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Ministry of Economy
and Finance

GREECE

Draft Budgetary Plan 2025

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1. Introduction

Regulation (EU) 473/2013 of the European Parliament and of the Council (part of the so-called 'Two-pack') introduces a common budgetary timeline for Euro Area Member States. Specifically, Draft Budgetary Plans for the forthcoming year must be submitted to the European Commission and to the Eurogroup by October 15th of each year.

The document herein is being submitted to the European Commission and the Eurogroup in accordance with the Regulation.

The format and content of the document are in line with the requirements of the Two-pack Code of Conduct which inter alia, requires macroeconomic and budgetary forecasts for the current and forthcoming year (in this case 2024 and 2025). The macroeconomic forecasts used for this year and the next have been endorsed by the Hellenic Fiscal Council (HFISC) as required under article 6(3F) of the Regulation.

All data presented, are on ESA 2010 statistical basis.

2. Macroeconomic forecast

2.1. Macroeconomic developments in 2024

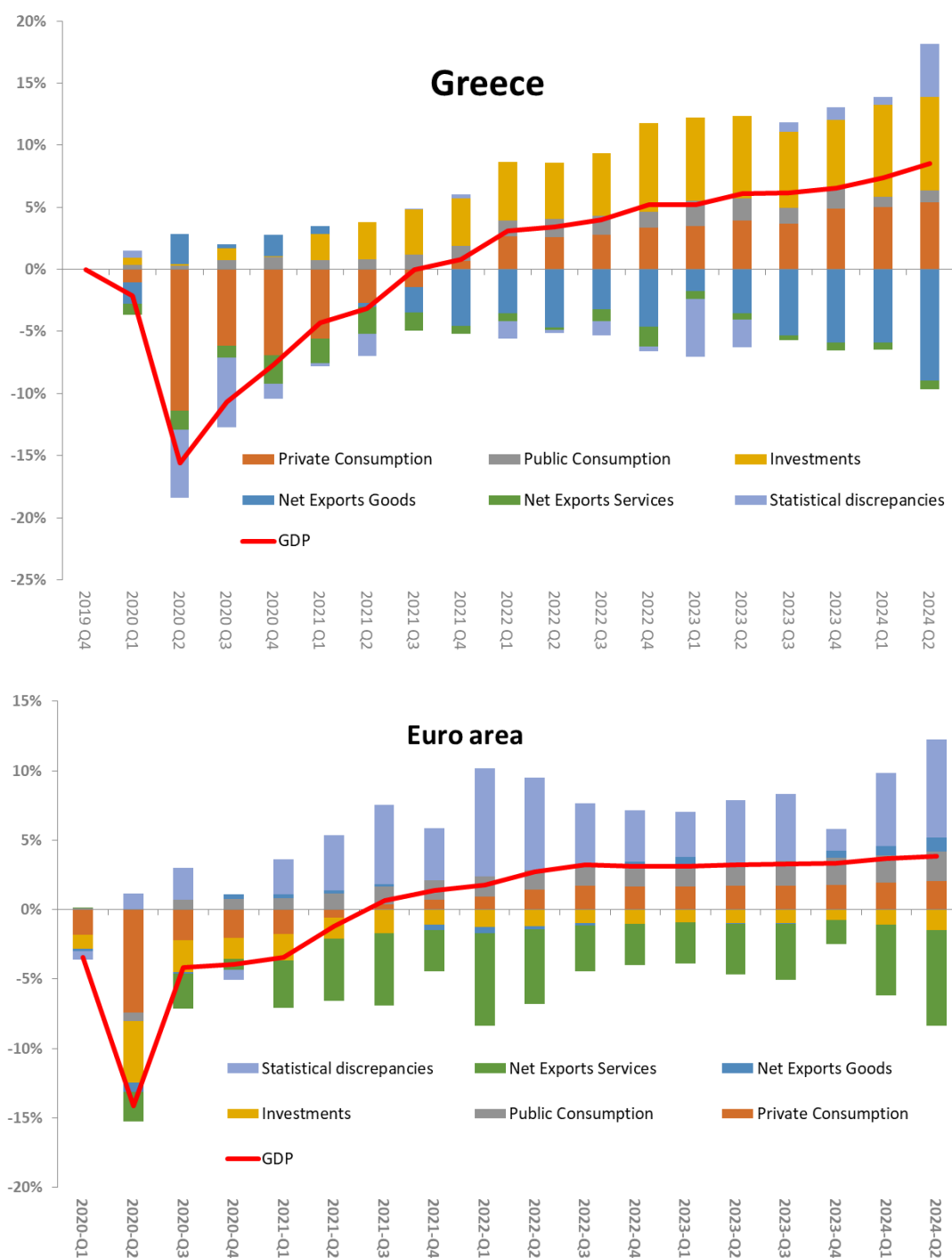
Over the past three years, the global economy has faced successive crises due to interconnected economic disturbances, climate crisis events and geopolitical unrest. Despite signs of recovery, the international economic environment is still characterized by increased uncertainty due to both short-term factors, such as restrictive monetary policies and the tightening of fiscal support globally after the Covid-19 pandemic period and the 2022 energy crisis, as well as geopolitical and other factors, such as the Ukrainian war consequences, the recent geopolitical tensions in the Middle East and severe results of climate change.

These successive crises, have a negative impact on economic activity and growth expectations internationally. Along with observed deceleration of inflationary pressures, they have, to a large extent, led central banks towards the gradual easing of monetary policy during 2024.

In an unstable international economic environment and despite persistent geopolitical tensions, the Greek economy proves to be resilient, achieving one of the highest rates of economic growth among the Member States of the European Union, mainly driven by investment, private consumption and exports. In particular, in the second quarter of 2024, according to Eurostat data, Greece's GDP growth showed a better dynamic compared to the other Member States of the European Union, reaching 2.3%. This high performance ranked Greece seventh in the European Union and fifth in the Euro Area and at a significantly higher level than the European Union and Eurozone averages (0.8% and 0.6% respectively).

GDP in volume terms, both in Greece and in the Euro Area, has returned to its pre-pandemic level, already since the Q3 2021 and continued to grow during Q1 and Q2 2024. Greek economic performance was driven by different components of GDP compared to the ones driving Euro Area growth (Figure 1).

Figure 1 | Deviation of quarterly real GDP and GDP components 2019 Q4 - 2024 Q2



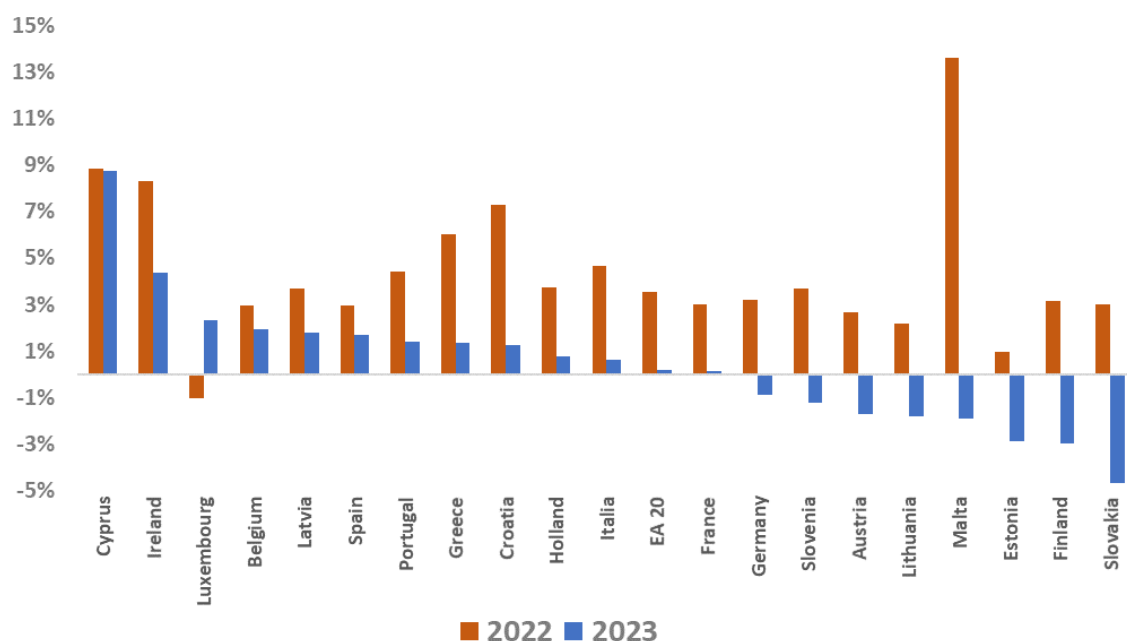
Source: Quarterly National Accounts (Hellenic Statistical Authority, Eurostat), calculations by Ministry of Economy and Finance

The Greek economy continued to grow on a y-o-y basis for twelve consecutive quarters, based on a strong positive effect from investments and private consumption, while net exports of goods and services' contribution was negative.

According to the European Commission's data, domestic demand in the Euro Area contracted significantly in 2023 compared to 2022, recording a marginal increase of 0.2%, compared to

3.5% in 2022. In Greece, following 2022's positive outcome, domestic demand, during the same period, continued to grow, albeit at a slower pace, (1.3% on a y-o-y basis compared to 6.0% in 2022). This performance ranked Greece in the eighth place among the Euro Area member states for 2023 and one of the countries that continues to record increasing domestic demand in 2023 compared to 2022, as shown in Figure 2.

Figure 2 | Real domestic demand in the Euro Area 2023-2022
(Annual rates of change %, including change in inventories)



Source: European Commission's AMECO macroeconomic database.

In the first half of 2024, the growth rate of the Greek economy rose at 2.2% on an annual basis, showing an increase compared to the first quarter of the year (2.1%). This increase although small, was significant given the adversities in the international economic environment.

The main drivers of real GDP growth in the first half of the current year were investments, with a contribution of 0.5 percentage points of GDP and an annual change of 3.5%, and private consumption, with a contribution of 1.4 percentage points of GDP and an annual change of 2.0%. Part of the current investment activity, is also reflected in the national accounts as a change in inventories, under which investment projects in progress are recorded until completed.

This better performance of the Greek economy in the first half of 2024, compared to the first quarter of the year 2024 implies a relative acceleration of real GDP in the second quarter of 2024, with the quarter's rate of change standing at 2.3% y-o-y and a consistent trend in terms of the growth-leading components of GDP (investment, private consumption, positive inventory change).

