ELSTAT also participated in the meeting.

The previous Eurostat EDP dialogue visit to Greece took place on 22-23 and 27 September 2021.

Eurostat carried out this EDP dialogue visit in order to discuss methodological issues and specific government transactions in the light of the implementation of the ESA 2010 methodology and the provisions of the Manual on Government Deficit and Debt. Particular attention was given to the recording of EU flows, the statistical treatment of the measures introduced in the context of the COVID-19 pandemic and the high energy prices and the draft tables of the forthcoming April 2022 EDP notification.

With regard to procedural arrangements, the *Main conclusions and action points* would be sent to Greece for review. Then, within weeks, the *Provisional findings* would be sent to Greece for review. After this, in accordance with Article 13 of the EDP Regulation, the *Final Findings* will be sent to Greece and the Economic and Financial Committee (EFC) as well as published on the website of Eurostat.

Eurostat appreciated the relevant background material provided by the Greek statistical authorities prior the EDP dialogue visit. Eurostat also thanked the Greek statistical authorities for their good cooperation and for the productive and transparent discussions during the EDP dialogue visit.

1. APRIL 2022 EDP NOTIFICATION – ANALYSIS OF EDP TABLES AND ASSOCIATED DATA

1.1. Analysis of draft EDP tables, analytical information and questionnaire related to EDP

Introduction

Before the EDP dialogue visit, ELSTAT provided drafts for EDP tables 2A1 and 3B1, as well as for other central government bodies, public hospitals, local government and social security funds. ELSTAT also provided notes on some government operations carried out in 2021 and detailed information on the Treasury Sector Accounts, the Common Capital and ANFA/SMP transfers.

Discussion

Table 2A1

Eurostat noted that the adjustments for accrued tax revenue and for the tax and subsidies schemes managed by DAPEEP (the Renewable Energy Sources Operator & Guarantees of Origin) were missing in the draft table 2A1 for the year 2021. ELSTAT confirmed that the amounts would be provided after the EDP dialogue visit.

Eurostat inquired on the EUR 240 million reported for 2021 in the adjustment line D.13 for capital injections. ELSTAT confirmed that the State had injected EUR 165 million in the Hellenic Corporation of Assets and Participations (HCAP) and EUR 43 million in Hellenic Defence Systems (EAS). ELSTAT explained that both transactions were recorded as capital transfers, which consolidate in the total S.13 accounts.

ELSTAT confirmed that the support provided to Aegean Airlines in 2021 (EUR 121 million) had been included in the working balance.

Eurostat asked about the EUR 518 million reported in the adjustment line G.2 for changes in the balance of treasury accounts in 2021. ELSTAT recalled that this flow is obtained as the difference in the stocks for a number of accounts. It explained that the increase in 2021 was partly due to the accounts reported in the group 240 (in particular, EUR 174 million) and that this group is related to orders under settlement (concerning, among other, military expenditure). The increase was also explained, to a less extent, by fees received in relation to Eurocontrol 2 (EUR 78 million), which are not recorded as budget revenue in the working balance.

ELSTAT clarified that the EUR 138 million recorded in the adjustment line G3 for unpaid tax refunds in 2021 referred to amounts that had been paid in 2021, which had already been recorded as revenue in past years. Therefore, it corresponded to a decrease in the stock of AFEK certificates.

ELSTAT explained that the adjustments G.14 and G.15 had been introduced for the first time in 2021 to neutralize the amounts concerning the Recovery and Resilience Facility (RRF). The first adjustment eliminates the amounts received from the EU and the second adjustment neutralized the expenditure actually incurred.

Eurostat then asked about the EUR -801 million reported in the adjustment line H.15d, labelled as “*deletion of OSE bonds held by the State*”. ELSTAT explained that during PSI procedure, the

State had acquired some bonds of OSE (Hellenic Railways Organisation) and that by 2021 there was only one bond of OSE left, maturing in June 2037. In December 2021, the Greek State agreed on the early and final termination of the bond with a nominal value of EUR 801 million. In EDP table 2A1, the transaction was recorded as a decrease in F.3 assets against a capital transfer expenditure. In the accounts of other central government bodies, the transaction led to the recording of revenue for the same value. These transactions consolidate and are therefore neutral at the level of S.13.

Eurostat inquired on the high amount (EUR 2,525 million) reported in 2021 in the adjustment line H.28 for cash payments of military equipment. ELSTAT explained that it concerned cash payments for two specific projects that will be delivered in the next years. As cash payments are included as expenditure in the working balance, this adjustment is necessary to ensure the time of recording when deliveries take place.

Eurostat noted that the adjustment line H.43, corresponding to increase in fees to third parties due to privatisation had changed from EUR -1 million in 2020 to EUR -51 million in 2021. ELSTAT explained that in 2021, EUR -47 million corresponded to fees paid in relation to the Hellinikon transaction. The sale of shares of Hellinikon was done in 2021 for EUR 915 million. The shares were owned by the State, who transferred the totality them to the purchaser in 2021. The buyer made a first payment of EUR 300 million in 2021 and the remaining amounts will be paid over 10 years. The cash was received by the Hellenic Republic Asset Development Fund (HRDAF), which transferred it to the State in a subsequent period.

Eurostat noted an increase in 2021 in the adjustment line H.69, which relates to concessions. ELSTAT explained that the EUR 136 million reported therein referred to the fees of the motorway concessions that are recorded on-government balance sheet. This issue was further discussed under point 2.4.3 on infrastructure projects.

Eurostat inquired on the EUR 464 million reported in the adjustment line H.78a, labelled as “*equity withdrawal from ETEAN*”. ELSTAT replied that ETEAN (renamed as the Hellenic Development Bank, HDB) held bonds of the Greek State for EUR 500 million. When the bonds reached maturity in 2021, there was no cash payment to the HDB. Instead, the Greek State exchanged bonds with a nominal value of EUR 500 million for bonds with a nominal value of approximately EUR 40 million. The difference (EUR 464 million) was recorded as a decrease in the capital of the HDB, implying a revenue for the Greek State and an expenditure for the HDB. ELSTAT explained that, as there was no cash involved, the EUR 464 million had not been recorded as revenue in the working balance of the State (therefore an adjustment was necessary in EDP table 2A1). On the contrary, the amount had been recorded as expenditure in the B.9 of the survey filled in by the other central government bodies. These transactions consolidate and are therefore neutral at the level of S.13.

Other central government bodies

Eurostat noted that the adjustments concerning the special account of DAPEEP (the Renewable Energy Sources Operator & Guarantees of Origin) had increased significantly in 2021, reaching EUR 1,758 million. ELSTAT recalled that these adjustments are introduced in the table for other central government bodies to exclude the activities that DAPEEP undertakes on behalf of the Greek State, namely the tax and subsidy scheme related to Renewable Energy Sources. ELSTAT explained that similar adjustments with opposite sign would be visible in EDP table 2A1. Eurostat noted that the amounts concerning DAPEEP had not been filled in in the draft EDP table 2A1 and stressed the importance of receiving clear information on the flows involving

energy measures. This issue was elaborated later in the discussion as part of the point on government measures to tackle the economic effect of the increase in energy prices in 2021 and 2022 (see point 2.4.2).

Social Security Funds

Eurostat took note that the capital injection in Attika bank (for EUR 25 million) in 2021 had been recorded as a capital transfer. This transaction is later discussed under the point on government transactions in the context of the financial crisis (see point 2.4.1).

As regards clawbacks and rebates, Eurostat noted that the difference between accrual and cash figures continued to be high each year. From 2019 onwards, the accrual is always around EUR 600-700 million higher than the cash. This evidences that the change in the recording to the cash approach, implemented in 2021, was appropriate. It was agreed that ELSTAT would continue sending to Eurostat the cash and accrual information on clawbacks and rebates, as a memo item.

As regards the revenue imputed in the year 2020 for the deferral of social contributions following the COVID-19 measures, Eurostat recalled that negative adjustments would be needed when the cash payments would start (in year 2022).

Findings and conclusions

Eurostat took note of the explanations provided by ELSTAT as regards the EDP tables and the data for 2021.

2. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS

2.1. Recording of government measures undertaken in the context of COVID-19

Introduction

The Greek statistical authorities shared in advance of the meeting various documents related to the fiscal measures implemented in response to the COVID-19 crisis. In particular, they provided a file compiled by GAO with the impact of each measure in cash terms, a file compiled by ELSTAT with the national accounts treatment of each measure, a range of documents related to repayable advances and tax deferrals and the T-accounts for the measures implemented by the Hellenic Development Bank (HDB). These documents constituted the basis for the discussion.

2.1.1 Measures introduced in 2021

Discussion

Most of the measures introduced in 2020 have continued in 2021 (with some exceptions) and there have been new measures introduced.

Repayable advances continued to be granted in 2021 and there were some changes in legislation. The discussion on repayable advances is summarised below in the section for 2020 measures.

The deferral of VAT and social security contributions granted in 2020 (measures 1 and 3 in the documents) was discontinued in 2021. Ad-hoc adjustments had been introduced in the accounts to impute the corresponding revenue in 2020. On the contrary, the deferral of amounts under debt settlement schemes (measures 2 and 4) continued in 2021. No ad-hoc adjustment had been introduced in the accounts for these measures which are also discussed below in the section for 2020 measures.

As regards the measures implemented by the Hellenic Development Bank (HDB), in 2021 there have been new guarantees granted from the Covid-19 Guarantee Fund and there have no new loans from the Tepix II. The discussion on these measures is summarised below in the section for the Hellenic Development Bank.

The suspension of the solidarity tax in the private sector is reported in the table by GAO from the year 2021 (measure 56). GAO explained that the cost had been revised downwards and that they would slightly update the amounts reported in the table of COVID-19 measures.

Support to Aegean Airlines

In 2021, the Greek government provided EUR 120 million to Aegean Airlines to compensate losses incurred by the company due to travel confinements. The granting of the EUR 120 million was conditional on a share capital increase of at least EUR 60 million and the issue of share warrants to the Greek State. On 12 March 2021, the shareholders of the company agreed to fulfil the two conditions. The share warrants represent a right to acquire a number of shares equal to 11.5% of the (post-increase) share capital of the company. This issue was discussed in the EDP dialogue visit of March 2021. Although the amount had not been disbursed yet by the State, it was agreed that the transaction would be recorded by ELSTAT as a capital transfer.

Eurostat inquired on the developments since the last EDP visit. The Greek statistical authorities confirmed that the share capital increase for EUR 60 million was carried out in June 2021 and that the disbursement by the Greek government, referred to as a grant in the related state aid decision, took place on 2 July 2021. ELSTAT explained that the warrants were issued on 3 July 2021, giving the right to purchase the shares between 3 July 2023 and 3 July 2026 at an exercise price of EUR 3.20 per share. The Greek statistical authorities explained that, if the State decides to exercise the warrants, Aegean would have the right to buy back the warrants at the market price. At issuance, the warrants had a value around EUR 25 million.

Eurostat asked about the recording of the warrants in the financial accounts. ELSTAT explained that they do not know if the warrants will be exercised, and therefore, they follow a prudent approach and record nothing in the financial accounts. Eurostat noted that the State would earn money in case it would exercise the warrants or in case Aegean would buy back the warrants. ELTAT recalled that the Greek government is not obliged to exercise the warrants and that there had been cases in the past where the State did not exercise warrants. In this context, Eurostat accepted the current practice of not recording the warrants as assets in the financial accounts at the time of issue.

Findings and conclusions

Eurostat took note of the explanations provided by the Greek statistical authorities.

2.1.2 Changes to 2020 measures

Repayable advances

Introduction

Repayable advances were discussed in detail in the EDP dialogue visit of September 2021. The measure of financing in the form of repayable advances was introduced in 2020 and continued in 2021. Government provided cash to SMEs, which have to return only a percentage of the amount received. It was agreed that amounts that have to be repaid would be treated as loans (F4) and that amounts not to be repaid would be treated as capital transfers (D99). There have been 7 tranches of repayable advances (4 in 2020 and 3 in 2021), each enacted in a separate law.

In 2021Q4, the Greek government approved a new law which reduced the amounts to be repaid concerning the repayable advances granted in the 7 rounds of 2020 and 2021. In the EDP dialogue visit of September 2021 Eurostat expressed its view that the additional expenditure for the tranches granted in 2020 should be recorded as a capital transfer in 2021Q4 and that for the tranches granted in 2021, the amounts of previous quarters could be corrected.