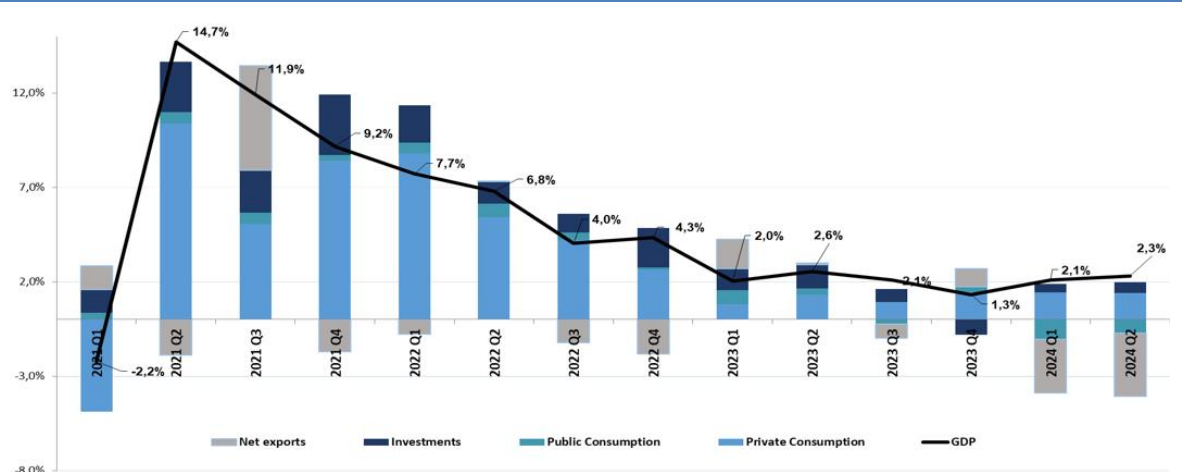
Regarding the real GDP components, the continued increase by 2.0% in private consumption during Q2 2024 reflected the robust dynamics in the labour market, as a result of increases in employment rates as well as increases in (minimum and average) wages both in the private and public sector. Households’ income and private consumption expenditure were further supported due to continued targeted government economic policy measures, that offered a significant buffer against the effects of the energy crisis and inflationary pressures.

Investments in Q2 2024 increased further by 3.9%, compared to Q2 2023. This was mainly a result of Public Investment Programme (PIB) financing, while major changes were recorded in "mechanical equipment and weapons systems" and in "transport equipment", increased by 16.3% and 13.4% respectively.

In Q2 2024 total exports of goods and services increased by 2.1%. The services component increased by 2.8%, compared to an increase of 2.0% in exports of goods, due to the continued rise in tourism and the corresponding tourism receipts. During the same period, total imports of goods and services increased by 9.6%, with the main part of the increase deriving mainly from the side of goods by 10.5% reflecting, to a great extent, the continued increase in private consumption and investment and to a smaller extent coming from the services side (6.9%).

Figure 3 presents the contribution of GDP components from Q1 2021 to Q2 2024. More specifically, during Q2 2024, real GDP growth (2.3%), was mainly driven by gross capital formation (including inventories) by 4.3 percentage points and by private consumption by 1.4 percentage points. Public consumption contributed negatively to output growth, as well as net exports, by 0.7 and 3.4 percentage points respectively.

Figure 3 | Evolution of GDP contribution per component 2021-2024
(Q/Q-4,%, reference base Q4-2019)



Source: Hellenic Statistical Authority (ELSTAT), calculations by Ministry of Economy and Finance

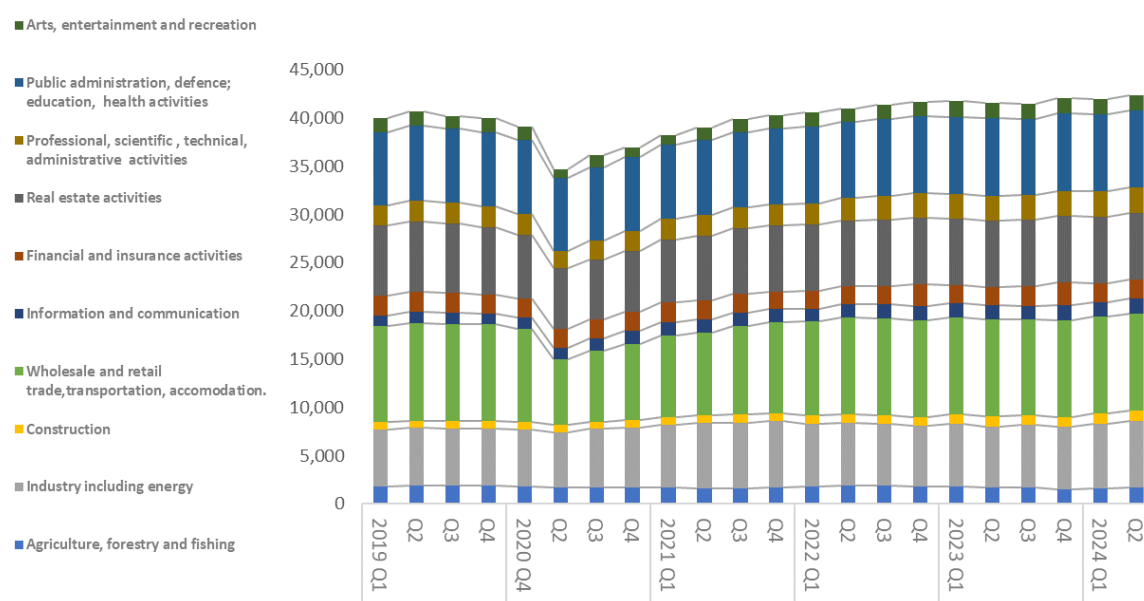
Greece’s economic growth in 2024 is estimated at 2.2%, aligned with the estimations of the EC Spring Economic Forecast. Investment is expected to increase by 6.7%, private consumption by 1.7%, and exports of goods and services by 4.2%.

Despite international turmoil, the upward trend of the Greek economy is also reflected in the production side. Gross Value Added (GVA) throughout the first half of 2024 recorded an increase of 1.4%, compared to the previous half of 2023, maintaining its positive momentum, continuing to follow an overall upward trend since the pandemic.

Developments in the main sectors of Greece's economic activity in the last five years are presented in Figure 4. During Q2 2024, the most significant increases were recorded in the secondary sector (8.5%) and specifically in "industry including energy" (10.4%), as well as in the tertiary sector (0.6%) and particularly in "information and communication" (5.0%), "wholesale / retail / catering / accommodation / transport" (1.3%), "professional / scientific / technical activities" (1.3%) and "financial and insurance activities" (1.2%).

Agricultural production decreased by 4.8%, mainly due to the impact of the catastrophic floods in Thessaly in September 2023. However, compared to the previous three quarters (-9.6% Q3/23, -17.3% Q4/23 and -12.5% Q1/24), it indicates a gradual coverage of agricultural production losses.

Figure 4 | Evolution of the structure of key economic sectors 2019-2024
(Quarterly data, current prices, seasonally adjusted, EUR million)



Source: Hellenic Statistical Authority, (ELSTAT), calculations by Ministry of Economy and Finance

The labour market continued to expand during January to August 2024, as total employment increased by 1.7%, compared to the same period of the previous year. According to ERGANI's wage earners entry-exit balance, in the first semester of 2024, 339,208 new jobs were created compared to 304,918 in 2023; the highest performance since 2001. The majority of new jobs were full time contracts (55.4%) while 35.6% were part time contracts and 9.0% temporary

employment contracts. The highest increase in recruitment was recorded in tourism, retail trade and construction, reflecting the dynamics in the corresponding sectors.

In addition, according to ELSTAT's Labour Force Survey, the number of employees in Q2 2024 amounted to 4,327,825, recording an increase of 3.7%, compared to Q1 2024 and an increase of 2.2%, compared to Q2 2023. The number of unemployed persons reached 467,619, which was lower than the 574,130 unemployed persons during Q1 2024, recording a 18.6% decrease on a q-o-q basis, and a 12.3% decrease on a y-o-y basis. The unemployment rate in Q2 2024 fell to 9.8%, compared to 12.1% in Q1 2024 and 11.2% in Q2 2023. The 9.8% unemployment rate is at its lowest level since the Q4 2009. In August 2024, according to ELSTAT's Labour Force Survey (latest available data, October 2024), the unemployment rate fell to 9.5%, from 11.4% in August 2023 and 9.9% in July 2024.

This was the result of labour market policies and reforms aiming to strengthen employment. Such policies include the reduction of social security contributions, leading to a decrease in the non-wage cost and a new employment-friendly legal framework for pensioners. Additionally the high growth rates of the Greek economy driven by the increase of productive investment, increased labour demand. It should be noted that, since 2019, there has been a significant increase in wages, due to consecutive rises in the statutory minimum wage by 27.7% in total. The increase in the minimum wage (which affects the average wage as well) also addresses labour shortages in certain sectors, such as retail trade, agriculture, construction and tourism, while boosting labour force participation. According to the Spring Economic Forecasts of the European Commission, compensation of employees is expected to increase in 2024 by 5.2% and per employee compensation by 4.3% (against 3.8% and 2.8%, respectively, according to the 2024 budget projections). Increases in wages are significantly higher than inflation (2.7%) and reflect the increase in the real income of employees.

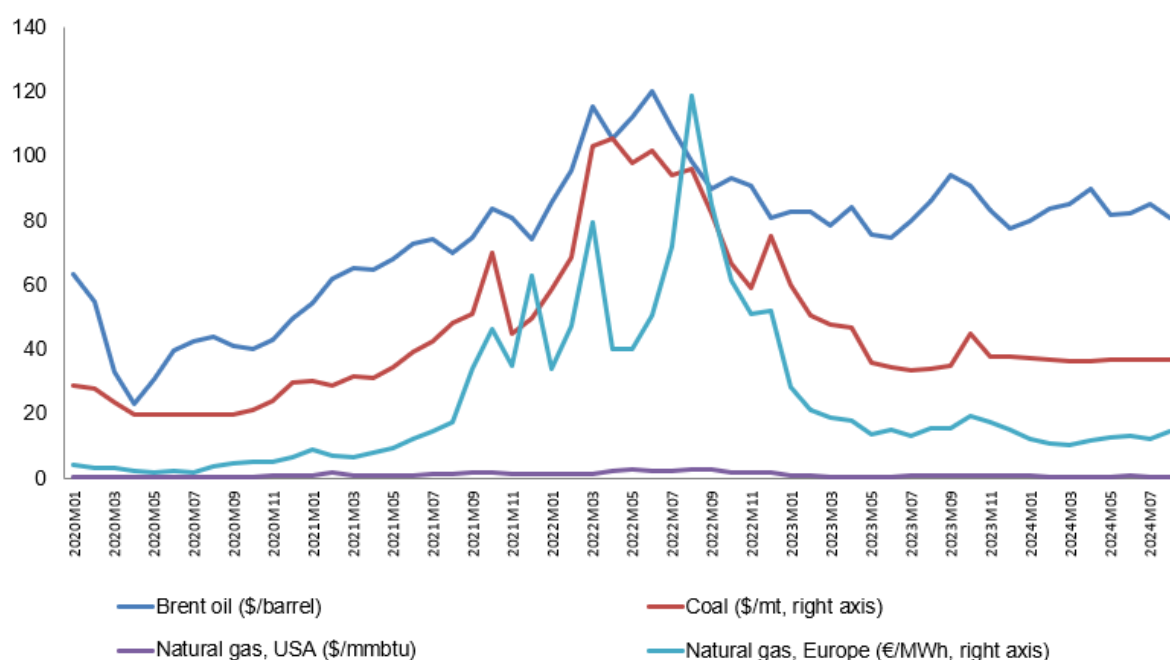
Inflation, based on the Harmonized Consumer Price Index (HICP) data is estimated at 2.8% in 2024. Based on the national CPI, inflation rate in 2024 is estimated to be marginally lower at 2.7%. In particular, according to ELSTAT, during January to August 2024, national CPI based inflation stood, on average, at 2.8%, compared to an increase of 3.8% recorded in the corresponding period of 2023. The highest rates were recorded in "hotels-café - restaurants" (6.0%) and in "food excluding alcohol" (4.5%), however, significantly lower compared to the same period of 2023 (when it raised to 12.8%). Communication prices decreased by 1.1% in January-August 2024, compared to the same period of 2023. Greece's HICP based inflation in January-August 2024, fell to 3.0%, compared to 4.7% in the corresponding period of 2023. Euro Area HICP based inflation, in January-August 2024 fell significantly to 2.5%, on average, from 6.6% a year earlier.

Regarding the energy sector developments (Figure 5), the monthly average price of Brent, having already stabilized its downward trend in 2023 compared to 2022, ranged from 80 to 90

dollars per barrel, from January 2024 to August 2024, with the lowest price observed in January and the highest in April. In particular, the limited supply of crude oil from OPEC+ and the ongoing crisis in the Middle East are the main factors that pushed the average oil price in April to the highest level during the first eight months of 2024.

At the beginning of the second half of the year, a gradual downward trend was observed, due to increasing shale oil production and intensifying international efforts to contain escalation in the Middle East. This development became evident in August 2024, when the monthly average price of Brent oil fell at 80 dollars per barrel (5.2% lower than the previous month). At the same time, in the European market, the impact of the Brent price reduction was reinforced by an approximate 4.0% increase in the euro-dollar exchange rate, from April to September 2024. However, the conditions in the oil market are expected to be volatile mainly due to the continuously changing situation in the Middle East.

Figure 5 | Evolution of international energy prices (price level)



Source: Intercontinental Exchange (ICE), World Bank, Commodity Markets, monthly prices, September 2024

The natural gas international price remained at relatively low levels, due to, among other things, adequate energy production from renewable sources, high reserves of liquefied natural gas (LNG), increased energy reserves in Europe, and a mild winter. The TTF price of natural gas decreased from €339 per MWh, on average, in August 2022, to €42 per MWh, on average, in August 2024, marking a drop of around 87% compared to August 2022, but still remains far from pre-crisis levels (around €20 per MWh).

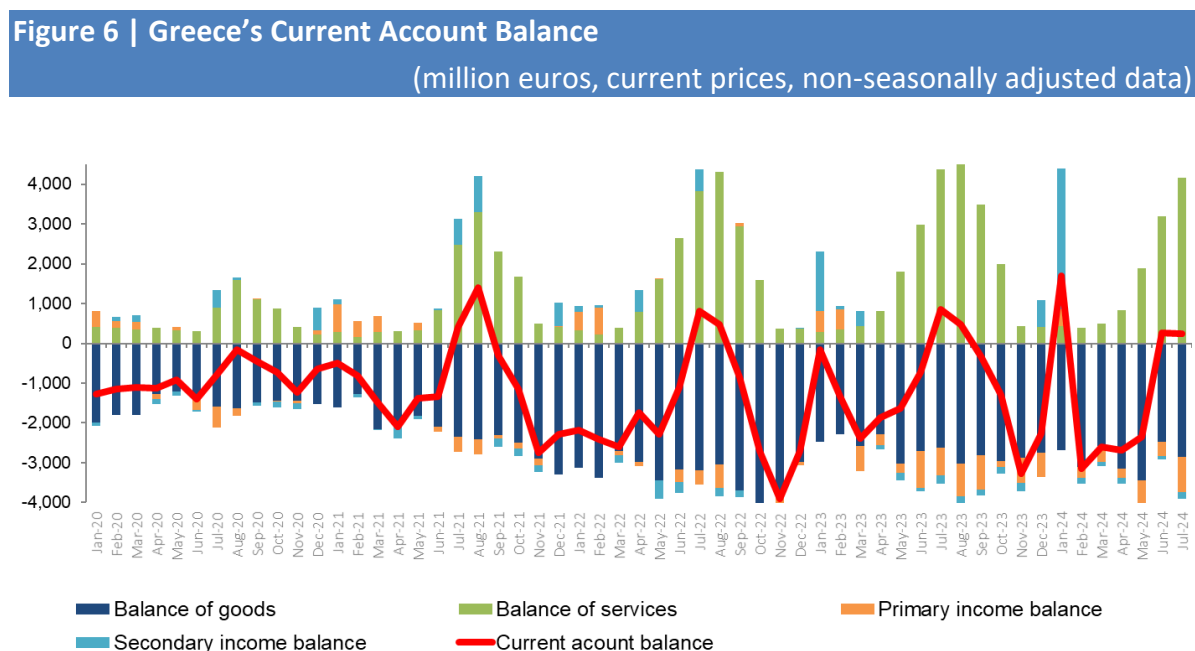
According to Bank of Greece data, in 2023 there was a 6.3% deficit in the current account balance, compared to a 10.3% of GDP deficit in 2022, showing a significant improvement. This

development is due to the improvement in the balance of goods, as the related deficit fell by €7.2 billion in 2023 compared to 2022 and due to the improvement in the balances of services and secondary income. In nominal terms, taking into account the de-escalation of energy and fuel prices, exports of goods fell by 8% in 2023 compared to 2022, but the decline (12.3%) in imports exceeded that of exports. Moreover, the decrease in import prices on food and raw materials had a positive effect on the balance of goods. The improvement in the balance of services mainly reflects the increase in travel receipts.

In the first half of 2024, the current account deficit was 7.7% of GDP, approximately at the same level (7.5% of GDP) as in the respective period of 2023. In the period January to July 2024, the current account deficit increased by €1.3 billion compared to the respective period in 2023, mainly due to an increase of imports of goods, excluding fuel and ships, by 1.9 billion euros, linked to the significant increase in gross capital formation within 2024. Gross capital formation, grew at constant prices (on an annual basis) by 26.3% in the first half of 2024 and 29.7% in the second quarter of 2024.

The momentum recorded during 2023, regarding the significant increase in travel receipts compared to the historically high performance of 2019, continued in the period January – July 2024. Travel receipts during that period (10.95 billion euros) rose to 120.1% of the respective 2019 period (9.12 billion euros) and to 105.6% of the respective 2023 period s (10.37 billion euros). Based on these facts, tourism receipts' contribution to the current account balance is expected to be positive throughout 2024.

Figure 6 depicts the above-mentioned developments in the current account balance.



Source: Bank of Greece, monthly Balance of Payments data.

The Greek economy proved resilient, despite the adverse geopolitical conditions and the volatile external economic environment. This is reflected in the Economic Sentiment Indicator that retained its strength and slightly improved in January-July 2024 to 108.2, from 107.8 in the respective period of 2023. This development was driven by the rise in business expectations in construction to 154.9 in January-July 2024, compared to 143.6 in January-July 2023, reflecting improved projections on infrastructure investment financed by private investment, as well as by the Public Investment Programme and the RRF. Euro Area's ESI in January-July 2024 fell to 95.9, from 97.7 during the corresponding period of 2023. According to latest data of the European Commission, ESI for Greece in August 2024, fell to 106.3, from 106.8 in July 2024, but remained higher than the corresponding index of the Euro Area (96.6).

Domestic business expectations varied per sector of economic activity in the second quarter of 2024. In particular, business expectations improved marginally in industry, significantly in construction and services, while decreased in retail trade. During Q2 2024, business expectations index in industry reached 108.7, compared to 107.5 in the same quarter of 2023. The same index in construction improved to 150.0, compared to 145.8 and in retail trade it fell to 101.9 from 117.2. Business expectations index in services improved significantly to 130.3 in Q2 2024, compared to 113.8 in the same quarter of 2023.

Consumer confidence in the Q2 2024 decreased to -42.7 compared to -36.7 in the Q2 2023, but improved against Q1 2024 (-46.1).

The expansion of the Greek manufacturing sector, as indicated by the seasonally adjusted Purchasing Managers' Index of S&P Global, started in February 2023 and continued in 2024 with steady improvement till August 2024. PMI reached, on average, in January-August 2024, 54.7 points, from 52.0 points in the corresponding period of 2023. In particular, the index recorded 52.9 points in August 2024, against 53.2 points in July 2024, signaling a solid, even though slower improvement of operating conditions in manufacturing. This was attributed to a rise, albeit in a slower pace in production as new orders, especially from abroad, expanded marginally. Greece, during the entire period January-August 2024, was constantly in the first place among Euro Area countries included in the PMI survey.

Considering the current state of play, which is still defined by uncertainty and unprecedented multi-level crises both globally and regionally, the Greek economy's progress based on rational planning, extroversion and a strong reform agenda that boosts competitiveness, is recognized by all major international institutions. In this framework, the credit rating upgrade to the investment grade, reflects the overall strengthening of the country's credibility and status, following consecutive upgrades of the Greek economy during the last five years.

This achievement, combined with the positive outlook that credit rating agencies already attribute to Greece, proves the economy's resilience against increased uncertainties and strengthens the confidence of international investors.

2.2. Macroeconomic prospects in 2025

The global economy has proven resilient despite the challenges and tight monetary conditions of the past two years and appears to be on a stabilization path. However, the geopolitical tensions, the climate crisis and the high interest rates are factors affecting global growth outlook.

The growth rate of the global economy, according to IMF forecasts in July 2024, is estimated at 3.2% in 2024 with a slight increase to 3.3% in 2025, remaining at the same level as in 2023, (Table 1). In advanced economies, the growth rate is expected to remain stable in 2024 compared to 2023 (1.7%) and to increase marginally to 1.8% in 2025. In emerging markets and developing economies, the growth rate is expected to remain steady at 4.3% both in 2024 and 2025, slightly reduced compared to 2023.

Table 1 Key indicators for the European and the world economy			
	(% annual changes, constant prices)		
	2023	2024*	2025*
World GDP	3.3	3.2	3.3
GDP of the European Union**	0.4	1.0	1.6
GDP of the Euro Area**	0.4	0.8	1.4
GDP of the USA	2.5	2.6	1.9
World trade (goods and services)	0.8	3.1	3.4
Inflation	6.7	5.9	4.4
a. Developed economies	4.6	2.7	2.1
b. Emerging markets and developing economies	8.3	8.2	6.0
c. Euro Area**	5.4	2.5	2.1
Oil prices (Brent, USD/barrel)**	82.5	85.4	80.0

Source: IMF, *World Economic Outlook*, July 2024.

* Estimates/projections. ** EC Spring European Economic Forecast, May 2024.

According to IMF forecasts, following a relative stagnation in global trade of goods and services in 2023, the growth rate of global trade is estimated to accelerate to 3.1% in 2024 and 3.4% in 2025 compared to 0.8% in 2023 and align with global GDP growth. Although cross-border trade restrictions have increased, raising barriers to commercial transactions, the ratio of world trade to GDP is expected to remain stable. In advanced economies, the trade growth rate is expected to rise significantly from 0.1% in 2023, to 2.5% in 2024 and 2.8% in 2025. In emerging markets and developing economies, the trade growth rate is estimated to increase from 2.0% in 2023 to 4.2% in 2024 and 4.5% in 2025.

According to forecasts of the ECB (September 2024), foreign demand for the Euro Area is forecast to grow by 2.5% in 2024 compared to 0.6% in 2023 and to recover more strongly by 3.4% in 2025.

According to the IMF, global inflation is expected to decrease to 5.9% in 2024 and decline further to 4.4% in 2025 compared to 6.7% in 2023. In advanced economies, inflation is forecast to slow down to 2.7% in 2024 and decrease further to 2.1% in 2025 compared to 4.6% in 2023.

In emerging markets and developing economies, inflation is expected to remain higher compared to advanced economies and is projected to decline marginally from 8.3% in 2023 to 8.2% in 2024 and further decrease to 6.0% in 2025. The Middle East crisis escalation has caused price volatility in the oil market, while stronger-than-expected growth in both China and the US, in early 2024, raised expectations for oil demand. According to the Spring Economic Forecast of the European Commission, the average price of crude oil is expected to increase by 3.5% in 2024 compared to 2023 reaching \$85.4 per barrel, while it is expected to stabilize at \$80.0 per barrel in 2025. However, these forecasts entail a significant degree of uncertainty because of recent geopolitical developments.