In EDP Table 2A1, the full amount granted enters the working balance as expenditure. Therefore, an adjustment (B14) was introduced to remove the expenditure for the part treated as a loan. Moreover, part of the repayable advances are financed from EU funds and the corresponding claims sent to the EU are recorded as government revenue. While this is fine for the claims related to repayable advances recorded as D99, an adjustment neutralizing the revenue is needed for the claims related to repayable advances recorded as F4. Adjustment line H87 was introduced in October 2021 to correct these amounts.

Discussion

As regards data for the year 2020, ELSTAT explained that they would keep the same figures reported in October 2021. For year 2021, ELSTAT planned to apply the same recording as for 2020, with the following details:

- The percentage to be treated as a loan in 2021 would be lower than in 2020 (25.5% in 2021 vs 47.6% in 2020). Although the legislation reducing the amounts to be repaid was enacted in 2021Q4, for 2021 data ELSTAT decided to revise the previous quarters of 2021 instead of recording additional expenditure in 2021Q4.
- A capital transfer D99 would be recorded in 2021Q4 (adjustment line D29) corresponding to the amounts granted in 2020 and treated as loans that, following the law of 2021Q4, will no longer have to be repaid. GAO had estimated such amounts at EUR 1,093 million.
- In 2021, Greece sent claims to the EU for EUR 810 million corresponding to repayable advances. In line with the adjustment applied in 2020, ELSTAT planned to include a correction of $-207 = 810 * 25.5\%$.

Eurostat accepted ELSTAT's proposal and pointed out that a new adjustment would be necessary, corresponding to the amount claimed to the EU of the additional expenditure of EUR 1,093 million to be recorded in 2021 (related to amounts granted in 2020). The fact that there is now higher expenditure and a lower loan component makes it necessary to reduce the negative correction to adjust the amounts claimed to the EU. Part of the loan previously recorded will

now be considered as government expenditure, so there is no need to reduce the corresponding claim sent to the EU. Otherwise, government deficit would be overestimated. Eurostat recommended to introduce this new adjustment improving B.9 in year 2021.

Eurostat asked when would the repayments start and GAO confirmed that amounts would start to be cashed by the end of June 2022. GAO announced that the number of instalments would be increased from 60 to 96, but that the corresponding Ministerial Decision was still pending. GAO further explained that a 15% discount would be granted for those recipients that would repay with an upfront single payment rather than in instalments. GAO clarified that in the current calculations it was assumed that all recipients would pay in the maximum number of instalments. Eurostat inquired whether the planned changes could alter the coefficients used in the current estimations. Eurostat suggested to keep the methodology unchanged for the April 2022 EDP notification and to rediscuss the issue in the October 2022 EDP notification, after assessing the amounts cashed from July 2022 and after having more information on the amounts paid upfront.

Eurostat inquired whether the government planned to grant further tranches of repayable advances. The Greek statistical authorities replied that no further tranches were planned, but that there could still be some amounts granted related to the previous seven tranches, as small amounts were under appeal.

DG ECFIN asked what would be the treatment in case the future repayments would be higher or lower than expected. Eurostat explained that the flow of repayments should be treated as a financial transaction, as it constitutes a repayment of the loan asset recorded. If the repayments would eventually exceed the loan asset recorded, the difference would be treated as revenue. If repayments would eventually fall short of the loan asset recorded, the difference would be treated as expenditure.

Findings and conclusions

Action point 1: *Following legislation approved in 2021 Q4, part of the repayable advances which had been granted in 2020 and treated as loan assets, will no longer have to be repaid. This leads to the recording in 2021 of additional expenditure and a reduction of loan assets. As part of these repayable advances are funded from EU funds, additional EU revenue should be recognised for the extra expenditure recorded in 2021. ELSTAT will make the necessary recalculations and will confirm whether a new adjustment is needed in EDP table 2A1 in addition to the related adjustment F.16_H.87.*

Deadline: April 2022 EDP Notification¹

Action point 2: *Instalments related to these repayable advances will start to be cashed in June 2022. The Greek statistical authorities will assess the amounts collected in the first instalments and will take a decision on the possible need to readjust the coefficients currently used to estimate the partitioning between the amounts recorded as loan assets and those recorded as expenditure in 2020 and 2021.*

Deadline: October 2022 EDP Notification²

¹ This action point was implemented in the April 2022 EDP notification. The action point is closed.

² This action point was implemented in the October 2022 EDP notification. The action point is closed.

Tax deferrals

Introduction

In 2020, the Greek government introduced five measures concerning the deferral of payments related to taxes and social contributions. The recording of these measures was discussed in the EDP Dialogue Visits of 2021. No new measures were introduced in 2021. Measures 1, 3 and 5³ stopped after 2020, but measures 2 and 4 continued during the first half of 2021.

For measures 1, 3 and 5, the amounts deferred would be collected over the period 2022-2025 and the payments could be done in 24 or 48 instalments. Eurostat recommended to impute revenue in 2020 for the amounts expected to be collected over the period 2022-2025 and ELSTAT introduced ad-hoc adjustments in EDP table 2A1. GAO prepared the respective estimations of taxes to be collected in that period. Then, a 70% coefficient was applied to reflect the collectability. Under normal circumstances, the coefficient of collectability applied is set at 80% of the total tax revenue. Due to the exceptional circumstances created by the pandemic, the coefficient was reduced by 10 percentage points to 70%. Revenue for EUR 620 million was imputed in September 2021 for year 2020, with counterpart F.8 asset in the financial accounts.

For measures 2 and 4, no ad-hoc adjustments were introduced. In both measures, instalments due in 2020 could be postponed until the end of the normal settlement period, which can go beyond 10 years and vary from one taxpayer to another. Instalments could be due until year 2030 and beyond.

Discussion

ELSTAT explained that they did not plan to change the adjustments introduced for the year 2020. As regards the year 2021, they confirmed that there would not be adjustments, as the only amounts deferred concern debt settlement schemes (measures 2 and 4), for which no ad-hoc adjustment was done in 2020.

The Greek statistical authorities confirmed that the amounts deferred in 2020 had started to be cashed in January 2022 and that, from 2022, there would be a negative adjustment in EDP Table 2A to eliminate the corresponding amounts, which enter the working balance as revenue.

Eurostat reinstated its view, already expressed in 2021, that the 70% coefficient applied for tax collectability in the calculation of the revenue imputed in 2020 could be improved by making it tax specific and by increasing it to bring it in line with the file comparing amounts assessed with amounts collected. Eurostat asked the Greek statistical authorities to make an assessment using the actual amounts cashed from January 2022 and to make a proposal to change the coefficient.

Findings and conclusions

Action point 3: *Similarly, instalments related to deferral schemes concerning taxes and social contributions (tax measures 1, 3 and 5 in Eurostat's file) have started to be cashed in January 2022. The Greek statistical authorities will assess the amounts collected and will reflect on the possibility to readjust the 70% coefficient currently used to estimate amounts expected to be collected. Based on a clarification from the Greek statistical authorities regarding the usual collectability rates observed on taxes and social contributions (93% instead of the 76%/80%*

³ The numbering of measures is according to Eurostat's file.

initially mentioned), Eurostat reinstated its view that the 70% coefficient used might be too conservative and that it could be improved by making it tax specific (given the high collection differentiation observed across taxes).

Deadline: October 2022 EDP Notification⁴

2.1.3 Measures operated by the Hellenic Development Bank

Introduction

The Hellenic Development Bank (HDB) operates two schemes in the context of the COVID-19 measures: the COVID-19 Guarantee fund and the Entrepreneurship Fund II (known as TEPICH II). These schemes are financed partly from the State Budget and partly and from EU funds. The two schemes operated by the HDB were discussed in the EDP dialogue visits of 2021. The HDB is classified in the general government sector.

Discussion

The COVID-19 Guarantee Fund guarantees loan liabilities of corporations. The scheme received EUR 1,780 million from the State in 2020. Out of this amount, EUR 1,100 million were expected to be financed from EU funds and EUR 680 million from the national budget. In 2020, claims for EUR 825 million were sent to the EU.

The Greek statistical authorities confirmed that the scheme received EUR 220 million from the State in 2021Q2, that the full amount were expected to be financed from EU funds and that the claims for the full amount had been sent to the EU in 2021. They confirmed as well that, in 2021, the Greek government had submitted EUR 76.9 million claims to the EU corresponding to the year 2020.

ELSTAT considers the COVID-19 Guarantee Fund as a standardised guarantee scheme. EUR 85 million were recorded as D99p/F66L (provisions for guarantee calls under standardised guarantees) in the year 2020. This amount was obtained multiplying the proxy used for provisions for guarantee calls (EUR 250 million) by the share of national funding ($34\% = 680/2,000$). Eurostat noted that the provision for guarantee calls used (EUR 250 million) and the amounts used to calculate the share of national funding corresponded to the totals for the years 2020 and 2021. It also noted that the scheme had granted guarantees in both years 2020 and 2021. Therefore, it concluded that the EUR 85 million recorded as D99p/F66L in 2020 should be split between the years 2020 and 2021.

The TEPICH II scheme mainly provides loans to SMEs. In 2020, the scheme received EUR 783 million from the State and granted loans for EUR 589 million. The Greek statistical authorities confirmed that the State did not transfer new amounts to this scheme in 2021. As regards claims

⁴ In February 2023, the Greek statistical authorities provided a note on the deferral of taxes and social contributions. They clarified that it is not possible to distinguish the amounts collected related to the Covid-19 related deferrals, as these amounts are cashed together with all other tax debts. The total amount available to ELSTAT includes tax debts collected not only for VAT, but also for other taxes. Moreover, it includes the amounts collected related to all debt settlement schemes, not only the amounts deferred following the Covid-19 pandemic. The Greek statistical authorities provided the total amount cashed from February 2022 and considered that it was consistent with the amount used to estimate the imputed revenue in 2020 (and therefore with the 70% coefficient). This action point is closed.

submitted to the EU, they explained that they had sent claims for EUR 750 million in 2020 and for 33 million in 2021.

ELSTAT explained that the HDB had included two more programs under the COVID-19 umbrella: (i) the West Macedonia Development Fund, a pre-existing loan programme which had not been operational until it was flagged as “covid” related, aiming to provide financing to small and very small enterprises and (ii) Guarantees TMEDE⁵, a newly created fund to guarantee loans granted by end-2021 to freelancers and small and medium-sized enterprises of the Technical Sector, for the realization of works of public interest.

ELSTAT confirmed that the financing for the first programme was EUR 9 million. As regards the second programme, an initial financing of EUR 19.6 million was raised from existing HDB funds and EUR 8.4 million were raised from TMEDE Fund. ELSTAT confirmed that no guarantees had been granted by the end of 2021 and explained that part of the amounts transferred by the State would be claimed to the EU.

Findings and conclusions

Action point 4: *As regards the COVID-19 guarantee fund, which is considered as a standardized guarantee scheme, the subsidy of guarantee fee (EUR 250 million) has been used as a proxy to estimate provisions for guarantee calls. The amount of 250 million refers to the subsidy of guarantee fee for the whole scheme, which envisages guarantees up to EUR 2bn. Eurostat expressed its view that the F.66/D.99 provisionally recorded in 2020 (EUR 85 million) is overestimated, as the guarantees provided by the end of 2020 were EUR 1,577 million (and not EUR 2bn). ELSTAT will allocate part of the 85 million currently recorded in 2020 to the year 2021 (and, if applicable, to other years, when the EUR 2 bn guarantees would be provided).*

Deadline: April 2022 EDP Notification⁶

2.2. Delimitation of general government

Introduction

Eurostat followed-up on some specific units, which had been discussed in the previous EDP dialogue visit. Before the meeting, ELSTAT had provided notes concerning the Public Power Corporation (PPC/DEH), Gaiaose and 5G Ventures.

Discussion

Public Power Corporation (PPC/DEH)

PPC/DEH is the biggest electric power company in Greece. It is a public corporation classified in S.11 (outside the government sector). At the start of 2021, the Greek State held 51.12% of the shares, via the Hellenic Corporation of Assets and Participations (HCAP) and the Hellenic Republic Asset Development Fund (HRADF).