The global economy is affected by significant challenges and risks. Developments in global trade and energy markets entail a large degree of uncertainty. In particular, the war in Ukraine continues for the third year, while at the same time, although the turmoil in the Middle East has so far not had a strong impact on oil prices, the fact that this region is a major source of global production and a hub of shipping routes for oil and natural gas, can affect future prices. The escalation of geopolitical tensions increases barriers to trade, with adverse implications for economic growth. Moreover, the persistence of high interest rates for a longer period increases financial risks. Climate change and degradation of natural capital are increasingly undermining growth prospects globally. On the positive side, a faster decline in inflation with a less restrictive monetary policy in advanced economies would likely contribute to global growth.

Within the previously described global environment, Greece's real GDP growth rate in 2025 is projected at 2.3%, following European Commission's Spring 2024 Economic Forecast for the Greek economy. 2025 marks the third consecutive year that Greece sustains an output growth above 2.0%, following the country's full recovery in 2022 of pandemic-induced GDP losses. This also implies a continuing over-performance compared to the European average GDP growth (1.4% for the Euro Area and 1.6% for the European Union, according to the European Commission's Spring Economic Forecast 2024). The overperformance of the Greek economy reflects its rapid convergence with the Euro Area economy, as a result of the economic policies followed in recent years. The main drivers for 2025 remain investment, private consumption, and export activity.

Investment in 2025 is expected to emerge as real GDP's key driving force instead of private consumption, which had been the primary contributor in previous post-pandemic years. This estimated shift is attributed to the more intensive utilization of European Recovery and Resilience Fund resources, the benefits from national structural policies for the business environment, favorable financing conditions resulting from ECB's monetary policy easing and from increased confidence following the upgrade of the country's credit rating.

Investment growth is projected at 8.4% in 2025, compared to 6.7% in 2024, with strong annual increase rates in both equipment investment (11.1%) and construction (8.1%).

Greece’s investment gap vis-à-vis the Euro Area, will continue to shrink in 2025 for the sixth consecutive year, after widening in the economic adjustment era and reaching a peak in 2019 (Figure 7). Real investment in Greece is projected to rebound to 15.8% of GDP, compared to a relatively stable 21.3% of GDP in the Euro Area. This represents a cumulative improvement of over half (51.4%) of Greece's investment gap in 2025 compared to 2019, with the investment gap settling at 5.4 percentage points for the year, the lowest level since 2010.

Figure 7 | Greece’s investment gap vis-à-vis the Euro Area
(non-seasonally adjusted data, at constant prices)



Source: Annual National Accounts (Hellenic Statistical Authority/Eurostat),
 * For 2024-2025: Projections of the Hellenic Ministry of Economy and Finance and of the European Commission (Spring European Economic Forecast, AMECO database)

Further to investment dynamics, a part of real GDP growth in 2025 is estimated to come from the increase in private consumption (+1.6% y-o-y). Real household consumption will be sustained on the back of positive trends in employment (+0.7%), the increase in nominal income from private and public sector wages (+3.4%) and the diminishing impact of inflation on real incomes.

Income support is a main focus of the government’s policy interventions announced at the 2024 Thessaloniki International Fair, which are set to begin in 2025 and extend through 2027, mainly aiming to improve the level of welfare for all social groups. The key objective, among others, is to increase the average income both in the private and the public sector, strengthen pensions, address housing and demographic issues, support vulnerable groups, upgrade public health and education services, and foster entrepreneurship.

Harmonized inflation in 2025 is estimated to largely approach the medium-term target of the European Central Bank, at 2.1%. Underlying price pressures in food and energy are expected to further moderate and core inflation is set to stabilize compared to the previous period, at 2.2%, nearing the level projected for headline inflation.

Based on the Labour Force Survey, unemployment rate is expected to decrease in 2025, reaching a single-digit percentage, 9.7% of the labour force for the first time since 2009. This figure is even lower in national accounting terms, reaching 8.5% of the labour force. This decline is benefiting from the robust domestic economic activity and the synergies of the PIB and the Greek Recovery and Resilience Plan “Greece 2.0” for employment.

According to the European Commission's Spring Economic Forecast, the expected rise in 2025 in the compensation of employees by 3.4% and in the compensation per employee by 2.7%, (over and above the 2.1% inflation rate), suggests gains for the real average wage for the third consecutive year. These gains are also linked to the further increase of the minimum and average salary (with the government setting the target at €950 and €1,500, respectively, in 2027). It is noted that if the reduction in social security contributions is taken into account, the net increase is even higher. Labour productivity is expected to grow more strongly in 2025 (+1.6% y-o-y compared to +1.0% in 2024), benefiting from the transformation of the economy under the Recovery and Resilience Plan and the government reforms, thereby protecting the competitiveness of the Greek economy.

Regarding the external sector, exports of goods and services are expected to increase in 2025 by 4.0%, faster than imports which are expected to increase by 3.6%. The growth rate of goods' exports is estimated at 3.0%, linked to the positive change in external demand and the strengthening of the competitiveness of Greek exports. The increase in goods' imports is estimated at 3.8%, related to the significant increase in investments and the sustained growth rate of consumption. Net exports of services are expected to have a positive effect on growth (0.7% of GDP), linked to shipping and tourism. The nominal current account deficit in national accounting terms is projected to improve below 5% of GDP in 2025.

Table 2 | Key indicators of the Greek economy (% annual changes, constant prices)

	2023	2024**	2025**
GDP	2.0	2.2	2.3
Private consumption	1.8	1.7	1.6
Public consumption	1.7	0.4	0.0
Gross fixed capital formation	4.0	6.7	8.4
Exports of goods and services	3.7	4.2	4.0
Imports of goods and services	2.1	3.8	3.6
GDP deflator	4.5	3.0	2.2
HICP	4.2	2.8	2.1
National CPI	3.5	2.7	2.1
Employment*	1.0	1.1	0.7
Unemployment rate*	9.7	9.0	8.5
Unemployment rate (Labour Force Survey)	11.1	10.3	9.7

Source: Annual National Accounts (Hellenic Statistical Authority), estimates/projections of the Ministry of Economy and Finance

*On a national accounts basis ** Estimates/ projections

The risks currently associated with the macroeconomic forecasts for 2024 and 2025 include the potential escalation of geopolitical crises in Ukraine and the Middle East, as well as the emergence of new geopolitical tensions, which could adversely affect international trade and the deflationary trajectory. New extreme climate events may have significant negative repercussions as well. The possibility of more persistent inflation and the maintenance of tight

monetary policy for a longer period could also have a negative impact on output growth, while a significantly restrictive fiscal policy in major EU economies could have a negative impact on foreign investment and exports of goods and services.

On the positive side, output growth could be affected by a higher-than-expected performance of tourism and transport revenues, a faster easing of inflation, the strengthening of investment as a result of the recovery of the investment grade, the timely and effective utilization of resources from the Recovery and Resilience Fund and other European funds, as well as the faster than expected strengthening of business competitiveness through the reforms that have been launched.

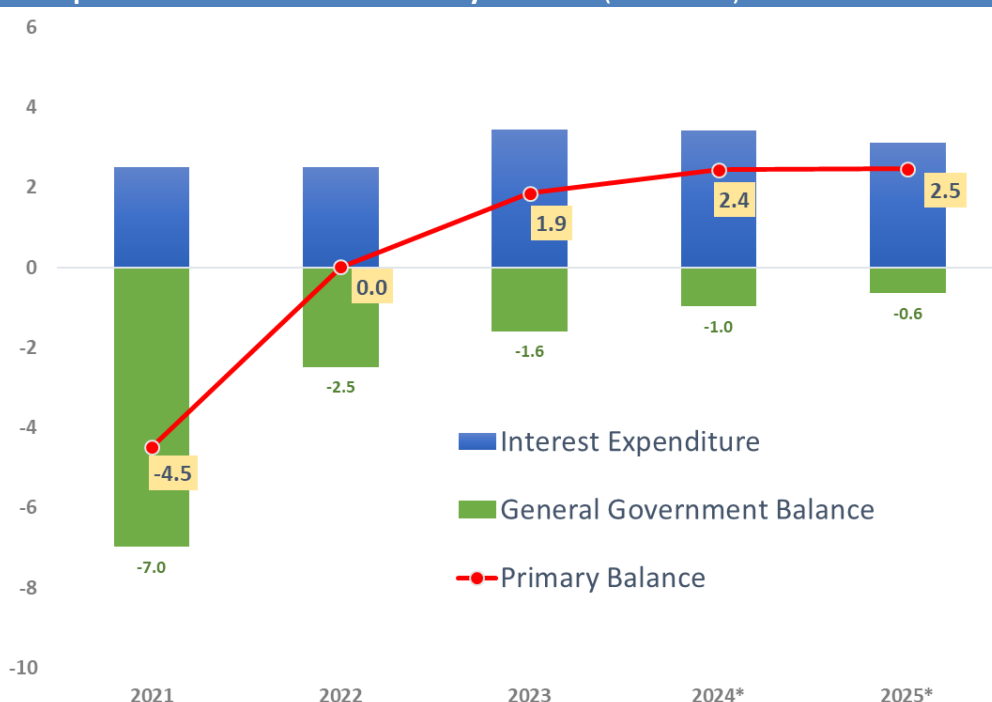
3. Budgetary targets

3.1. Fiscal outlook 2024

The headline general government deficit is estimated to decline to 1% in 2024 compared to 1.6% in 2023 (an improvement of 0.6 percentage points), while the general government primary surplus is expected to improve to 2.4% in 2024 compared to 1.9% in 2023 (an improvement of 0.5 percentage points), respectively. This positive fiscal development is mainly driven by the increasing tax and social security contributions revenues due to the favourable economic growth, the measures taken to enforce tax compliance and positive developments in the labour market and wages.

Compared to April estimations (Stability Programme 2024), the primary balance of 2024 is improved by 0.3 pp of GDP. This upward revision is driven by the significant overperformance of tax revenues, stemming mainly from the corporate income tax (+€857 million) including also a solidarity contribution in the fossil fuel sector, the VAT revenues (+ €687 million) and the personal income tax (+€399 million). The overall primary budget surplus is improved by €0.9 billion, taking into account increased spending mainly related to the Public Investment Budget and the expenses related to the flood (Daniel storm) hitting Thessaly Prefecture in September 2023.

Figure 8 | General Government Primary Balance (% of GDP)



* Projections

3.2. Fiscal outlook 2025

For 2025, a sustainable and strong primary surplus of +2.5% of GDP is expected to be achieved, based on the solid growth path of the economy. The headline budget deficit is estimated to 0.6% of GDP, remaining significantly below the 3% of GDP reference value. The improvement of the primary surplus compared to the Stability Programme (+0.4 pp of GDP) is mainly attributed to the positive carry over effect of tax and social security contributions collection. At the same time, prudent fiscal policy allowed the inclusion of new, growth enhanceive and supporting policy measures, as described in the following section, within the new European governance framework targets.

Table 3 below summarizes the current fiscal estimations for the years 2024-2025.