ELSTAT had provided the result of the market test until 2020 and it was well above 50% for all the years. ELSTAT had confirmed in previous dialogue visits that it used the depreciation of business accounts to calculate amortisation in the production costs. ELSTAT now produced new

⁵ Engineers & Public Works Contractors Fund

⁶ This action point was implemented in the April 2022 EDP notification. The action point is closed.

estimates using the Perpetual Inventory Method (PIM) to estimate the consumption of fixed capital. The result of the market test using the PIM method were still well above 50% for all the years. Eurostat agreed with the sector classification of the unit outside general government.

Eurostat pointed out that some of the energy measures planned from 2021 (in particular, the subsidies for electricity consumption) would affect PPC. ELSTAT agreed to closely monitor these measures and to pay attention when carrying out the market test.

Eurostat followed up on the prepayments of the State to PPC for future electricity bills of government units. ELSTAT provided the amounts prepaid by the State in each of the years 2018-2021, which were around EUR 600 million per year. ELSTAT explained that the prepayments are generally given in the first quarter of year t and correspond to the electricity to be provided in year t. ELSTAT confirmed that all the units for which the State makes the prepayment are classified in the general government sector (Budgetary Central Government and entities of General Government that receive transfers from the central budget, including local administration entities). As regards the reporting in government accounts, ELSTAT confirmed that these transactions are not reported as expenditure in the budget execution. Instead, they are recorded in the accounting system as other accounts receivable that are reduced when PPC pays back the amounts collected from the government entities. These payments are nevertheless recorded as expenditure of the State in the data published by the BoG for the State borrowing cash requirements. According to Eurostat, it is questionable to record other accounts receivable (F.8) for the State if the electricity is not consumed by the State, but by other government entities. ELSTAT agreed to discuss the issue bilaterally with the GFS team.

ELSTAT explained that there had been a share capital increase (SCI) in PPC for EUR 1,350 million in November 2021. ELSTAT made a presentation to illustrate the case. The Hellenic Corporation of Assets and Participations (HCPA) participated with EUR 105.7 million and its participation in the SCI (7.8%) was below its share in the company (34.12%). ELSTAT explained that the HCAP participated simultaneously with private investors and under the same conditions. The offer price per share (EUR 9) was above the nominal value of the shares (EUR 2.48) and below their market price (EUR 9.5). After the SCI, the share of government decreased from 51.12% to 44.12%. ELSTAT proposed to record the SCI by the HCAP as a financial transaction and Eurostat agreed with this treatment.

Larco

Larco is a public corporation classified in S.11 (outside the government sector), which operates in the mining and metallurgical sectors. The Hellenic Republic Asset Development Fund (TAIPED) holds a 55% share of the company. Larco bears losses systematically, it has liabilities of around EUR 600 million, it accumulates debts towards the Public Power Corporation (PPC) and other suppliers and it has not presented a balance sheet since 2014.

The company entered a special administration process as of 28 February 2020, with an appointed administrator whose task is to sell the whole unit or its parts. Proceeds will be used to compensate the State for subsidies provided to the company in the past (considered as illegal state aid). In the settlement of company's payables, the State will be prioritized.

Eurostat stressed the fact that the classification of this entity had been open for a long time and that it was time to finally take a decision. ELSTAT explained that the process for liquidating the unit was ongoing and that the liquidator was not providing data, the latest data available being for the year 2019. Eurostat underlined that the entity had entered liquidation in 2020 and that, in

the absence of information to carry out the market test, it should be classified in the government sector by default. It recalled that, in the case of units in liquidation, non-compliance with the market test for one year was enough to reclassify a unit in the government sector.

Eurostat considered that Larco should be reclassified in the government sector either in 2020 or at the moment when it does not comply with the market test. ELSTAT agreed to reclassify the unit from 2020 onwards, based on the data available. Eurostat pointed out that, when carrying out the reclassification, ELSTAT should carefully analyse the non-financial assets and the mining rights. It suggested that the sale of mining rights could possibly be considered as an alternative to privatising the company and therefore have no B.9 impact.

Gaiaose

Gaiaose is a public corporation 100% owned by the State. It is classified in S.11, outside the government sector. It presents significant profitability and the results of the market test are above 300% for all the years analysed. Gaiaose manages property on behalf of OSE, the Hellenic railway infrastructure operator (classified in S.13). It manages the railway stations, land and some rolling stock leasing, but not the rails, which OSE directly rents to Trainose (which is a private corporation classified in S.11). The assets that Gaiaose manages remain on the balance sheet of OSE. Therefore, the market test results obtained can be misleading, as there is no rental or capital consumption deriving from the assets. Gaiaose also obtains revenue from managing its own assets and has recently entered into new activities such as production through renewable energy sources.

The financial statements of the year 2020 had confirmed that most of the turnover of the entity originates from managing assets owned by OSE and that the turnover originated from managing its own assets represent only a minor part. According to the financial statements of 2020, Gaiaose had a turnover of EUR 19 million. Out of this amount, EUR 14 million were obtained from renting rolling stock owned by OSE, EUR 5 million were obtained from renting real estate owned by Gaiaose and EUR 0.4 million were obtained from the production of renewable energy.

Eurostat stressed that the main clients of Gaiaose seemed to be OSE (for the real estate) and the State (for the rolling stock). It pointed out that the market test was very favourable because the entity had barely no assets on its balance sheet, as it operated assets owned by the State and OSE. Eurostat reinstated its preliminary view that that Gaiaose seems an artificial subsidiary providing ancillary services to OSE and asked ELSTAT to reflect on the sector classification of this entity.

5G Ventures and Phaistos Fund

5G Ventures S.A. was established in 2020 as a subsidiary of the Hellenic Corporation of Assets and Participations (HCAP), which owns 100% of its share capital and is classified in S.13. The sole purpose of 5G Ventures is the establishment and management of Phaistos Fund. 5G Ventures will charge the Fund a 2% service fee annually. 5G Ventures has been established as the manager of the Fund by Law, without a tender procedure.

Phaistos Fund is a Venture Capital and its purpose is to invest in 5G infrastructure in Greece. The Greek State will be the anchor investor of the Fund and it is expected that private investors will participate as well. The Greek State will invest into the Fund 25% of the revenues that it will collect from the tender for granting rights for the use of radio frequencies. The projected internal rate of return of Phaistos Fund is expected to be about 14%-16% per year.

ELSTAT proposed to classify both entities outside general government: 5G Ventures S.A. as a financial auxiliary (S.126) and Phaistos Fund as a non-MMF investment fund (S.124). ELSTAT confirmed that the Fund had not started operating and that the figures for the market test of the two units were not available. It also confirmed that government would not grant guarantees.

Once the figures for the market test would be available, Eurostat suggested to analyse the sector classification of the manager (5G Ventures) in the first place and then the one of Phaistos Fund. For the latter, it recommended to check if it has the features of a captive financial institution: whether it places itself at risk, whether the assets and the liabilities are transacted on open markets and if the conditions for investment are narrow.

ELSTAT explained that the Greek State would contribute EUR 93 million (which corresponds to 25% of the State revenues from the tender for granting rights for the use of radio frequencies) and that private investors would contribute EUR 10 million in the first round and additional funds in the next rounds. It confirmed that Deutsche Telekom and the Latsco Family Office had announced their intention to participate in the first round and that additional investors (not yet announced), would also participate.

Eurostat took note of the provisional classification proposed by ELSTAT and stated that the final decision should take into account the results of the market test, the eventual participation of the private investors and the amounts contributed.

Findings and conclusions

Action point 5: *ELSTAT will reclassify Larco in the general government sector from year 2020 onwards. ELSTAT will analyse the latest balance sheet available and will make a proposal on the treatment of Larco's liabilities and non-financial assets.*

Deadline: April 2022 EDP Notification⁷

Action point 6: *Eurostat considered that the public company Gaiaose may present some characteristics of an ancillary unit. In particular, Eurostat noted that the overwhelming majority of the assets commercialized by Gaiaose are recorded inside general government.*

- a. ELSTAT will reflect on this fact and will provide its analysis on the sector classification of this unit to Eurostat.*
- b. Together with this analysis, ELSTAT will provide the following information: value of the real estate assets of OSE managed by Gaiaose, value of the remaining fixed assets of OSE (not managed by Gaiaose), calculation of the market test for OSE, value of the rolling stock owned by the Greek State, breakdown of the non-financial assets owned by Gaiaose (value and type of asset).*

Deadline: 15 September 2022⁸

⁷ This action point was implemented in the April 2022 EDP notification. The action point is closed.

⁸ In September 2022, ELSTAT provided the information requested. The action point is closed, but the classification of this unit is still open.

Action point 7: *ELSTAT will monitor the developments of the 5 Ventures and Phaistos Fund in order to take a final decision on the sector classification of these entities once they start operating.*

*Deadline: Ongoing*⁹

2.3. Implementation of the accrual principle

2.3.1 Taxes and social contributions

Introduction

Tax related issues are partly covered in the agenda points for COVID-19 measures (section 2.1) and capital injections in banks (section 2.4.1 for the conversion of Deferred Tax Assets of Attica Bank). Under this section, Eurostat inquired on road duties and on a general question on Deferred Tax Assets (DTAs).

Discussion

Eurostat mentioned that, according to the State budget execution of December 2021, the extension in the deadline of the payment of road duties moved to 2022 an amount of EUR 300 million that should have been otherwise collected in 2021. Eurostat inquired on the method for recording road duties and ELSTAT confirmed that they applied the Time-Adjusted Cash method with a two months lag. They confirmed that the EUR 300 million were cashed in February 2022 and that they would be moved back to year 2021.

Eurostat mentioned that the Financial Stability Review published by the Bank of Greece in 2021 referred to Deferred Tax Credits of EUR 14.8 billion and to Deferred Tax Assets of EUR 1.9 billion and asked the Greek statistical authorities to clarify the amounts and the terminology used in the report. The expert providing technical assistance to Greece explained that the EUR 14.8 billion were the total Deferred Tax Assets held by the Greek banking system and that the EUR 1.9 billion corresponded to the part that could be used to offset tax liabilities (in case of profits).

Findings and conclusions

Eurostat took note of the explanations provided by the Greek statistical authorities.

2.3.2 Interest and consolidation of interest

Introduction

Under this agenda point, Eurostat inquired on the reporting of the bond exchange operation undertaken in December 2021, on the difference between interest accrued and paid, and on the table on interest recording.

Prior to the EDP dialogue visit, the Greek statistical authorities provided to Eurostat an updated table on the recording of interest, a table with the breakdown of the difference between interest

⁹ This is an ongoing action point. Eurostat received updated information in March 2023. The classification of this unit is still open.

paid and accrued by instrument and a note describing the main debt operations. These documents were the basis for the ensuing discussion.

Discussion

Bond exchange operations

PDMA has been quite active in bond repurchase and reselling in the period 2017-2021. The bond exchanges undertaken in 2017, 2019, 2020 and January 2021 were discussed in the previous EDP visits.

A new bond exchange took place in December 2021 relating to part of the remaining 20 bonds that were issued in 2012 due to the Private Sector Involvement (PSI). Eurostat asked for the details of the transaction and inquired whether it was similar to the bond exchange of 2017, as it concerned the same PSI bonds.

PDMA recalled that, in 2012, the Hellenic Republic issued 20 illiquid bonds in the context of the PSI. These bonds had a face value of EUR 29.6 billion (roughly, EUR 1.5 billion each). The majority of these bonds (EUR 25.5 billion) were repurchased in 2017 and exchanged with 5 new liquid and tradable bonds issued over the counter and below par. PDMA explained that, in December 2021, most of the remaining PSI bonds were either exchanged or prepaid in cash. In particular, the Hellenic Republic repurchased bonds of market value EUR 3.7 billion and then issued new bonds of market value EUR 2.5 billion and made a cash payment of EUR 1.2 billion.

PDMA underlined that the transaction was not a typical redemption of old bonds followed by the issuance of new bonds, but an exchange as a Liability Management Exercise (LME). The purpose of the operation was to normalize Greece's bond yield curve and supply the market with benchmark bonds that are more liquid than the outstanding ones that were exchanged. PDMA explained that the aim was to get rid of the remaining PSI bonds, which are seen as a stigma for the country, and stated that the operation was successful. 75% of the remaining bonds were exchanged or prepaid in cash. With this operation, the government debt was reduced by around EUR 1 billion and the maturity of the debt was extended, as the new bonds had longer maturities than those repurchased.

Eurostat asked the Greek statistical authorities to provide the bond exchange analytical table for the December 2021 transaction and to clarify the recording in EDP Table 3B. Eurostat recalled that part of the PSI bonds were held by government units via the Common Capital and asked the Greek statistical authorities to check if the Common Capital was involved in the bond exchange operation of December 2021.