Table 3 General government budgetary prospects			
	ESA Code	2024	2025
		(% of GDP)	
Net lending (EDP B.9) by sub-sector			
1. Net lending/net borrowing: General government	S.13	-1.0	-0.6
2. Net lending/net borrowing: Central government	S.1311	-1.4	-1.0
3. Net lending/net borrowing: State government	S.1312		
4. Net lending/net borrowing: Local government	S.1313	-0.1	-0.1
5.Social security funds	S.1314	0.5	0.5
6. Interest expenditure	EDP D.41	3.4	3.1
7. Primary balance		2.4	2.5
8. One-off and other temporary measures		-0.2	0.0
8.a Of which one-offs on the revenue side: general government			
8.b Of which one-offs on the expenditure side: general government		0.2	0.0
9. Real GDP Growth(%)		2.2	2.3
10. Potential GDP Growth(%)		1.2	2.5
Contributions			
- Labour		0.1	0.3
- Capital		0.1	0.3
- Total factor productivity		1.0	1.9
11. Output gap (% of potential GDP)		1.2	1.0
12. Cyclical budgetary Component (% of potential GDP)		0.7	0.5
13. Cyclically adjusted balance (1-12) (% of potential GDP)		-1.6	-1.1
14. Cyclically adjusted primary balance (13+6) (% of potential GDP)		1.8	2.0
15. Structural balance (13-8) (% of potential GDP)		-1.5	-1.1
16. Structural primary balance		1.9	2.0

3.3. Net expenditure growth

In the reformed European economic governance framework that entered into force in April 2024, the net expenditure indicator plays a central role, as it has become the single operational reference for fiscal surveillance, anchored in debt sustainability. The new indicator is based on the evolution of nationally financed net primary expenditure and is defined as general government expenditure net of: interest expenditure, discretionary revenue measures, expenditure on EU programmes fully matched by EU revenues, national expenditure on co-financing programmes, as well as cyclical elements of unemployment benefit expenditure and one-offs.

As described in Table 4, the net expenditure for 2025 is estimated to grow by 3.6%, not exceeding the commitment of the Medium-Term Fiscal Structural Plan 2025-2028, submitted on October 7th 2024, that set the annual growth rate of the indicator to 3.7%, ensuring compliance with the requirements for debt sustainability and respecting the safeguards.

For 2024, the net nationally financed primary expenditure is projected to increase by 2.6%, in line with the maximum growth rate recommended by the Council for the current year.

Table 4 | Net expenditure growth

	ESA Code	2023 (Level)	2023 (Level)	2024 (% of GDP)	2025 (% of GDP)
1. Total expenditure	TE	111.3	50.5	50.3	49.7
2. Interest expenditure	D.41p	7.6	3.5	3.4	3.1
3. Cyclical unemployment expenditure		0.2	0.1	0.1	0.0
4. Expenditure funded by transfers from the EU		5.4	2.5	3.0	3.7
4a. Of which: Investments (GFCF)		3.4	1.6	1.9	2.4
5. National co-financing of EU programmes		0.8	0.4	0.3	0.3
6. One-off expenditure (levels, excl. EU funded)		0.5	0.2	0.2	0.0
7. Net nationally financed primary expenditure (before DRM) (ne = 1-2-3-4-5-6)		96.8	44.0	43.3	42.6
8. DRM (excl. one-off revenue, incremental impact)		-	-	0.4	-0.3
9. Net nationally financed primary expenditure (after DRM) (ne - drm = 7 - 8)		-	-	42.9	42.9
				2024 (Rate of change)	2025 (Rate of change)
10. Nominal GDP growth (g) (growth rate)		-	-	5.3	4.5
11. Net expenditure growth (growth rate)		-	-	2.6	3.6
$= \frac{ne_t - drm_t}{ne_t - 1} * (1 + g_t) - 1$		-	-	2.6	3.6

3.4. Debt developments

The general government debt is estimated at 153.7% of GDP at the end of 2024, vs 161.9% of GDP in 2023. For the end of 2025, the general government debt is forecast at 149.1% of GDP, i.e., reduced by 4.6 pp of GDP compared to 2024.

The Hellenic Republic continued its issuance activity smoothly, covering the limited financing needs of the current year, mainly, with the syndicated issuances of 10-year and 30-year bonds, which had a significant percentage of over-coverage of their offer book and were allocated with priority to final investors. A notable contribution to the annual refinancing is made by the bond re-openings via auctions which are carried out on regular dates according to the already announced program. The total cash reserves of the Hellenic Republic remain at the high levels of recent years.

Table 5 | General government debt developments

	ESA Code	2024 (% of GDP)	2025
1. Gross debt		153.7	149.1
2. Change in gross debt ratio		-8.2	-4.6
Contributions to changes in gross debt			
3. Primary balance		2.4	2.5
4. Interest expenditure	EDP D.41	-3.4	-3.1
5. Stock-flow adjustment		9.2	5.2
of which:			
- Differences between cash and accruals		0.1	0.5
- Net accumulation of financial assets		2.2	2.1
of which:			
- privatisation proceeds		0.5	0.1
- Valuation effects and other		6.9	2.6
p.m.: Implicit interest rate on debt		2.2	2.2
Other relevant variables			
6. Liquid financial assets			
7. Net financial debt (7=1-6)			
8. Debt amortization (existing bonds) since the end of the previous year		1.4	1.0
9. Percentage of debt denominated in foreign currency		0.0	0.0
10. Average maturity		18.8	18.2

The early repayment of part of the GLF's European loans, amounting to €2,645 million in December 2022 and €5,290 million in December 2023, is expected to be continued with further early repayment, by the end of this year, of loans amounting to €7,935 million, due in 2026, 2027 and 2028. The effect of this repayment on gross debt level has not been incorporated in the Medium-Term Fiscal Structural Plan's and current projections.

The first rating agency recognized by the ECB to upgrade Hellenic Republic to investment grade status (BBB-) was DBRS Morningstar, at the beginning of September 2023, followed by Standard & Poor's at the end of October 2023 and Fitch at the beginning of December 2023. Similar upgrades were preceded by both R&I, in July 2023, as well as by the recently approved rating agency Scope Ratings in August 2023. Also noteworthy was the two-step upgrade of Hellenic Republic's credit rating by Moody's, from Ba3 to Ba1, in mid-September 2023 and with a positive outlook in September 2024.

At the end of August 2024, the total of loans granted by the Support Mechanism amounted to €226,790 million, which, after the full repayment of the International Monetary Fund, consist exclusively of European loans of the Member States of the Euro Area.

Figure 9 | General Government Debt



* Projections

4. Expenditure and revenue projections

4.1. GG revenue & expenditure

Table 6 below summarizes the current fiscal estimations for 2024 and for 2025, broken down by main components of revenues and expenditures. The estimations incorporate the effect of all the fiscal interventions presented in the following sections.

Table 6 | General government expenditure and revenue targets broken down by main components

	ESA Code	2024 (% of GDP)	2025 (% of GDP)
General government (S13)		-1.0	-0.6
1. Total revenue target	TR	49.3	49.0
Of which			
1.1 Taxes on production and imports	D.2	17.3	17.0
1.2 Current taxes on income, wealth, etc	D.5	10.8	10.8
1.3 Capital taxes	D.91	0.1	0.1
1.4 Social contributions	D.61	13.3	12.9
1.5 Property income	D.4	0.6	0.5
1.6 Other		7.1	7.8
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		41.6	40.8
2. Total expenditure target	TE	50.3	49.7
Of which			
2.1 Compensation of employees	D.1	10.7	10.4
2.2 Intermediate consumption	P.2	5.6	5.7
2.3 Social payments	D.62,D.63	20.2	19.8
Of which unemployment benefits		0.8	0.8
2.4 Interest expenditure	EDP D.41	3.4	3.1
2.5 Subsidies	D.3	1.7	1.4
2.6 Gross fixed capital formation	P.51	5.7	6.1
2.7 Capital transfers	D.9	1.5	1.6
2.8 Other		1.5	1.7

The general government expenditure and revenue projections at unchanged policies are presented in Table 25 of Annex I. As opposed to Table 6 above, in Table 25 are not included the policy measures adopted or announced after the submission of the Stability Programme in April 2024, having a net effect on the headline balance that amounts to +0.1% and -0.2% of GDP for 2024 and 2025 respectively.

4.2. Discretionary measures

For the years 2024 and 2025, the Greek Authorities have designed a comprehensive policy strategy, which is in line with the fiscal targets. The policy strategy comprises of several measures, both on the side of revenues and expenditure in a number of key policy areas, as described below. The main target is to support disposable income, investments and address the present and future challenges of demographics, housing and climate change within the framework of fiscal prudence.

Table 7 | Permanent discretionary measures 2024-2025 (in million euros)

	Description	2024	2025
A.	Interventions on revenues	-126	-628
1	Increase of the PIT discount for tax payers with children.	-135	-135
2	Reduction of property tax (ENFIA) up to 20% for residences that are insured against natural disasters.	-7	-18
3	Reduction of the social security contributions by one percentage point starting from January 2025.	0	-440
4	Abolition of the overhead tax for self-employed from 2025, following the 50% of its reduction in 2024.	-113	-238
5	Permanent return of the special levy on diesel for farmers and establishment of a new system from 2025.	-82	-100
6	Decrease in taxation of overtime compensation for hospital doctors.	0	-40
7	Reduction of stamp duty on a number of transactions.	0	-32
8	Incentives for innovation, mergers and acquisitions.	0	-41
9	Extension of VAT exemption on new buildings up to 2025.	-18	-18
10	Abolition of telecommunication fee (5%) for fiber optic connections (≥100 mbps).	0	-24
11	Abolishment of the insurance levy (15%) for private healthcare contracts for children up to the age of 18.	0	-17
12	Tax exemption for voluntary benefits from employers to support new parents.	0	-6
13	Income tax exemption for vacant or short-term rental properties that will be rented on a long-term lease.	0	-3
14	Introduction of VAT on short-term leases of legal entities and individuals owning more than two rented apartments as of 2024.	27	27
15	Introduction (in 2024) and reform (in 2025) of the climate crisis resilience levy.	202	405
16	Introduction of cruise fee from 2025.	0	52
B.	Interventions on expenditure	-1,714	-2,316
1	Public sector wage grid reform (gross cost)	-1,067	-1,067
2	Pensions increase based on GDP growth and inflation.	-424	-825
3	Horizontal increase of the public sector wages from April 2025 so as to maintain the basic salary equal to the minimum wage (gross cost).	0	-143
4	Increase of overtime compensation of hospital doctors by 20%.	-45	-45
5	Incentive to attract doctors to remote and problematic regions.	-5	-16
6	Increase of the nightshifts compensation by 20% for police, military personnel and other.	0	-25
7	Increase of the compensation to the crews of ships of the Hellenic Navy on mission and to the armed forces personnel on special missions.	-15	-15
8	Increase of the childbirth allowance from €2,000 to €2,400-€3,500 depending on the number of children (with retroactive effect for 2023 births).	-90	-45
9	Extension of maternity allowance to 9 months for self-employed and farmers.	-43	-43
10	Increase of the student housing benefit for regional universities.	0	-15
11	"Renovate-Long term Rent" housing programme (with increased compensation up to 60% of expenses).	-25	-25
12	Allocation of the cruise fee revenues for targeted infrastructure projects.	0	-52
	Total Cost of Interventions (A + B)	-1,840	-2,944

Note: all (+) and (-) signs correspond to the effect on the budget balance. The above measures do not include projects and investments covered by the PIB, as well as the one-off benefit to vulnerable citizens, amounting to €243 million to be disbursed in December 2024.

Table 7 above presents the permanent fiscal interventions and their estimated fiscal impact for the years 2024 and 2025. The estimated incremental impact of the discretionary revenue and expenditure measures for the period 2023-2025 is presented in Annex II. It should be noted that all interventions are in line with the announcements made in Thessaloniki International Fair and with the estimations included in the Medium-Term Fiscal-Structural Plan 2025-2028.

Interventions to strengthen disposable income

Strengthening disposable income, both in the public and the private sector, is a key policy priority in 2024 and 2025. Under this framework the main fiscal interventions being implemented in 2024 and those planned for 2025 include:

- the reduction of social security contributions by one percentage point in 2025. This reduction is equally allocated between employees and employers, applying to health sector contributions. Social security contributions decreased in total by 5.4 percentage points since 2019 (from 40.56% to 35.16%). The annual net cost is estimated at €440 million for 2025.
- the abolition of the self-employed overhead tax, from January 1, 2025, following the 50% reduction that took place in 2024, with a cost of €113 million for 2024 and €238 million for 2025.
- the extension of the return of special levy on diesel for farmers for 2024 that becomes permanent from 2025, with the establishment of a new system based on actual consumption, with a cost of €82 million for 2024 and €100 million for 2025.
- pension increases, following the existing indexation rule (the average of inflation and GDP growth), with a cost of €424 million in 2024 and additional €401 million for 2025.
- the public sector wage grid reform from 01.01.2024, increasing the salaries of all civil servants, with emphasis on low-paid employees, on those with children, as well as on employees with managerial responsibilities. The total annual gross cost (including employers' contributions) amounts to €1,067 million. In addition, as of April 2025, the basic salaries of all public sector employees will be further increased, so that the introductory salary in the public sector will be at least equal to the level of the monthly minimum wage in the private sector. The gross cost of the new intervention for 2025 is estimated at €143 million approximately, however, it is noted that the final cost depends on the final increase of the minimum wage.
- the increase of the compensation of hospital doctors for overtimes by 20% from 2024 (€45 million) and of the incentive bonus, in order to attract doctors in remote and problematic regions (€5 million for 2024 and €16 million for 2025). In addition, from 2025, a decrease in taxation for overtime compensation of hospital doctors is established, with a cost of €40 million.
- the increase from 2024 of the special compensation for the crews of Hellenic Navy ships on mission and for the personnel of the armed forces on special missions (€15 million).

- the increase from 2025 of the compensation of nightshifts for police, fire brigade, coast guard and military personnel, with a cost of €25 million.

Additionally, in December 2024, an extraordinary benefit amounting to €243 million will be disbursed based on social criteria, to approximately 1.9 million beneficiaries, including: pensioners with a “personal difference”, beneficiaries of child and disability allowances, beneficiaries of minimum guaranteed income and uninsured elderlies.

In the labour market, a further increase of the private sector’s minimum wage is envisaged from April 2025, following the increase by 6.4% (from €780 to €830) that took place in April 2024. It should be noted that the total increase of the minimum wage from 2021 to 2024 reached 27.7% (from €650 to €830). Furthermore, as of January 2024, the private sector employees’ salary increases freeze (the so-called “three years”) is lifted, allowing salary increases for senior employees paid with minimum wage, while the abolition of the 30% reduction on the pensions of employed pensioners, significantly boosts their income and creates incentives for labour force participation.

A focal point in social policy is the ongoing reform on the main social benefits, focusing on the increase of the compensation amounts and to the introduction of targeted eligibility criteria, that will allow for benefits increases to those who mostly need them, while at the same time improving equality indices and efficiency.

Also, several interventions are adopted to boost investments, growth and innovation in order to improve and facilitate business environment and create well-paid jobs. Apart from the sizeable resources allocated through the increased Public Investment Budget and the RRF, significant incentives for innovation, mergers and acquisitions are introduced, with an estimated total budgetary cost of €41 million per year, as follows:

- over-depreciation up to 315% for R&D investments in knowledge – intensive SMEs.
- extension of tax incentives for the commercial use of patents, increasing the years of tax exemption for related profits.
- broadening tax incentives for angel investors, by raising the limit to €900,000 on the capital they inject into startups.
- reduction of the minimum share capital threshold (to €100,000) of the merged/transformed new companies in order to receive a 30% tax exemption on profits.
- transformed enterprises are enabled to carry over tax losses.

Furthermore, the obsolete (since 1931) form of stamp duty is abolished and a digital transaction fee is introduced for a specific number of transactions. The main focus is to reduce bureaucracy, simplify procedures and facilitate transactions in order to boost growth. The main transactions for which the fee is abolished include interest on corporate loans, insurance transactions, letters

of credit in favor of importers, establishment and capital increase of non-profit legal entities, various licenses for starting a business activity, use of facilities for industrial purposes, licenses for the operation of a tourist office and a number of other transactions. The fiscal cost is estimated at €32 million annually.

The Golden Visa scheme will be reformed from 2025 onwards, in order to attract more productive investments. Specifically, Golden Visa will also be granted for investments of minimum €250,000 in startups.

In order to promote digitalization and the wide availability of high-speed broadband through optical fibers, the 5% telecommunication fee is abolished for connections using optical fibers with speeds of 100 Mbps or more. The fiscal cost is estimated at €24 million per year.

In addition, in order to preserve and improve infrastructure in the main cruise ships' destinations, a cruise fee is introduced per disembarking passenger. The annual revenues are estimated at €52 million and will be allocated to port infrastructure projects and to the promotion of the tourism product of the country. To the same end, up to half of the revenues collected from port concessions will be allocated to port infrastructure projects. Finally, the establishment of a new National Investment Fund (Growth-fund) as a new investment tool, with initial capital of €300 million, aims to participate in high value-added investment projects.

Interventions to address demographic challenges

Demographics is one of the main challenges to be addressed in the country. For 2025, a comprehensive set of structural reforms and fiscal interventions are planned to further support families with children and facilitate young couples' decision to create a family. The new measures add up to already established ones, such as the €2,000 birth allowance, the increase of income tax discounts for families with children, the maternity compensation extension from six to nine months for the private sector, the VAT reduction on infant items.

Indicatively, for 2024 & 2025 the new interventions include:

- the birth allowance increase from €2,000 to €2,400 - €3,500 (depending on the number of children) with retroactive effect from 2023, with a cost of €90 million for 2024 and €45 million for 2025,
- the extension of maternity compensation from 4 to 9 months for self-employed and farmers, from 2024, with an annual cost of €43 million,
- the increase of the PIT discount (tax free amount) by €1,000 for tax payers with children from 2024, with an annual cost of €135 million,
- the family allowance increase, from 2024, by €20 for the first child and by €50 for the second and each additional child, as part of the public sector wage grid reform, with an annual cost of €155 million,

- the abolishment of the insurance levy (15%) from 2025 for private healthcare contracts for children up to 18 years old (€17 million),
- tax reliefs for birth benefits and nursery school vouchers that employees receive from their employers (€6 million from 2025),
- the increase of students' housing allowance in regional universities by €500 (€15 million from 2025),
- the new "Marietta Giannakou" programme, amounting to €250 million, for the upgrading and renovation of school infrastructure, funded through the national PIB and possible attraction of additional private funding.

At the same time, a number of other co-financed programmes is being implemented, including: increasing the capacity and access to nursery schools, enhancement of the pilot programme for home baby-care services, implementation of "Early Childhood Intervention" programme aiming to counseling guidance and empowering families for smooth integration of children with special needs or in risk of developing such. A comprehensive set of institutional measures has been designed and implemented to further support families with three children, while important interventions in the framework of the National Demographic Action Plan contribute to public awareness such as: free fertility tests, establishment of an Observatory for demographics, electronic access to information for all the available public benefits for families with children.

Interventions to address housing needs

To address the problem of affordable housing and to increase the stock of available houses, a series of significant interventions are being implemented during 2024, including:

- the "my HOME" programme with the provision of low-interest loans for young individuals or couples aged 25-39 to purchase their first home, with a total budget of €1 billion,
- the energy efficiency and renovation programme for young people, with a budget of €300 million, that provides incentives for energy saving interventions in residential buildings and for complementary aesthetic, functional renovation and upgrading interventions of houses,
- a DYPA programme that utilizes private properties for the housing of vulnerable social groups,
- the "Renovate-Rent" programme for empty houses to be long-term leased, with the objective of subsidizing their renovation and repair, in order to increase the number of usable houses,
- the increase in tax reduction, from 40% to 100%, for buildings' upgrading, applying both to the cost of goods and services,

- imposing a VAT rate of 13% and municipal tax on short-term real estate rentals to legal entities and to individuals with three or more leased apartments and a parallel tightening of the definition of short-term rental, with the aim to regulate the market and to deal with the secondary negative consequences on rental prices,
- further tightening the criteria for the granting of a Golden Visa. The threshold increased to €800,000 from €500,000 in Attica, Thessaloniki, Mykonos, Santorini and the islands with a population of more than 3,100 inhabitants, while in the rest of the regions the threshold increased from €250,000 to €400,000.

From 2025, further interventions mainly include:

- the new "My HOME II" programme, with a total budget of €2 billion, of which €1 billion is funded by the RRF loan facility and €1 billion by commercial banks. The eligibility criteria regarding age and income are expanded compared to the initial programme "My HOME". The loan facility of RRF will also finance a new programme of €400 million for the energy upgrade of old houses,
- the 3-years exemption from income tax on rents for properties up to 120 sqm., that will be converted to long-term rental, from being vacant or on a short-term lease during the past three years. The estimated cost for 2025 amounts to €3 million and for the years 2026 - 2028 to €13 million, per year,
- the restrictions on new short-term rentals, during 2025, to be enforced in specific regions of central Athens, due to the particularly high percentage of apartments available for short-term rentals,
- the increase of the climate crisis resilience levy for short-term rentals, during the winter months from €0.5 to €2 per night, and during the summer months from €1.5 to €8 per night,
- the doubling of the maximum subsidy of the "Renovate - Rent" programme from €4,000 to €8,000, which will cover 60% (from 40%) of the expenditure, with a total budget of €50 million for 2024 and 2025,
- the extension, for one more year (until the end of 2025), of the VAT suspension on new buildings, with the aim of increasing the number of available houses and an annual cost of €18 million,
- the exploitation of public buildings for long-term rentals through tender procedures, at the expense of the contractor,
- the increase of the housing allowance, as part of the reform of social benefits, from €70 to €125 and to €75, depending on the income, which is further increased by 30% for each child, while at the same time targeted property eligibility criteria are introduced.

Interventions related to natural disasters

In addition to the aforementioned, a number of interventions are being implemented to address the economic impact of natural disasters, which have intensified in recent years as a result of the climate change and new measures are planned to further increase the resilience and response of the budget to possible future disasters.

The main interventions include:

- an increase -from 2025- of the property tax discount from 10% to 20% for residential properties insured against natural disasters, with property value up to €500K. High-value properties (over €500K) continue to have a 10% discount, as already applicable from 1.1.2024, without, however, being compensated in case of a natural disaster after 1.6.2025.
- private insurance against natural disasters will become obligatory for enterprises with an annual turnover of more than €500,000 from 1.6.2025 and for vehicles for private and professional use, upon renewal or conclusion of a new insurance contract from 1.1.2025.
- increase from 2025 of the levy related to the climate crisis imposed on hotel accommodation, ranging from €0.5 to €5 , from April to October and extension by one month (March) of the lower levy application period, with estimated yearly revenues of €203 million. It should be mentioned that from 2024 onwards the Public Investment Budget includes national resources of €600 million per year for natural disasters, which are mainly financed by the climate crisis resilience levy and are used both for the compensation (first/state aid) of those affected and for infrastructure projects in the context of prevention and recovery of the effects of natural disasters.
- continuation of the AEGIS projects, amounting to €2.1 billion and implementation of the Anti-nero forest restoration and protection programmes, totaling to approximately €400 million.