Compilation of interest (D.41)

Interest for the State is compiled by PDMA. Data on interest consolidation for the Common Capital¹⁰ is provided by BoG. Greek debt consists mainly of long-term loans and long-term securities. Therefore, the difference between interest accrued and paid is explained mainly by these two instruments. In some of the EFSF loans received by Greece, interest payment was deferred by 20 years, until 2032. In one of the loans, there was step-up interest. As regards debt

¹⁰ The Common Capital is a cash-pooling system that pools the cash of government entities (social security funds, local government, extra budgetary funds and public hospitals) and invests it in government bonds and repos.

securities, some of the PSI bonds were subject to step-up interest, there are index-linked bonds in the Greek debt and the Greek government is carrying out bond exchange operations regularly. The elements listed lead to adjustments between interest paid and accrued.

In the previous EDP visits, Eurostat had expressed concern about the difficulty to monitor the necessary adjustments to obtain accrued interest by instrument. As regards accrued interest on debt securities, the following breakdown is currently unavailable: coupon paid-accrued, amortisation of premiums/discounts at issuance, premiums/discounts on T-bills, adjustment for step-up coupons, capita uplift on index-linked bonds, coupon sold (+) and coupon bought back (-).

Eurostat asked the Greek statistical authorities on their plans to provide more detailed information on the difference between interest paid and accrued by instrument. PDMA explained that they were in the process of upgrading their software system and that, upon the implementation of the new system, they would be in the position to produce more detailed breakdowns of interest paid-accrued by instrument.

Eurostat stressed the need to understand the calculation of interest (D.41) and recalled that the provision of a detailed database on debt securities was an outstanding action point from previous EDP visits. PDMA confirmed that they use a line by line approach for the calculation of D.41 on securities and agreed to produce a template showing detailed information on each security and to share it with Eurostat. PDMA agreed to start with year 2021, as a pilot exercise, and then to extend to back years up to 2017.

The table on interest recording covering up to year 2021 was discussed. Eurostat thanked PDMA for implementing the changes agreed in action point 14 of the EDP visit of September 2021. Amongst other, Eurostat had requested to report in this table the 2017 PSI bond exchange in line with EDP table 3B1 and to include in the table the bond exchange operations carried out by the State in 2020 and 2021, including coupons sold (to reflect the new issuances of 30-year bonds) and coupons bought back (to reflect existing bonds repurchased and resold). Eurostat followed up on the changes implemented to the table and further inquired on the amounts reported in lines 17 and 15.

Eurostat recalled that premiums and discounts on T-bills are included in the working balance at issuance and in the line for the difference between interest accrued and paid at redemption. In EDP Table 3, there is a footnote explaining this recording. Eurostat considered that this treatment is not fully correct, as interest on T-bills should also be spread. Eurostat took note that, as long as interest rates are small, the amounts are small (EUR 10-30 million per year), and pointed out that the problem could resurface if interest rates increased.

The recording of the step-up interest on the debt buy-back instalment of the EFSF loan was discussed in previous EDP dialogue visits. Eurostat raised the issue again to agree on the reporting concerning 2021. According to the Master Financial Assistance Facility Agreement, the ESM could decide to waive the step-up corresponding to every six months between 2017 and 2023, subject to conditionality. PDMA considers the step-up interest on this loan as contingent and does not accrue it in the interest. PDMA clarified that EFSF step-up interest payments are annual and that each interest payment for the period mid-June of year t to mid-June of year $t+1$ is paid in mid-June $t+1$. The decision by ESM to waive the step-up interest of the first semester of t is normally taken in Q2 (exceptionally Q3) of year t . If the decision is taken before the payment of interest (16 June), there is no interest recorded and no capital transfer. If the decision is taken after the payment of interest (after 16 June), ELSTAT records D.41 expenditure followed

by D.99 capital transfer revenue. The decision to waive the step-up interest of the second semester of t is normally taken in Q4 of year t or in Q1 of year t+1 (before the payment is made). This explains that for some periods, the step-up is actually paid and the ESM decision to waive it comes later, leading to the recording of a capital transfer revenue for Greece.

The amount corresponding to the second half of year 2020 was waived before it was paid. However, this was not the case for the amount corresponding to the first half of 2021, which was paid by Greece in mid-June 2021 and recorded as interest expenditure. On 30 June 2021, the ESM decided to waive this amount corresponding to first half of the year, which had already been paid. Nevertheless, the ESM reimbursed the amount some days later, in July 2021.

ELSTAT proposed to book capital transfer revenue in 2021Q3, when the amount was reimbursed (July). Eurostat considered that it was more appropriate to record the revenue in 2021Q2, at the time of the ESM decision (30 June 2021). This would ensure consistency with the recording of ANFA/SMP transfers.

Findings and conclusions

Action point 8: *Concerning the bond exchange (LME operation) undertaken in December 2021, PDMA will provide the following information:*

- a. *A short note describing the operation, the motivation, the bonds concerned and confirming that the Common Capital was not involved in the transaction*
- b. *The usual analytical table with the details of the operation*
- c. *The corresponding recording in the lines of EDP table 3B1 and the lines of the table on interest*
- d. *The link to the publication of the operation in the national gazette*

The information requested under c. should also be provided for the bond exchange that took place in January 2021.

Deadline: April 2022 EDP Notification¹¹

Action point 9: *PDMA confirmed that they use a line by line approach for the calculation of D.41 on securities. PDMA will provide the detailed database on securities used for this calculation or, alternatively will cover the information requested in Eurostat's template (Annex 4), either by filling in the template or by providing a similar one. The database to be provided should cover at least from year 2017 onwards (so to cover the latest bond exchange).*

Deadline: October 2022 EDP Notification¹²

Action point 10: *On this basis, PDMA will be able to provide the detailed breakdown of the difference between interest paid and accrued by instrument (requested in Annex 2). This is an action point outstanding from the EDP visit of September 2021 (see action point 15).*

¹¹ This action point was implemented in the April 2022 EDP notification. The action point is closed.

¹² This action point is in progress. In October 2022, PDMA provided a file with data for the year 2021. The file was discussed in the EDP dialogue visit of March 2023. Eurostat considered that it was a good starting point and suggested some improvements.

Deadline: October 2022 EDP Notification¹³

Action point 11: Eurostat welcomed the improvement in the interest table, following the action point of the previous EDP dialogue visit. PDMA will report to Eurostat on the following remaining issues:

- a. Item B should follow the accounting convention of being the sum of items A, 1 and 7
- b. Verify item 17 for year 2017, which was expected to be -942 million, as also reported in Table 3B1 (which has approximately the same coverage as the interest table), instead of +652 million
- c. Verify why this difference of 1,594=652+942 is close to the difference observed in 2017 between the item 15 premium/discount repurchased (4,272 million) and the premium and discounts on repurchases shown in table 3B (5,809). It is recalled that item 15 (amount of discount/premium at issuance not yet amortised at time of repurchase) is not conceptually the same as the equivalent of EDP table 3 (difference between face value and repurchase value), and can in fact be even very different
- d. Verify if item 15 includes in 2021 the premium/discount on bond repurchased of the December operations
- e. Confirm if D.41 on T-bills issuance is recorded at time of redemption, instead of spread (as should be the case). The amounts are however small.

Deadline: October 2022 EDP Notification¹⁴

Action point 12: Eurostat expressed its view that the waiving of the step-up interest on the EFSF loan should be recorded at the time of the decision of the ESM Board rather than at the time of payment. This problem arises in those specific cases when (i) the ESM Board decision takes place retroactively, after the step-up interest has been paid by Greece (and in such case D.41 expenditure and a matching D.99 revenue is recorded), and when (ii) the actual repayment to Greece occurs in the following quarter. Consequently, the amount reimbursed to Greece in 2021Q3 should be recorded as D.99 revenue in 2021Q2.

Deadline: April 2022 EDP Notification¹⁵

2.3.3 EU flows

Recording of EU flows and EU financial instruments

Introduction

In Greece, revenue from the EU is recorded at the time government submits the claims to the European institutions (and not when the corresponding expenditure is incurred). Following this recording, large amounts of expenditure incurred in 2020 related to COVID-19 measures would be claimed in future years, creating a significant time lag between the incurrence of the expenditure and the recording of the corresponding revenue. The issue was discussed in the EDP

¹³ This action point is outstanding.

¹⁴ This action point was implemented in the October 2022 EDP notification. The action point is closed.

¹⁵ This action point was implemented in the April 2022 EDP notification. The action point is closed.

dialogue visits of 2021 and it was decided to introduce some ad-hoc adjustments in the accounts for year 2020.

Eurostat included this issue in the agenda to confirm the adjustments for the year 2020 and to agree on the necessary adjustments for 2021. The reporting of EU financial instruments was also discussed.

Discussion

Eurostat recalled that EUR 490 million had been recorded as revenue in the year 2020 in the adjustment line F.13_H.84 in EDP table 2A1. This amount corresponded to COVID-19 expenditure incurred in 2020 which had not been claimed in 2020, but that would be claimed in the next few years. Eurostat asked what part of the EUR 490 million recorded as revenue in 2020 had been claimed in 2021. The Greek statistical authorities confirmed that around EUR 166 million corresponding to expenditure incurred in 2020 had been claimed in 2021.

As regards COVID-19 expenditure incurred in 2021. Eurostat inquired about the amounts not claimed in 2021 which would be claimed in the next few years. The Greek statistical authorities explained that around EUR 1 billion of COVID-19 expenditure incurred in 2021 had not been claimed and that most of it was expected to be claimed. They further explained that this amount corresponds mainly to measures 62, 70 and 71 in GAO table, which consist of grants and that it does not concern EU financial instruments.

Eurostat recalled that similar adjustments to those introduced for 2020 should be introduced for the year 2021. In particular, the Greek statistical authorities should: (i) impute revenue for the COVID-19 expenditure incurred in 2021, not claimed in 2021 and expected to be claimed over the next few years and (ii) remove the claims submitted in 2021 corresponding to expenditure incurred in 2020 for which revenue was already imputed. The Greek statistical authorities agreed to check the amounts and provide the adjustments for 2021.

Eurostat recalled that the adjustment lines F.14_H.85, F.15_86 in EDP and F.18_H.89 had been introduced in table 2A1 to eliminate the claims sent in relation to EU financial instruments (mainly, the COVID-19 Guarantee Fund and the TEPICH II Fund), which should not be recorded as revenue. The Greek statistical authorities confirmed that, in 2021, EUR -220 million had been adjusted in the first line in relation to claims sent in 2021 for the COVID-19 Guarantee Fund. As regards the second line, it was confirmed that in 2021 there had been no claims sent related to the TEPICH II Fund and that there was an adjustment of EUR -33 million concerning Exiconomo (another fund for EU financial instruments managed by the Hellenic Development Bank). As regards the third line, they confirmed that no claims had been sent in 2021 and that, therefore, no adjustment was required.

Eurostat raised the hypothetical case of expenditure incurred in 2020, imputed as revenue in 2020 in adjustment line F.13_H.84, actually claimed in 2021 and related to EU financial instruments. In this case, the claims would be recorded as revenue in 2021 in the source data and it would be necessary to eliminate them with a negative adjustment in line F.13_H.84 in 2021. Eurostat alerted of the risk of adjusting the amount twice, in case it could be also included in line F.14_H.85, F.15_H.86 or F.18_H.89 referring to EU financial instruments. Eurostat stressed the importance of monitoring the amounts claimed each year and distinguishing (i) if they refer to expenditure incurred in the same year or in previous years and (ii) if they refer to EU financial instruments.

Eurostat recalled that the adjustment line F.17_H.88 had been introduced in table 2A1 to neutralize the amounts transferred from the State to the Hellenic Development Bank for EU financial instruments, which are recorded as expenditure of the State in the working balance. The Greek statistical authorities confirmed that the adjustment for 2021 would be EUR 277 million, of which EUR 220 million was transfer to the COVID-19 Guarantee Fund and EUR 33 million to Exiconomo.

Eurostat concluded that, in order to produce accurate adjustments in EDP table 2A1 concerning covid-19 expenditure financed from the EU, the following information should be available in each period:

- Expenditure incurred in t eligible for EU co-financing
- Expenditure incurred in t eligible for EU co-financing and claimed in year t
- Expenditure incurred in t eligible for EU co-financing and to be claimed in the next four years from t to t+3 (adjustment F.13_H.84).
- Amounts actually claimed in t, t+1, t+2 and t+3 (this would be available ex-post and could be used for additional corrections/adjustments)
- Claims submitted in t corresponding to expenditure incurred in t-1 or previous years
- Claims submitted in t corresponding to repayable advances schemes (adjustment F.16_H.87)
- Claims submitted in t corresponding to EU financial instruments (COVID-19 Guarantee Fund, TEPICH and other) (adjustments F.14_H.85, F.15_H.86 and F.18_H.89)
- Amounts transferred by the State to the Hellenic Development Bank (or other units managing EU financial instruments) that have been recorded as expenditure in the working balance (adjustment F.17_H.88)

Eurostat inquired on the progress achieved as regards the recording of flows between the State and the Hellenic Development Bank (concerning mainly financial instruments). The issue was discussed in the EDP dialogue visits of 2021 and led to a number of adjustments to ensure a correct B.9 impact for EU financial instruments (see above the explanations for lines F.17_H.88, F.14_H.85 and F.15_H.86). The Hellenic Development Bank (HDB) is financed from both EU funds and from the national budget. No amounts come directly from the EU, as all amounts are transferred by the State. Amounts claimed to the EU are managed by the Greek Single Payment Authority and are included together with the claims for the usual EU funds.

Eurostat had analysed the T-accounts provided by ELSTAT and recalled the details of the reporting applied:

- When the State transfers amounts to the HDB, the national part is recorded as D.9 expenditure of the State and D.9 revenue of ETEAN, with no B.9 impact. The part financed with EU funds is (incorrectly) recorded as government expenditure at the time the amounts are transferred by the State. To correct this expenditure and ensure the proper B.9 impact, adjustment line F.17_H.88 was introduced in table 2A1.
- When the HDB provides grants to households/SMEs, the decrease in cash (-F2) should be matched by D.92 expenditure for the part financed with national funds and a decrease

in payables (-F8) for the part financed from the EU. However, all the flows are currently recorded as reducing F.8 until the stock is depleted and then, record D.92. This should be modified. Amounts were however small until 2020.

- Assuming that the HDB is the beneficiary, when loans are granted by the HDB (F.4 asset increase, F.2 cash decrease), the EU part should be recorded as a D.92 revenue matched by a F.89L decrease. This is not happening now, as the final beneficiary is assumed not to be the HDB (which causes problems when the loan would be repaid). When there would be guarantee calls (D.99 capital transfer expenditure, F.2 cash decrease), the EU part should be recorded as a D.92 revenue matched by a F.89L decrease.

Eurostat appreciated that the neutralisation is done at the level of the Hellenic Development Bank and that, following the adjustments recently introduced, the B.9 impact for general government seems correct. Nevertheless, it stated that the reporting of the flows between the State and the HDB could be further improved, for instance by including the amounts reported for the counterpart sector (S.2) and by avoiding to record D.9 expenditure for the amounts financed by the EU. Eurostat also pointed out that the use of D.92 (even when consolidating) does not seem appropriate when there is no link with any acquisition of non-financial assets. The Greek statistical authorities explained that they were working on the issue and that they would report to Eurostat in the coming months.

Finally, Eurostat recalled that they expected progress in the reporting in table 6 of the Questionnaire related to EDP, covering EU funds. Eurostat underlined that it had requested improvements in the table in the past EDP dialogue visit and that it was waiting for ELSTAT's input on a number of questions and remarks made in the clarification round of the October 2021 EDP notification.

Findings and conclusions

Action point 13: *Concerning the adjustments for EU flows related to Covid-19 expenditure, Eurostat recalled that it would be necessary to:*

- a. *Identify and make a correction for the claims submitted in 2021 concerning Covid-19 expenditure incurred in 2020. As revenue for these claims was imputed already in 2020, the amounts should be corrected in 2021 to avoid double counting.*
- b. *Confirm if other adjustment lines, such as F.14_H.85 and F.15_H.86, already include in 2021 adjustments to neutralize claims submitted in 2021 related to Covid-19 expenditure incurred in 2020.*
- c. *Impute revenue for the Covid-19 related expenditure incurred in 2021, not claimed in that year and eligible for EU financing. Eurostat suggested that a new line could be included for this adjustment.*

The Greek Statistical Authorities will provide the necessary information to calculate the above adjustments and will propose the amounts and the lines to be adjusted in EDP table 2A1. For the adjustment lines covering amounts of various funds/programmes, the Greek Statistical Authorities will provide the breakdown by fund/programme.

Deadline: April 2022 EDP Notification¹⁶

Action point 14: *The methodology originally applied by ELSTAT to report EU financial instruments recorded government expenditure at the time the State transferred amounts eligible for EU financing to the Hellenic Development Bank and government revenue when claims were sent to the EU. Following this recording, a number of adjustments were agreed in October 2021 in table 2A1 to ensure the proper impact on government B.9. While Eurostat appreciates that neutralisation is done at the level of the Hellenic Development Bank, the recording could be further improved for amounts transferred which are eligible for EU financial instrument financing (for instance, by not recording a D.99 capital transfer and the corresponding adjustment to neutralize it). ELSTAT will reflect on the possibility of changing the recording of flows between the State and the HDB concerning EU financial instruments.*

Deadline: April 2023 EDP Notification¹⁷

Action point 15: *The Greek Statistical Authorities will update the table on EU flows of the Questionnaire related to EDP tables (table 6) and will provide replies to questions 33-37 related to this table raised in the Request for Clarification of the October 2021 EDP Notification.*

Deadline: April 2022 EDP Notification¹⁸

Recording of RRF flows

Introduction

Under this point, Eurostat inquired on the reporting system in place for the Recovery and Resilience Facility (RRF) funds in Greece. During the meeting, the Greek statistical authorities shared a table with the expenditure incurred in 2021 by project and a second file translating these expenditures into ESA transactions. The latter constitutes the input to fill in the RRF table sent to Eurostat (Annex 9).

Discussion

The Greek statistical authorities confirmed that in August 2021 Greece had received prefinancing under the RRF, consisting of EUR 2,310 million grants and EUR 1,655 million loans. They notified that Greece had made the first payment request in December 2021 for an amount of EUR 3.6 billion (EUR 1.7 billion in grants and EUR 1.9 billion in loans) and that the payment was expected to be received soon.

Eurostat made a number of questions concerning the associated costs of the measures reported in the Greek National Recovery and Resilience Plan (NRRP). First, Eurostat inquired whether all the measures that had been reported to the European Commission in the NRRP had an associated cost. GAO confirmed that this was indeed the case. Eurostat then focused on the expenditure neutralized with EU revenue and asked if in all the cases, such expenditure neutralized referred to projects reported in the NRRP with an associated cost. GAO confirmed that this was the case.

¹⁶ This action point was implemented in the April 2022 EDP notification. The action point is closed.

¹⁷ This action point is in progress.

¹⁸ This action point is outstanding.

GAO confirmed that for the time being, there had been no overspending as regards the costs reported in the NRPP. Nevertheless, it asked for Eurostat's guidance on the hypothetical case that eventually the cost of a measure would be higher than the cost reported in the NRPP. In particular, they would like to clarify if it would be possible to neutralize a higher amount than that reported in the NRPP. DG ECFIN clarified that the RRF works differently from the rest of EU funds, in the sense that, under the RRF, the EC will not reimburse claims. It further clarified that, under the RRF, the EC approved the programmes/measures, but it did not approve an associated cost for each measure. Eurostat explained that this is an open issue which was currently under discussion.

As regards the loans granted by the Greek government using funds from the RRF, DG ECFIN asked whether the statistical treatment would be similar to that of repayable advances. GAO explained that these loans are different from the repayable advances, in the sense that they are granted on market terms. Contrary to repayable advances, in this case the debtors will have to reimburse the full amount of the loan. GAO further explained that around 50% of these loans would be granted by commercial banks and that the remaining 50% would be granted by government. Eurostat concluded that, in principle, these amounts could be recorded as loans for the full amount. As regards the deficit impact, Eurostat recalled that a capital transfer could be booked at inception if there is certainty that some amounts would not be repaid. Alternatively, a debt cancellation could be booked at a later stage at the time of the write-off.

Eurostat recalled that the RRF table had been filled in rather poorly in the October 2021 EDP notification, and asked the Greek statistical authorities to provide a more detailed table in the April 2022 EDP notification.

Findings and conclusions

Action point 16: *The Greek Statistical Authorities will fill in the table on RRF and will provide the necessary details requested in the template.*

*Deadline: April 2022 EDP Notification*¹⁹

RescEU civil protection mechanism

Introduction

In the context of the RescEU civil protection mechanism, the EC is funding Greece and other six EU Member States for pooling their airplanes and helicopters and to make them available to other countries in times of need. Under this point, Eurostat inquired on the acquisition of civil protection equipment with EU funds.

Discussion

The Greek statistical authorities explained that Greece is planning to acquire seven amphibious firefighting aircrafts, of which five will join the national fleet while the other two will be part of the common EU fleet (RescEU). They further explained that the contract to purchase the aircrafts had not been signed yet and that it would be a transnational agreement between each Member State and the Government of Canada.

¹⁹ This action point was implemented in the April 2022 EDP notification. The action point is closed.

The Greek statistical authorities clarified that the five aircrafts that will join the national fleet will be financed by the Greek government and that the two aircrafts that will join the common European fleet will be 100% financed by the EU. They explained that a grant agreement had been signed between the Ministry for Climate Crisis and Civil Protection and the EU for the full financing of the purchase, amounting to EUR 100 million. They confirmed that EUR 20 million euros had already been transferred to the Greek Ministry and that this would be the first of five equal instalments (up to EUR 100 million). They also confirmed that, so far, Greece had not paid any amount to Canada and that there had been no deliveries.

Eurostat took note that the amounts to fund the aircrafts are provided directly to the relevant Ministry and that they are not part of the usual EU flows managed by the Single Payment Authority (G-SPA). Eurostat stressed that the usual rules for EU funds should be applied. Hence, the EU grants received should not be recorded as revenue until the corresponding expenditure would take place.

Findings and conclusions

Action point 17: *The Hellenic Republic will receive EUR100 million grants in five instalments of EUR 20 million for the financing of two firefighting aircrafts. These amounts should be recorded in line with the rules for EU flows, i.e., the EU revenue has to be booked once the corresponding expenditure will take place. ELSTAT will confirm whether the first instalment was received in 2021 or 2022 Q1. As no expenditure has taken place up to 2022 Q1, the EUR 20 million received from the EU should be treated as a financial transaction.*

Deadline: April 2022 EDP Notification²⁰

2.4. Recording of specific government transactions

2.4.1 Government transactions in the context of the financial crisis

Update on asset protection schemes

Introduction

Before the meeting, the Greek statistical authorities shared an updated note concerning the Greek Asset Protection Scheme (Hercules), as well as an excel file with detailed information on all the guarantees granted under the scheme by the end of 2021. At present, ELSTAT is treating all these guarantees as contingent. Government revenue is recorded for the guarantee fees received and no government expenditure has been recorded so far.

The first operation under the scheme (Cairo) was discussed in detail in the EDP dialogue visits of 2021. Eurostat expressed concern with the fact that the mezzanine and junior notes could have little value as compared to the senior notes guaranteed by government. Eurostat acknowledged that the assessment of the transactions under the Hercules Asset Protection Scheme was a complex case and brought the issue for discussion to the Excessive Deficit Procedure Statistics Working Group (EDPS WG), where it was agreed that a new chapter covering these operations would be included in the 2022 update of the Manual on Government Deficit and Debt (MGDD).

²⁰ This action point was implemented in the April 2022 EDP notification. The action point is closed.

In the findings of the EDP dialogue visit of September 2021, it was clearly stated that a final decision on the treatment of the Hercules transactions will be taken at the moment in which the new MGDD text will be approved.

By March 2022, the statistical rules were being discussed in the EDPS WG and a new MGDD chapter was being prepared. Therefore, during this dialogue visit, the discussion focussed on the way forward rather than on the statistical treatment.