Finally, the payment of compensations to civilians, farmers and enterprises affected by the "Daniel" storm in Thessaly Prefecture continues and is accelerated, with more than €600 million already paid within the last quarter of 2023 and during 2024, via the State Aid and the Hellenic Organization of Agricultural Insurance (ELGA). In addition, significant infrastructure projects in Thessaly - road network and railway- are financed from PIB and RRF, amounting to more than €1 billion, while a new PIB programme for anti-flood projects is in place, with a budget of €200 million, along with other PIB and Local Government funded projects that are currently being implemented.

4.3. National Recovery and Resilience Plan (NRRP)

The revision of Greece's NRRP was approved in December 2023 raising available resources to €35.9 billion, of which grants are estimated at €18.2 billion and loans up to €17.7 billion to support investments and reforms.

With regards to funds received from the EU, it is noted that following successful completion of four payment requests up to October 2024, Greece has received €18.2 billion of RRF funds, out of which €8.6 billion are grants and €9.6 billion loans.

Table 8 | RRF impact on programme's projections – GRANTS

	ESA Code	2021	2022	2023	2024	2025	2026
(% of GDP)							
Revenue from RRF grants							
1. RRF GRANTS as included in the revenue projections		0.2	0.4	0.9	1.5	2.0	2.7
2. Cash disbursements of RRF GRANTS from EU		1.3	0.8	1.5	0.5	1.4	2.4
Expenditure financed by RRF grants							
3. TOTAL CURRENT EXPENDITURE		0.1	0.0	0.2	0.4	0.3	0.3
of which:							
- Compensation of employees	D.1	0.0	0.0	0.0	0.0	0.0	0.0
- Intermediate consumption	P.2	0.0	0.0	0.0	0.1	0.1	0.1
- Social Payments	D.62+ D.632	0.1	0.0	0.0	0.2	0.1	0.2
- Interest expenditure	D.41	-	-	-	-	-	-
- Subsidies, payable	D.3	0.0	0.0	0.2	0.1	0.1	0.1
- Current transfers	D.7	-	-	-	-	-	-
4. TOTAL CAPITAL EXPENDITURE		0.1	0.4	0.7	1.1	1.7	2.4
of which:							
- Gross fixed capital formation	P.51g	0.1	0.3	0.3	0.8	1.2	1.5
- Capital transfers	D.9	0.0	0.1	0.3	0.3	0.5	0.9
Other costs financed by RRF grants							
5. Reduction in tax revenue							
6. Other costs with impact on revenue							
7. Financial transactions							

As for expenditure, until September 23rd, 2024, €6.35 billion were transferred for approved RRF projects to entities inside and outside the general government and final recipients of RRF. Approximately 800 projects and sub-projects, with a total budget of €22 billion including VAT, have already been approved and included in the RRF grants' programme.

Table 9 | RRF grants impact on general government expenditure

	2021	2022	2023	2024	2025	2026
(in million EUR)						
Transfers for approved RRF projects to entities inside and outside general government	307	2,843	2,089	3,617	5,140	6,663
Total general government expenditure financed by RRF grants (incl.VAT)	307	981	2,131	3,990	5,559	7,691

The approved projects include, inter alia: energy renovation of residential buildings, upgrading energy efficiency of public sector buildings, island electrical interconnections, energy storage investments, motorways construction, micro-satellite network development, implementation of the national public health secondary prevention programme, implementation of the strategy for excellence in universities and innovation and many others.

The Greek Plan includes the use of RRF loans up to €17.7 billion and is expected to mobilize a total of €35 billion of investment resources to co-finance projects falling under the following five pillars: green transition, digital transition, exports, innovation-research and development, economies of scale through partnerships, joint ventures, acquisitions, mergers.

In the loan facility, which mainly concerns the granting of loans for the implementation of investment projects by private businesses through the commercial banks and International Financial Institutions, by September 23rd 2024, 347 loan agreements have already been signed, with a total budget of €12.44 billion (out of which: €5.36 billion RRF loans, €4.19 billion bank loans and €2.89 billion investors' own resources).

Moreover, Greece has allocated an amount of up to €0.4 billion of RRF loans to the European Investment Fund for the implementation of selected guarantee instruments under the Member State Compartment of InvestEU. Guarantee products are now available for the Greek SMEs providing them access to investment loans and working capital.

Table 10 | RRF impact on programme's projections - LOANS

	ESA Code	2021	2022	2023	2024	2025	2026
(% of GDP)							
Cash flow from RRF loans projected in the programme							
1. Disbursements of RRF LOANS from EU		0.9	0.9	1.7	1.0	1.9	1.4
2. Repayments of RRF LOANS to EU							
Expenditure financed by RRF loans							
3. TOTAL CURRENT EXPENDITURE							
of which:							
- Compensation of employees	D.1	-	-	-	-	-	-
- Intermediate consumption	P.2	-	0.0	0.0	0.0	0.1	0.0
- Social Payments	D.62 +D.632	-	-	-	-	-	-
- Interest expenditure	D.41	-	-	-	-	-	-
- Subsidies, payable	D.3	-	-	-	-	-	-
- Current transfers	D.7	-	-	-	-	-	-
4. TOTAL CAPITAL EXPENDITURE							
of which:							
- Gross fixed capital formation	P.51g						
- Capital transfers	D.9						
Other costs financed by RRF loans							
5. Reduction in tax revenue							
6. Other costs with impact on revenue							
7. Financial transactions		-	0.1	0.4	0.8	1.9	2.0

5. Distributional impact

5.1. Methodology

The estimation of the distributional impact for the budgetary interventions is conducted using the EUROMOD tax-benefit microsimulation model for Greece on which the new measures are simulated. The data used as input are based on the 2022 Greek SILC data (incomes 2021) using though the relative uprating factors for all types of income. The sample consists of 22,142 individuals, corresponding to 10,202 households. When weights are used, the population to which simulations apply sums up to 10,306,111 individuals and 4,077,884 households.

It should be underlined that the simulated policies concern personal income taxes, cash benefits, social security contributions and that only first-round effects are estimated. Policies that do not directly affect household income, such as changes in corporate income taxation are not included in the analysis. Furthermore, policies that affect consumption or just the liquidity of households such as VAT changes, suspension of tax or loan payments, subsidies to energy consumption cannot be simulated. The fiscal measures included in the budget of 2024 and the measures announced thereafter, including the one-off benefits for the end of the same year, are included in the baseline scenario of 2024 (2024_base). The main measures simulated for 2025 budget are included in Table 11. Furthermore, in line with the macroeconomic scenario, employee compensation is projected to increase by 4.3% in 2024 and by 2.7% in 2025, and these adjustments have been factored into the estimations.

Table 11 | Main measures in the 2025 budget simulated for distributional analysis

Scenario	Measures
2025_s	1. Decrease in social security contributions by 1p.p. (0.5p.p. from employers contribution, 0.5p.p. from employees).
	2. Abolishment of the overhead tax of €325 per year for self-employed.
	3. Increase of civil servants' salary by €143 million.
	4. Increase in pensions and social pensions by €400 million.
	5. Increase in the minimum wage and the unemployment insurance benefit effective from April 2025 (estimation on the hypothesis of 4.8% increase).
	6. Reform of the child benefit, Guaranteed Minimum Income, housing benefit and social pension by increasing the benefit amounts and imposing targeted criteria.

5.2. Results

Table 12 presents the mean annual equivalised disposable income (in €) by decile for the 2024_base scenario and the relative and absolute changes that occur in the 2025 simulated scenario, as a result of the fiscal interventions. The disposable income is the income that

individuals finally have available for consumption or savings, i.e., after deducting direct taxes and social security contributions and after adding possible social transfers (i.e., pensions and benefits). Assuming that all households pool their resources and distribute them “equally” among the household members, the equivalized income is calculated using the OECD equivalent scales which give weights 1 to the first adult, 0.5 to other adults in the household and 0.3 to children under 14.

Table 12 | Mean annual equivalised disposable income (EUR), relative and absolute changes

Decile	2024_base Mean (EUR)	2025_s	
		Absolute change (EUR)	Relative change (%)
1	3,661	162	4.43
2	5,955	160	2.69
3	7,350	187	2.55
4	8,553	195	2.28
5	9,836	251	2.55
6	11,134	288	2.58
7	12,698	331	2.61
8	14,592	356	2.44
9	17,363	387	2.23
10	26,897	590	2.19
All	11,791	290	2.46

Notes:

- i. Changes are calculated with respect to the 2024_base mean equivalised income per decile.
- ii. The equivalised income is calculated using the OECD equivalent scales that give weights 1 to the first adult, 0.5 to other adults in the household and 0.3 to children under 14.

In Table 13 the main inequality indices are presented, calculated on the income distribution of the 2024_base and the respective absolute differences that occur for the 2025 scenario.

Table 13 | Inequality indices

	2024_base	Absolute difference with respect to 2024_base
		2025_s
Gini	0.327	0.000
S80/S20	4.570	-0.026
S90/S10	7.192	-0.041
Atkinson 0.25	0.037	0.000
Atkinson 0.75	0.110	0.002

Notes:

- i. Gini coefficient ranges between 0 (all incomes are equal) and 1 (only one person has all income). It is more sensitive to changes in the middle of the income distribution.
- ii. S80/S20 (S90/S10) ratio is the ratio of the mean equivalised disposable income received by the 20% (10%) of the population with the highest income to that received by the 20% (10%) of the population with the lowest income.
- iii. Atkinson indices range between 0 (all incomes are equal) and 1 (only one person has all income). Atkinson 0.25 is more sensitive to changes at the top of the income distribution, while Atkinson 0.75 is more sensitive to changes at the bottom of the income distribution.

Table 14, Table 15 and Table 16 show the main poverty indices used for depicting the aggregate level of poverty in an economy with respect to the number of individuals under the poverty line (headcount ratio) and the depth of poverty (poverty gap). In more detail, FGT(0) is the headcount ratio and shows the share of individuals whose equivalised disposable income is below 60% of the median equivalised disposable income. When using the anchored poverty line (Table 14) the absolute effect of the reforms is better assessed in comparison to the previous year. When the floating poverty line is used (Table 16), results take into account the effect of changes in poverty line for assessing the final poverty level and individuals might change their status with respect to poverty due to changes in poverty line itself (apart from changes in their income). The results are presented for the total population, as well as disaggregated by age groups and household types.

FGT(1) presented in Table 15 is the poverty gap index, namely the average of the differences between individual incomes and the 60% poverty line, expressed as a percentage of the poverty line, and calculated only for individuals with incomes below the poverty line.