Discussion

In 2021, the Greek State granted new guarantees to SPVs that acquired NPLs from the four main banks, for a total amount of EUR 16,261 million. The new guarantees concerned the following securitisation operations: Galaxy IV, Orion X, Galaxy ii, Vega I, Vega II, Vega III, Phoenix, Sunrise I, Mexico, Frontier, Sunrise II and Cosmos. The guarantees corresponding to the securitisations of Mexico, Frontier, Sunrise II and Cosmos, amounting to around EUR 7.5 billion, had not entered into force at the time of the dialogue visit. ELSTAT confirmed that it reports the guarantees under Hercules at the time they are granted and not when they enter into force.

ELSTAT confirmed that there had been no guarantee calls up to date. As regards guarantee fees, it was confirmed that the Greek State received no amounts in 2020, as the Cairo guarantee had not entered into force. In 2021, the Greek State received around EUR 75 million. This amount includes guarantee fees for Cairo paid retroactively for the second half of year 2020. No amounts had been received in relation to the guarantees granted in 2021 that had not entered into force.

Eurostat described the state of play as regards the consultation of this issue with the statistical community. The statistical treatment of securitisation operations with government guarantees (covering the Hercules Asset Protection Scheme) was discussed in the EDPS WG of December 2021 and in the Task Force on the EDP Methodological Issue of March 2022. Eurostat explained that it had sent a questionnaire to Member States with deadline for replies 15th April and that, based on the results of the questionnaire, it would prepare a draft chapter for the MGDD addressing the statistical treatment of these operations. Eurostat recalled that the new chapter would follow the usual consultation procedure (EDPS WG²¹, CMFB²² and DMES²³) and that the new MGDD was intended to be published by the end of 2022 or early 2023. PDMA asked whether the new rules would be applied retroactively. Eurostat explained that the new rules are usually applied retroactively and that, while there are some justified exceptions (like PPPs), the decision for exceptions (if any) would be taken a later stage, once the MGDD had been published.

Findings and conclusions

Eurostat took note of the new securitisation operations carried out since the last visit and explained the way forward as regards the statistical treatment of these operations.

Capital increases in Piraeus Bank, Alpha and Attica Bank

Introduction

During 2021, the Hellenic Financial Stability Fund (HFSF) participated in the Share Capital Increase (SCI) of three banks, as follows:

²¹ Excessive Deficit Procedure Statistics Working Group

²² Committee on Monetary, Financial and Balance of Payment Statistics

²³ Directors of Macroeconomic Statistics

- Piraeus Financial Holdings for EUR 352.7 million, in 2021Q2
- Alpha Services and holdings for EUR 41.9 million, in 2021Q3
- Attika Bank for EUR 152 million, in 2021Q4. Before the SCI, the bank had converted Deferred Tax Assets (DTAs) for EUR 151.8 million into tax credits.

ELSTAT had recorded the first two cases of SCI as financial transactions and proposed to record the third case as a capital transfer.

The Greek statistical authorities provided in advance of the meeting the details of each transactions, as well as the rationale for the statistical treatment proposed. During the meeting, ELSTAT shared slides with the main features of each transaction. These documents constituted the basis for the discussion. Representatives from the Banking Supervision Team of the Bank of Greece participated in the discussion for this point.

Discussion

Piraeus Bank

In April 2021, the HFSF injected EUR 352.7 million in Piraeus Bank. The Bank raised a total of EUR 1,380 million and the remaining amount was subscribed by private investors.

In 2021Q1, before the SCI, there was a conversion of CoCos held by HFSF in Piraeus Bank into ordinary shares for an amount of EUR 2,040 million. The conversion had no impact in the government non-financial accounts, as expenditure had already been recorded in 2015 when the CoCos were acquired. Following the mandatory conversion of the CoCos in 2021q1, HFSF shareholding in Piraeus Bank's capital increased from 26.42% to 61.34%. After the SCI, the share of HFSF in Piraeus Holding share capital went back to 27%.

ELSTAT proposed to record the SCI as a financial transaction because it considered that it was undertaken on the basis of commercial considerations. In particular, ELSTAT considered that:

- there were private investors participating simultaneously as HFSF and under the same conditions
- HFSF participation was below its share in the capital of the bank and the majority of the share were subscribed by private investors
- the shares were quoted in the stock market
- the shares were purchased at a price below the prevailing market price

The transaction was already discussed in the EDP dialogue visit of September 2021, where Eurostat already raised some doubts on the treatment as financial transaction proposed by ELSTAT.

Eurostat asked if the majority of existing shareholders participated in the SCI. The Greek statistical authorities confirmed that this was the case and that also new shareholders participated. Eurostat inquired if the private investors could sell the shares immediately after purchasing them. The Greek statistical authorities replied that they could in theory, but that they did not do so. The Greek statistical authorities agreed to check if HFSF could also sell the shares immediately.

Eurostat underlined that, in this SCI, the difference between the offer price (1.15) and the market price (1.99) of the shares was particularly high. It considered that this difference in the price could be seen as a way to compensate private investors following the conversion of CoCos (which had diluted their participation). Eurostat considered that some features of the SCI could question the fact that private investors participated on market conditions. Amongst other,

Eurostat mentioned that the bank had accumulated losses in the previous periods, the conversion of the CoCos, the substantial difference between the offer price and the market price and the fact that during two weeks, the shares could not be sold. Eurostat also stated that there could perhaps be a link between the conversion of CoCos and the securitisation operations carried out in the context of the Hercules Asset Protection Scheme in 2020 and 2021.

Alpha Bank

In July 2021, the HFSF injected EUR 41.9 million in Alpha Bank. The Bank raised a total of EUR 800 million and the remaining amount was subscribed by private investors. ELSTAT considered that transaction was similar to the SCI of Piraeus Bank and proposed to record the SCI also as a financial transaction. Based on the same reasons as explained above for Piraeus Bank, it considered that the SCI in Alpha Bank was undertaken on the basis of commercial considerations.

Eurostat remarked that in this case there were two important differences with the SCI in Piraeus Bank. Firstly, in the case of Alpha Bank there had been no previous conversion of CoCos (and therefore, private shareholders had not been diluted). Secondly, in the case of Alpha Bank the offer price (1.00) was closer to the market price of the shares (1.14). Eurostat accepted the treatment proposed by ELSTAT of this SCI as a financial transaction.

Attica Bank

Attica was the first Greek bank to ask for a conversion of deferred tax assets (DTA) to deferred tax credits (DTC). The conversion was triggered by the significant losses reported by the bank in 2020. The conversion of DTAs took place in August 2021 and Attika Bank received EUR 151.8 million from the State in cash. In exchange, the State received warrants for the same value. On 19th October 2021, the warrants were converted into shares (with a value around EUR 5 million) and were transferred to the HFSF, which became the largest shareholder of Attika Bank (68.24%).

On December 21st 2021, Attica Bank announced the completion of the share capital increase (SCI) through cash payment with pre-emptive rights in favour of the existing shareholders. The Bank raised EUR 240 million. HFSF participated with EUR 151 million and its shareholding reached 62.93%. The social security fund e-EFKA participated with 25 million and maintained its shareholding at 10.3%. The remaining was covered by private investors.

According to the Transaction Term Sheet signed in 2021, the HFSF and the private investors agreed on a 5 year strategic business plan that envisages to raise EUR 300 million of equity over a three-year period. Amongst other arrangements, the HFSF and the private investors committed to make a second investment in Attica Bank by no later than three months following the publication of its 2021 annual financial statements²⁴. Such second investment shall result in the private investors holding a percentage of approximately 68%.

The conversion of DTAs and the SCI undertaken in 2021 were implemented according to the following steps:

²⁴ The second investment agreed in the 2021 Transaction Term Sheet did not take place three months after the publication of the 2021 financial statements. A new Share Capital Increase of Attika Bank took place in April 2023. On 20th April 2023, a new Investment Agreement was concluded and the Transaction Term Sheet signed in December 2021 ceased to be in force.

- Attica Bank activated the conversion of DTAs and the Greek State provided cash for EUR 152 million
- The Bank issued warrants for free in favour of the Greek State
- The warrants were admitted to trading during one week. Only a negligible amount occurred and most warrants remained ownership of the Greek State.
- After the trading period, the warrants were converted to new ordinary shares owned by the Greek State
- The State transferred the new shares to the HFSH
- HFSF participated in the SCI with EUR 151 million in cash and e-EFKA with EUR 25 million

ELSTAT recorded the conversion of DTAs and the SCI as follows:

- The conversion of DTAs was recorded as a capital transfer expenditure (D.99p) of the State
- The issue of warrant issue did not lead to an entry in government accounts
- The conversion of warrants to shares was recorded as an increase in shares (F.5) for the State
- The transfer of shares by the State to HFSF was recorded as a capital transfer (D.99p, which consolidates) against a disposal of shares (–F.5)
- The SCI by HFSF and e-EFKA was recorded as a new capital transfer (D.99p)

ELSTAT treated the capital increase by the HFSF and e-EFKA as a capital transfer. The rationale for recording the SCI as a D.99 capital transfer is that the participation of government (HFSF) is not conducted on purely market considerations. In addition, Eurostat confirmed that Attica Bank has recorded losses in 2020 and 2021.

As regards the statistical treatment of the DTAs converted, ELSTAT recorded the conversion of DTAs as a government expenditure because they consider that the value of the warrants received by the Greek State is zero. ELSTAT further confirmed that the warrants received by the Greek State are not reported as derivatives assets in the financial accounts. ELSTAT explained that, in the past, there had been many cases of warrants that were never exercised by the Greek State. Because of this reason, ELSTAT decided to follow a prudent approach and to include entries in the financial accounts only if the warrants are exercised. The expert providing technical assistance to Greece suggested that, at inception, the warrants could be recorded as financial assets of the same value of the cash provided by the Greek State. According to the expert, a capital transfer could be recorded at a later stage when the warrants would be converted into equity. The capital transfer would be equal to the cash provided by the Greek State minus the value of the new shares received. Eurostat noted, that in this particular case, the result for B.9 would be similar, as the shares received by the Greek State had a very low value (EUR 3 million according to ELSTAT).

Eurostat accepted the treatment proposed by ELSTAT for the transactions concerning Attica Bank.

Findings and conclusions

Action point 18: Eurostat provisionally accepted the recording proposed by ELSTAT, subject to clarification in the course of this year, for the capital injections carried out in financial institution in 2021, as follows:

- a. F.5 for the injection in Piraeus Bank in 2021 Q2 for EUR 352.7 million

- b. *F.5 for the injection in Alpha Bank in 2021 Q3 for EUR 41.9 million*
- c. *D.99 for the two injections concerning Attika Bank (conversion of DTAs in 2021 Q3 for EUR 151.8 million and capital increase in 2021 Q4: EUR 151 million by HFSF and EUR 25 million by EFKA social security fund)*

In particular, Eurostat expressed some concern on the following features of the injection in Piraeus Bank, which made the recording as F5 somehow atypical:

- a. *There are significant losses accumulated over the previous years*
- b. *CoCos for EUR 2,040 million were converted into ordinary shares prior to the capital injection. This conversion of CoCos was imposed by the regulator, notably to facilitate the planned NPL securitisation*
- c. *The offer price was well below the market price of the shares at time of offer (50% discount) and very much below (95% discount) the market price prevailing at the end of 2020, presumably as a way to help private shareholders to recuperate part of their investment*
- d. *During two weeks following the SCI, it was not possible to sell the shares*

Deadline: Ongoing²⁵

Action point 19: *Eurostat took note of the following treatment applied by ELSTAT as regards warrants received by the Greek State:*

- a. *If the warrants have not been converted to shares, they are not recorded as assets. This was the case for the warrants received in the context of the capital injection in Aegean Airlines. The rationale is that in the past there were many cases of warrants that were never exercised by the State.*
- b. *If the warrants have been converted to shares, ELSTAT records the value of the shares received. This was the case in the warrants concerning the conversion of DTAs of Attika Bank.*

Deadline: Ongoing²⁶

Update on insolvency framework (Sale and Lease-Back Organization)

Introduction

The new regulation for the insolvency framework enacted in October 2020 provided for the set-up of a Sale and Lease Back Organization (SLBO). The SLBO will be selected by the State following the completion of an international open tender process. The SLBO will acquire and lease back for 12 years debtor's primary residences. Debtors will have the possibility to buy-back the property at any time during the 12-years lease period or at the termination of the lease.

This issue was discussed in detail during the EDP dialogue visit of September 2021. Eurostat concluded that information which is key to assess the statistical implications of this case would only be known at a later stage in the tender procedure for setting-up the SLBO.

²⁵ The action point is closed.

²⁶ The action point is closed.

Before the meeting, the Greek statistical authorities provided a note on the state of play and the timeline for the creation of the SLBO

Discussion

The Greek statistical authorities explained that they were working on conducting an open tender process for the selection of the Sales-and-lease-back Organization (SLBO). They explained that there had been some delays in the process. According to their plans, the call for expression of interest would be launched in April 2022 and the entity would start operating in 2023.

Findings and conclusions

Eurostat took note of the timeline provided and reinstated its view that information which is key to assess the statistical implications of this case will be available at a later stage.

2.4.2 Government measures to tackle the economic effect of the increase in energy prices in 2021 and 2022

Introduction

Eurostat had asked the Greek statistical authorities to fill in the draft questionnaire on government support to households for high-energy prices and to explain the measures introduced in 2021 and those planned in the 2022 budget. No document was provided before the EDP dialogue visit. During the meeting, GAO shared a table listing the energy measures planned up to date and their estimated impact for 2021, 2022 and 2023 in terms of cash. The table was discussed on the spot.

Discussion

The table included a total of 23 measures. Eurostat noted the significant change of the total impact on government B.9 between 2021 and 2022, from EUR -995 million to EUR -4,615 million. Eurostat also noted that the most sizeable measures concerned subsidies on the electricity and gas consumption of households and enterprises, which accounted for EUR 3,444 million in 2022. These subsidies are paid to energy producers to hold prices down to different classes of consumers. GAO explained that the estimates for 2022 would be subject to high variability, as the movements in energy prices could significantly change the final amount of subsidies.

The table specified the funding source for each measure. Eurostat took note that the most sizeable measures would be financed from the Green Transition Fund. GAO explained that the Green Transition Fund is an account of DAPEEP (the Renewable Energy Sources Operator & Guarantees of Origin). DAPEEP manages taxes and subsidies related to Renewable Energy Sources and is classified in the general government sector. The flows concerning taxes and subsidies managed by DAPEEP lead to a number of adjustments in EDP table 2A1.

GAO explained that the main outflows of the Green Transition Fund would be the subsidies on electricity and gas consumption and that the main inflows would come from the Emission Trading System (ETS) and from the Renewable Energy Sources (RES) Special Account, known as ELAPE. GAO explained that a significant surplus was expected for year 2022 as regards the RES special account. It provided the corresponding figure that was transferred to the GTF in 2021 (EUR 630 million). It provided the excess surplus estimated for the year 2022 (EUR 3.1

billion) and confirmed that EUR 1,050 million would be transferred to the GTF already in the second quarter of 2022.

GAO further explained that the Green Transition Fund had been designed to be fiscally neutral in the sense that the subsidies to be granted would depend on the revenue to be collected by DAPEEP.

Eurostat took note of the explanations provided and noted that there would be flows between the existing accounts in DAPEEP and the new account created for the Green Transition Fund. Eurostat also noted that there would be flows between the Green Transition Fund and public produces, such as the Public Power Corporation (PPC). Eurostat underlined the importance of monitoring these measures, not only because of the significant amounts involved, but also because the flows do not enter the working balance (they are mainly managed by DAPEEP). Eurostat stressed the importance of having a clear picture of all the flows individually as well as of the total consolidated impact on government B.9. The Greek statistical authorities agreed to send the table to Eurostat, to identify the ESA treatment of the measures and to refer to the 2021 measures in the explanatory note that would be prepared for the April notification.

Findings and conclusions

Action point 20: *The Greek Statistical Authorities have provided a file listing the energy measures introduced in 2021 and planned for 2022 and the quantification estimated in terms of cash. ELSTAT will identify the ESA treatment for each measure and will elaborate on the recording to be followed.*

Deadline: April 2022 EDP Notification for the 2021 measures²⁷

Action point 21: *The subsidy scheme related to energy measures entails transfers from DAPPEP to the Green Transition Fund, which will in turn make transfers to public power producers, such as PPC. In each accounting period, ELSTAT will prepare a file depicting the flows related to the subsidy scheme between the different units involved (State, DAPPEP, Green Fund, PPC, etc.) and will specify the ESA treatment applied. The file should include a summary table showing the B.9 effect at the level of each entity and each subsector and the consolidated effect on S.13.*

Deadline: April 2022 EDP Notification for the 2021 measures²⁸

2.4.3 Infrastructure projects: Public Private Partnerships, concessions and EPCs

Introduction

ELSTAT did not report new Public Private Partnership (PPP) projects and, so far, there are no Energy Performance Contracts (EPCs) in Greece. The discussion focussed on concession

²⁷ This action point was implemented in the April 2022 EDP Notification. The issue and the 2022 measures were further discussed in September 2022 and in the March 2023 EDP dialogue visit. The action point is closed, but further work is needed as regards the reporting of energy measures in annex 10 “Supplementary table for reporting government interventions to mitigate the impact of high energy prices”.

²⁸ This action point was implemented in the April 2022 EDP Notification. The issue was further discussed in September 2022, during the EDP Notification of October 2022 and in the March 2023 EDP dialogue visit. The action point is closed, but further work is needed as regards the reporting of energy measures in annex 10 “Supplementary table for reporting government interventions to mitigate the impact of high energy prices”.

contracts. Before the meeting, ELSTAT provided a note disclosing the main ongoing concession contracts, which mainly concern motorways, airports, ports, marinas and a bridge.

Discussion

In Greece there is a specific unit in charge of centralising PPP projects and there is a permanent exchange between this unit and ELSTAT. This is not the case for concession contracts, for which projects are not centralised. In this case, once ELSTAT becomes aware of a new concession project, it gathers the information by sending an ad-hoc request to the relevant Ministry.

ELSTAT confirmed that the five main motorways and the three new sections recently added are on government balance sheet and so are the small ports and the Kasteli Airport. On the contrary, the following projects are off government balance sheet: all the other airports managed via a concession contract, the two big ports (Piraeus Port and Thessaloniki Port) and two concession projects from the 90's (Attiki Odos road and a bridge).

For the five motorway concessions reclassified and the three new subsections, ELSTAT provides detailed files with the calculations once a year. Eurostat asked ELSTAT to extract the main information for each project and to recall the capital expenditure undertaken, the years of construction and the amounts imputed as regards government revenue and expenditure. ELSTAT agreed to provide this information.

Eurostat asked if the concession list provided was exhaustive or whether there could be other concession contracts not reflected in the list. Eurostat noted that the list did not include concessions for rail/freight infrastructure, for which at least one contract exist (Thriasio rail freight terminal). On the other hand, there are some units related to infrastructure that are classified in S.13, such as Egnatia, which is involved in roads, bridges and tunnels. As the entity is in S.13, the assets built are on-balance sheet. Nevertheless, they may not be reported in the list of concessions despite having the form of a concession. ELSTAT agreed to investigate the issue and update the list of concessions if needed.

Eurostat inquired on the state of play of the concession contract for the operation and exploitation of the Egnatia Odos motorway and three vertical road axes for a period of 35 years. ELSTAT confirmed that the consortium GEK TERNA SA – EGIS PROJECTS SA had been selected as the preferred bidder and that the State should receive an upfront payment of EUR 1,496 million. ELSTAT explained that the concession agreement would be signed after the Court of Auditors' approval and that financial close was expected to take place in 2022. ELSTAT confirmed that no upfront payment had been received yet.

Findings and conclusions

Action point 22: *As regards the five motorway concessions recorded on balance sheet and their three new subsections, ELSTAT will provide the following information project by project:*

- a. Year when construction started or will start*
- b. Total capital expenditure already undertaken (for the five old contracts) or planned (for the new subsections)*
- c. For each year in the period 2015-2021, ELSTAT should provide e (i) the revenue and (ii) the expenditure imputed, so to be able to reconcile the amounts with line H.69a of EDP Table 2A1.*

This will help to reconcile the amounts with adjustment H.69a of EDP table 2A1.

Deadline: April 2022 EDP Notification²⁹

Action point 23: *ELSTAT will continue gathering information on concession contracts and will produce an exhaustive list of all assets operated under a concession agreement.*

Deadline: November 2022³⁰

2.4.4 Guarantees

Introduction

Before the meeting, ELSTAT provided the table on guarantees and updated information on the backlog of guarantee calls not paid. Eurostat had also requested a note on standardised guarantees, which was not provided. The discussion focused on the time of recording of guarantees and the methodology for standardised guarantees.

Discussion

Eurostat analysed the table on guarantees and noted that the first guarantees under the Hercules Asset Protection Scheme (Hercules) were granted in 2020, but the corresponding guarantee fees were recorded in 2021. ELSTAT confirmed that the guarantee was granted in 2020, but it was activated only in 2021. It explained that the guarantee is recorded at the time it is granted, but that guarantee fees are recorded on cash basis. This explains that fees corresponding to the year 2020 were recorded only in 2021, when they were paid, following the activation of the guarantee. ELSTAT anticipated that other similar cases could follow, as some guarantees granted in 2021 would only be activated the following year. Eurostat accepted the recording proposed by ELSTAT. Eurostat recalled that, in the 2008 guarantee schemes, there had been mismatches between the guarantee fees accrued and the cash payments (see section 3 on other issues) and that the cash recording would prevent similar mismatches.

As regards the backlog of guarantee calls not paid, Eurostat took note of the updated clearance plan provided by GAO. In particular, the amounts actually paid off in 2021 (EUR 79 million) were well below those initially planned (EUR 371 million).

Eurostat observed that there seemed to be an anomaly in table 9.4 for standardised guarantees. In particular, until 2019, the outstanding amount of liability at the end of each period is very close (or even higher) than the stock of assets under the guarantee. Eurostat asked ELSTAT to check the figures and to clarify the method used.

Findings and conclusions

Action point 24: *ELSTAT will make the necessary corrections on table 9.4 on standardised guarantees and will inform Eurostat on the changes made and on the methodology used to fill in the table.*

²⁹ This action point was implemented in the April 2022 EDP notification. The action point is closed.

³⁰ This action point was implemented in December 2022. The action point is closed. Eurostat will continue monitoring the list of concession contracts.

*Deadline: April 2022 EDP Notification*³¹

2.4.5 Privatisation, capital injections in public corporations and dividends

Introduction

Before the EDP dialogue visit, the Greek statistical authorities provided to Eurostat some tables listing the main operations undertaken up to 2021 as regards privatisation, capital injections and dividends.

Discussion

Eurostat noted that the most significant operations reported in the table for privatisation for year 2021 concerned: (i) the sale of licenses for spectrum rights (EUR 194 million) recorded as the sale of a non-produced non-financial asset and (ii) the sale of shares of Hellinikon (already discussed under point 1.1 concerning the draft EDP tables).

Eurostat took note of the main capital injections reported for 2021. The most relevant injections concerned financial institutions and were discussed in detail under point 2.4.1, in the part for capital increases in banks.

Eurostat analyzed the dividends reported for 2021 and noted that the most sizeable amount concerned the participation in the profits of the Bank of Greece (EUR 471 million), which is recorded as a tax on income (D.51). The rest of dividends reported for 2021 concerned small amounts.

Eurostat pointed out that in the cases of amounts paid by EYDAP, Elliniko and Desfa, dividends corresponding to 2019 or previous years had been paid in 2021. Eurostat recalled that a dividend of 2019 paid in 2021 could be recorded as government revenue in 2021 only if the decision to pay the dividend was taken in 2019. On the contrary, if the decision was taken in 2021, the amount paid should be treated as an equity withdrawal (-F.5). ELSTAT explain that they do not have information as regards the time when the decisions to pay dividends are taken. ELSTAT confirmed that they follow a conservative approach and that dividends from previous years are treated as financial transactions. As these amounts are included in the working balance, ELSTAT introduces a correction in the adjustment lines of EDP Table 2A (adjustment line B.9 for superdividends).

Findings and conclusions

Eurostat took note of the figures reported by ELSTAT and of the explanations provided.

2.4.6 Military expenditure

Introduction

Before the meeting, ELSTAT provided a note with the adjustments in EDP T2A1 for 2020 and 2021 concerning military expenditure.

³¹ This action point was implemented in the April 2022 EDP notification. The action point is closed.

Discussion

Eurostat noted that in 2021 there is a EUR 1 billion gap between cash payments (around EUR 2.5 billion) and deliveries (around EUR 1.5 billion). ELSTAT confirmed that the higher cash payments concerned equipment prepaid and not yet delivered.

Eurostat inquired on the delivery and payment of Rafale airplanes. ELSTAT explained that every quarter they receive a table from the Ministry of Defence on military deliveries, in which airplanes are reported as a separate category. ELSTAT confirmed that cash payments had been made in 2021 concerning Rafale airplanes and that part of the equipment had been delivered in that year.

Findings and conclusions

Eurostat took note of the explanations provided.

2.4.7 Financial derivatives

Introduction

Prior to the EDP dialogue visit, the Greek statistical authorities provided to Eurostat an updated table on financial derivatives, including data for year 2021. This document was the basis for the ensuing discussion.

Discussion

For the first time, PDMA reported the transactions in derivatives in this table as assets or as liabilities, depending on whether the derivative is an asset or liability in market values at the beginning of each year, starting from 2016. On the asset side, the payments are reported with a positive sign and the receipts with a negative one. On the contrary, on the liability side, the payments are reported with a negative sign and the receipts with a positive one. The previous practice was to report the paying leg (outflows) as liabilities and the receiving leg (inflows) as assets. PDMA explained that this exercise can be produced only on an annual basis and for the requirements of this table. For this reason, in ESA table 27 all derivatives will continue to be recorded on the liability side.

Eurostat inquired on the reporting of the Goldman Sachs swap buyback that took place in 2019. Eurostat considered that the residual value of the swap (EUR -775 million) should be reported on the asset side in this table.

Eurostat inquired on the hedging of the IMF loan, denominated in SDRs. PDMA confirmed that the IMF loan was hedged only partially (more than 50%) and that the corresponding currency swaps had an amortization profile similar to that of the underlying loan. Eurostat confirmed that bloc 5 of the table on derivatives should include only the part of the loan hedged. Eurostat recalled the difference between swap unwinding and swap cancellation, the former referring to redemption at maturity and the latter to redemption before maturity. PDMA explained that, until 2021, the currency swaps related to the IMF loan matured naturally, whereas from 2021, there were swap cancellations related to early repayment of IMF loans. Eurostat noted that this was not properly reflected in the table and recalled that line 30a should include only swap unwinding,

whereas line 30 should include both swap cancellations and swap unwinding. PDMA informed that the IMF loan would be fully redeemed in 2022.

Eurostat inquired on the change in the stock of interest swap liabilities between 2020 (EUR 9,105 million) and 2021 (EUR 5,347 million). PDMA explained that the change was due to market movements and that it was not related to new flows nor to termination of swap contracts.

Findings and conclusions

Action point 25: Eurostat welcomed the improvement in the derivative table, following the action point of the previous EDP dialogue visit, notably reporting, in both blocks 1 and 2, the stocks and transactions on derivatives depending on whether each individual instrument is an asset or a liability. PDMA will report to Eurostat on the following remaining issues:

- a. As already mentioned, the residual swap of the Goldman Sachs swap, for -775 million euro (=4,089-3,314 euro=AF.4 debt minus repurchased value) should appear on the asset side for transactions (year 2019) and for stocks (years 2018 and before) (in relation to IRS) instead of the liability side (and crucially: with the same negative sign)
- b. Following (a), the transactions in derivatives for year 2019 will therefore either be confirmed or otherwise amended (and consistently in EDP table 3). The stocks will also be confirmed or amended (and reported in ESA table 27)
- c. Ensure that lines 17, 19, 23, 28, 31 in bloc 1 align (this is not the case in 2019 and in 2016)
- d. Ensure that the gradual ending of the hedging of IMF debt is identified and correctly reported, as transactions in derivatives, in EDP table 3 as well as in bloc 2 of the derivative table (notably under item 30a). A short note will be provided on the unwinding of this hedging
- e. Report in bloc 5 only the part of the IMF debt subject to hedge
- f. In general, verify the size of the stocks and transactions in currency swaps used for hedging the debt to IMF (considering the significant appreciation of the dollar and thus of the SDR, from time of hedge to the reimbursement/unwinding)(item 20, 28, 33b of bloc 5 notably)
- g. Report in bloc 3 the collateral on derivatives (notably item 16a)

*Deadline: October 2022 EDP Notification*³²

2.4.8 Pensions

Introduction

ECFIN reports systematically refer to pension arrears. Eurostat inquired on the stock of unprocessed pension applications referred to in the Enhanced Surveillance Report published in November 2021. Moreover, Eurostat recalled that the implications of the Auxiliary Pension Reform would be reassessed once the new edition of the Manual on Government Deficit and Debt (MGDD) would be published.

³² This action point was implemented in the October 2022 EDP notification. The action point is closed.

Discussion

ELSTAT confirmed that the stock was EUR 494 million at the end of 2020 and EUR 267 million at the end of 2021. It explained that a plan had been prepared with the aim to achieve pensions clearance by June 2022. As regards the accounting treatment, ELSTAT confirmed that they are recorded as social benefits other than social transfers in kind (D.62). Concerning the time of recording, ELSTAT explained that the arrears are not included in government expenditure and that expenditure is increased only after the clearance has been approved.

A new law for the Auxiliary Pension Reform (Law 4826/2021) had been approved in September 2021 and the new system was expected to enter into force in January 2022. In 2021, Eurostat had expressed a preliminary view that the scheme was likely to be classified outside general government, pending a possible revision of the relevant chapter in the MGDD. Eurostat recalled that the statistical treatment of the new scheme should be reassessed after the publication of the new MGDD.

Findings and conclusions

Eurostat took note of the explanations provided.

2.4.9 Other: debt assumptions, debt cancellations and debt write-offs, disposals of non-financial assets by general government, sale and leaseback operations, emission trading system, UMTS and LTE, etc.

Emission Trading Systems (ETS)

Introduction

The 2022 edition of the Manual on Government Deficit and Debt (MGDD), under preparation at the time of the EDP visit, is likely to change the recording of Emission Trading Systems (ETS).

Discussion

The expert providing technical assistance to Greece explained that ELSTAT currently followed the FIFO method recommended in the previous edition MGDD and inquired whether this method would be in line with the new rules under preparation.

Eurostat asked whether the method currently followed in Greece could be assimilated to a Time Adjusted Cash method with one year lag. If this would not be the case, the new MGDD rules could lead to changes in the recording. ELSTAT agreed to investigate the issue.

Findings and conclusions

Action point 26: *ELSTAT will check whether the FIFO methodology currently applied for Emission Trading Systems can be assimilated to a time-adjusted cash method with a time-lag one year. This can help greatly simplify the work done. At the same time, Eurostat noted that the time-adjusted cash method should not give rise to recording in a given year more tax revenue, by simply temporarily overselling ETS.*

3. OTHER ISSUES

Supplementary table for reporting government interventions to support financial institutions

Introduction

Eurostat raised some issues on the supplementary table for reporting government interventions to support financial institutions identified over the past EDP notifications.

Greece is among the Member States with highest level of government debt resulting from cumulated interventions in financial institutions since 2007. Similarly, the accumulated impact of interventions in financial institutions since 2007 on government deficit is very sizeable.

Discussion

Eurostat noted that Greece showed a very large difference between the accumulated deficit/surplus arising from government interventions in the financial system over 2007-2020 (EUR -27 billion) and the related net assets arising from these interventions observed end-2020 (EUR -37 billion). Eurostat asked whether the Greek statistical authorities had investigated this EUR 10 billion difference. ELSTAT recalled that, in 2011, 2012 and 2013 there had been very large transactions in assets and explained that the EUR 10 billion difference could be partly explained by a decrease in the market value of the assets.

Eurostat asked if it was possible to receive the spreadsheet used by ELSTAT for the calculations to fill in this table, at it might possibly help to understand the differences. Eurostat agreed that the problem seemed to be on the asset side. It recalled that a large part of the bank recapitalisations carried out during the financial crisis had been lost over the years, which indicates that the capital injection test carried out at the time (and subsequent recording as financial assets) was probably wrong. Eurostat stated that the rules in the past were different (special rules for the financial crisis were in place) and that other countries were also concerned with these rules.

ELSTAT recalled that in 2008 the Greek government had introduced a package of measures in the context of the financial crisis. The package was based on three pillars: guarantees, preference shares (CoCos) and bonds. Eurostat asked whether the CoCos were reported in this table as assets and ELSTAT agreed to check.

Eurostat recalled that the guarantees and the guarantee fees should be reported in this table, including the guarantees granted in the context of the Hercules Asset Protection Scheme.

Eurostat noted that the line for “other assets of general government entities” included an amount of EUR 734 million for the last years and asked to clarify the content of this line. ELSTAT replied that these amounts referred to guarantee fees concerning the scheme introduced in 2008, which were recorded as government revenue and that were never cashed. ELSTAT confirmed

³³ This action point was implemented in February 2023. ELSTAT provided a note explaining that the method currently applied involved a time-lag of three quarters instead of one year. ELSTAT confirmed their willingness to shift to a time-lag of one year when the new MGDD would be in force. The action point is closed.

that the scheme had finished and that the stock of assets was built between the years 2008 and 2011. Eurostat asked ELSTAT to confirm the amounts recorded in the past and whether these amounts would be paid in the future. Eurostat concluded that ELSTAT should consider changing the recording. It suggested to record a capital transfer at some stage for the mismatch between the guarantee fees recorded as revenue and the cash that will not be received.

Findings and conclusions

Action point 27: *Concerning certain guarantees granted mostly between 2008 and 2011, ELSTAT explained that there could be a mismatch between the guarantee fees recorded on an accrual basis as revenue and the incoming cash. ELSTAT will confirm the recording followed for these guarantee fees and whether amounts will be paid in future years and will consider the need to change the recording.*

*Deadline: April 2022 EDP Notification*³⁴

To avoid that this situation could repeat, ELSTAT now records the rest of guarantee fees on a cash basis.

Action point 28: *Concerning the supplementary table for reporting government interventions to support financial institutions, ELSTAT will:*

- a. provide the spreadsheet used for the calculations*
- b. investigate the reason for the significant difference between the deficit accumulated over the 2008-2020 period reported (27 billion) and the net assets (37 billion)*
- c. notably verify if all Cocos are reported in the net assets in Part 2*
- d. eliminate the 734 million claim featured in other assets (item d of Part 2), either by correcting the guarantee fee (see previous action point) revenue or by another action*

*Deadline: April 2022 EDP Notification for a, c and d and October 2022 EDP Notification for b*³⁵

³⁴ This action point was implemented in the April 2022 EDP notification. ELSTAT confirmed that there was a miscalculation in the accrual of the guarantee fees and proposed to shift to a cash recording. The action point is closed.

³⁵ This action point was implemented in the EDP notifications of April and October 2022. The action point is closed.

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EDP dialogue visit to Greece, 22-23 March 2022

Starting on 22 March 2022 at 08:30 (Luxembourg time)

Draft Agenda

- 1 April 2022 EDP notification – analysis of EDP tables and associated data**
 - 1.1 Analysis of draft EDP tables, analytical information and questionnaire related to EDP**
- 2 Methodological issues and recording of specific government transactions**
 - 2.1 Recording of government measures undertaken in the context of COVID-19**
 - 2.1.1 Measures introduced in 2021
 - 2.1.2 Changes to 2020 measures
 - 2.1.3 Measures operated by the Hellenic Development Bank
 - 2.2 Delimitation of general government**
 - 2.3 Implementation of the accrual principle**
 - 2.3.1 Taxes and social contributions
 - 2.3.2 Interest and consolidation of interest
 - 2.3.3 EU flows
 - Recording of EU flows and EU financial instruments
 - Recording of RRF flows
 - 2.3 Recording of specific government transactions**
 - 2.4.1 Government transactions in the context of the financial crisis
 - Update on asset protection schemes
 - Capital increases in Piraeus Bank, Alpha and Attica Bank (DTA)
 - Update on insolvency framework (Sale and Lease-Back Organization)
 - 2.4.2 Government measures to tackle the economic effect of the increase in energy prices in 2021 and 2022
 - 2.4.3 Infrastructure projects: Public Private Partnerships, concessions and EPCs
 - 2.4.4 Guarantees
 - 2.4.5 Privatisation, capital injections in public corporations and dividends
 - 2.4.6 Military expenditure

2.4.7 Financial derivatives

2.4.8 Pensions

2.4.9 Other: debt assumptions, debt cancellations and debt write-offs, disposals of non-financial assets by general government, sale and leaseback operations, emission trading systems, UMTS and LTE, etc.

3 Other issues