Table 14 | FGT(0) poverty headcount index (anchored poverty line)

	2024_base	Difference with respect to 2024_base (pp)
		2025_s
Total Population	17.3	-1.3
By age group		
0-14	19.4	-1.0
15-24	23.9	-3.3
25-49	16.8	-1.0
50-64	17.3	-1.4
65-79	13.2	-0.9
80+	16.2	-1.4
By household type		
One adult <65, no children	18.8	-0.7
One adult ≥65, no children	20.8	-1.9
One adult with children	31.1	-0.4
Two adults, <65, no children	15.1%	-1.0
Two adults, at least one ≥65, no children	12.0%	-0.9
Two adults with one child	14.9%	-1.3
Two adults with two children	17.5%	-1.1
Two adults with three or more children	23.8%	-1.6
Three or more adults, no children	15.7%	-1.5
Three or more adults with children	24.2%	-1.8

Notes: Poverty line is anchored to the base scenario: €6,267.94 per year

Table 15 | FGT(1) poverty gap (anchored poverty line)

	2024_base	Difference with respect to 2024_base (pp)
		2025_s
Total Population	4.8	-0.4

Notes: Poverty line is anchored to the base scenario: €6,267.94 per year

Table 16 | FGT(0) poverty headcount index (floating poverty line)

	2024_base	Difference with respect to 2024_base (pp)
		2025_s
Total Population	17.3	-0.17

Notes:

i. Poverty line in floating: €6,267.94 for 2024 and €6,446.30 for 2025.

ii. FGT (0) is the headcount ratio and shows % of individuals whose income is below 60% of the median equivalised disposable income.

iii. FGT (1) is the poverty gap index and calculates the average of the differences between individual incomes and the 60% poverty line, expressed as a % of the poverty line, and calculated only for those below the poverty line.

6. Links between the DBP and CSRs

Table 17 | Country Specific Recommendations

CSR	Description:
1.1	Submit the medium-term fiscal-structural plan in a timely manner. In line with the requirements of the reformed Stability and Growth Pact, limit the growth in net expenditure in 2025 to a rate consistent with, inter alia, putting the general government debt on a plausibly downward trajectory over the medium term and maintaining the general government deficit below the 3% of GDP Treaty reference value. List of measures: Greece's medium-term fiscal structural plan was submitted on October 7th and contains an expenditure path that ensures a plausibly downward trajectory for public debt over the medium term and that the deficit will remain below the 3% reference value. The limit to the growth in net expenditure in 2025 included in the DBP is consistent with the expenditure path of the medium-term fiscal structural plan. Description of direct relevance: The medium-term fiscal structural plan of Greece has been submitted timely and includes an expenditure path that is fully aligned with the provisions of the preventive arm. The DBP for 2025 maintains full consistency with the path outlined in the medium-term plan.

CSR	Description:
1.2	Continue improving the investment friendliness of the taxation system by reinforcing its legal certainty and continue increasing the operational autonomy of the tax authority. List of measures: In order to further improve the investment friendliness of the tax system by increasing its legal certainty, new measures have been announced in Thessaloniki International Fair 2024: 1) Mergers and acquisitions incentives 2) Reduction of stamp duty on a series of transactions 3) Abolition of self-employed overhead tax 4) Reduction of the minimum taxable amount for self-employed in areas with 1.500 inhabitants 5) Permanent return of excise duty (ΕΦΚ) to agricultural oil 6) Income tax exemption for vacant properties to be rented 7) VAT exemption for new buildings 8) Abolition of fixed telephony charge (5%) for fiber optic connections (≥100 mbps) 9) Tax exemption for voluntary business benefits in favour of young parents 10) ENFIA reduction by 20% for homes insured against natural disasters Apart from these measures, other measures - like the codification and simplification of tax legislation - are being implemented under the RRP and are monitored through Fenix. Description of direct relevance: Concerning ongoing measures to further improve the investment friendliness of the tax system by increasing its legal certainty: 1) A draft law proposes several measures to boost innovation and investment, including increased rebates for scientific and technological research expenses, incentives for the commercialization of patents, and an extension of tax benefits for angel investors.

- 2) The provisions of Law 5135/2024 replace the existing stamp duty with the new digital transaction fee. The main transactions in which the fee is abolished concern interest on business loans and credits, insurance transactions, loans, formation and increase of capital.
- 3) Abolition of the overhead tax for self-employed from 2025, to create a more favorable environment for both self-employed and investors, fostering economic growth and innovation.
- 4) A 50% reduction in the minimum net income threshold, which currently applies to settlements of up to 500 inhabitants, will also apply to settlements belonging to municipalities with a population of up to 1,500 inhabitants.
- 5) The provisions of Article 39 of Law 5135/2024 establish, from 2025, a zero rate of excise duty per kilolitre for gas oil (diesel) engines used exclusively in agriculture; farmers will be reimbursed, through a procedure established by ministerial decree, for the amount of excise duty paid during the year.
- 6) Owners of immovable property (up to 120 square metres) who make these properties (which are either vacant for at least 3 years or have been rented on a short-term basis) available for long-term rental (at least 3 years) will be exempt from income tax on this rental for 3 years.
- 7) The suspension of VAT on new buildings is extended until 2025.
- 8) In order to promote the digitalisation of the Greek economy and the development of high-speed broadband via optical fibre, the fixed telephony charge of 5% for optical fibre connections with speeds of 100 Mbps or more will be abolished.
- 9) Under certain conditions, voluntary cash benefits provided by an employer to a new parent for the period up to 12 months after the birth of a child, up to an amount of €5,000 per year plus an additional €5,000 for each dependent child, are not subject to personal income tax. In addition, a tax exemption is introduced for kindergarten vouchers provided by employers to their employees.
- 10) The reduction in ENFIA for residences with a taxable value of up to €500,000 that are insured against natural disasters will be doubled from 10% to 20% (this also applies to ENFIA that will be certified in 2025 for the months in which someone is insured in 2024).

CSR	Description:
1.3	Safeguard the efficiency of public administration while ensuring that it can attract the right skills and preserving consistency with the unified wage grid, and operationalising the multi-level governance framework.
	List of measures:
	In order to safeguard and enhance even more the efficiency of public administration, while ensuring it can attract the right skills, the following measures or legislative provisions have been implemented/adopted or are being announced: 1a Strict adherence to the annual staffing cycle. 2a Incremental amendments of Presidential Decree 85/2023 regarding the unified branches and qualifications in the public sector. 3a Implementation of the new skill-based target-setting and evaluation system (L. 4940/2022). 4a Implementation of performance bonus for public servants on a pilot basis through a new reward and incentive system. 5a Appointment of Executive Managers in Ministries. 6a Activation of the Public Sector Human Resources Adviser Registry (L. 4940/2022). 7a Exchange of civil servants with other EU member states (PACE Programme). 8a Activation of the Multilevel Governance National Council (L. 5013/2023). 9a Activation of the Network of Innovation in the Greek Public Sector (L. 5027/2023). 10a Delivery of targeted training on specific policy areas and lifelong learning programmes for special groups by the National Center of Public Administration and Local Government.

- 11a Assessment of the performance of the electronic platform for monitoring processes related to civil servants' disciplinary matters (electronic platform "e-Peitharxika").
- 12a Enactment and implementation of the new system for appointing administrations of Public Sector Legal Entities.
- 13a Redesign of the Manager Selection System.
- 14a Establishment of a specialized single information system with two databases for registering, recording, and systematically maintaining the necessary data of Civil Society Organizations.
- 15a Enactment of provisions regarding the acceleration of recruitments through ASEP, as well as amendments to the Code of Status of Public Civil Servants and Employees of Public Law Entities and the Code of Status of Municipal and Community Employees.

Description of direct relevance:

In order for Greek Public Administration to attract the right skills needed to further upgrade the efficiency of its services, the following measures have been carried out or announced.

1b By linking the annual hiring plan with the mobility mechanism, the inseparable connection between these two essential tools for meeting the operational needs and requirements of the Public Sector is ensured. More specifically, in September 2024, the Ministers' Council decided on the annual hiring for the upcoming year (2025) based on existing needs and gaps, prioritizing certain fields of Public Administration.

2b To address the fragmented image of the past and establish a new foundation for human resources development policy, systematic recording and codification of all branches and specialties of public sector personnel were required. This presidential decree will be amended to address specific needs.

3b The new evaluation system has been fully implemented, focusing on skills and continuous improvement through Development Plans for employees and managers. Goal setting is now interconnected with evaluation, beginning with the establishment of objectives.

4b The enhancement of human resources as a critical success factor for organizations is closely related to staff behavior and performance. According to the relevant legal provisions, this rewarding system was applied to all target groups of civil servants in compliance with established criteria.

5a After almost a year and a half of procedures, including three months of training focused on developing new critical skills related to the legislative process, digital support, and public policy analysis, the Executive Managers Branch was appointed to the relevant ministries and to the Presidency of the Government.

6b The Public Sector Human Resources Adviser Registry has started operating at almost full capacity, with the first appointments of Public Sector Human Resources Advisers already taking place.

7b The structured exchange of civil servants between EU Member States was initiated last year (2023), and due to its positive results, the programme is continuing with more ministries and civil servants involved.

8b. Following the enactment of the law, the implementation of its provisions is being carried out by the Multilevel Governance National Council, an entity genuinely committed to the effective delivery of public services.

9b. After the enactment of the law, the provisions are being implemented by the Network of Innovation in the public sector.

10b This initiative includes targeted training for civil servants through a series of specialized and modern training programs in collaboration with the National Center for Public Administration and Local Government, aimed at empowering civil servants by enhancing their digital and administrative skills and increasing their efficiency.

11b. Following the launch of the platform, systematic monitoring of the progress of disciplinary proceedings in the public sector is being implemented. This includes

assessing its performance by extracting and analyzing data (Data Analysis and Data Mining) and cross-checking information in real time to ensure well-documented decisions.

12b The main objectives of the bill are: i) to upgrade the requirements for each position so that selected administrations hold increased qualifications and competencies, ii) to enhance meritocracy and transparency, iii) to accelerate selection procedures to improve system efficiency, and iv) to evaluate the selected administrations and replace them if they do not achieve their targets.

13b The candidate's profile will be assessed across three criteria to ensure that they possess the right skills and are suitable for the position they are applying for.

14b The unified organization of Civil Society aims to regulate its relationship with the State to strengthen reciprocal actions with minimal intervention.

15b. To ensure that the Greek Public Sector is staffed with appropriate and qualified human resources in alignment with the annual staffing cycle, a law titled "Acceleration of Recruitments through ASEP, amendments to the Code of Status of Public Civil Servants and Employees of Public Law Entities, and the Code of Status of Municipal and Community Employees" has been enacted to further enhance the efficiency of public services.

CSR 1.4	Description: Ensure that external balances continue on a steadily improving path by promoting balanced growth and supporting productive domestic investment.
	List of measures: Reforms and measures that promote balanced growth and support productive domestic investment: 1. National Investment Fund under HCAP 2. New projects of Project Preparation Facility (PPF) and Strategic Project Pipeline 3. Implementation of the National Strategy for Trade Facilitation 4. Implementation of the National Strategy for Extroversion 5. Implementation of the National Strategy for Industry 6. Implementation of the investment "Research - Innovate" 7. Implementation of the investment "Revision of the National Research Infrastructure Roadmap for the 2021-2027 Programming Period" 8. Implementation of the institutional framework for private investments 9. Implementation of the Institutional Framework for Strategic INVESTMENTS 10. Systematic showcasing of thematic and special forms of tourism 11. Promote Greece as a year- round tourism destination In the same context new measures were announced in Thessaloniki International Fair 2024: 1. New round of reforms to facilitate entrepreneurship and simplify business regulation 2. Golden Visa for financing start-ups 3. Unified institutional framework for business transformations and innovation
	Description of direct relevance: Concerning balanced growth and productive domestic investment: 1. The establishment of the new National Investment Fund under HCAP, will focus on sectors that are underserved by current investors in order to bridge critical investment gaps, particularly in areas like the green transition, the digital transformation, and strategic infrastructure. 2. The PPF unit oversees the tender process and project implementation of strategic initiatives, while ensuring timely absorption of RRF funds. In August 2024, the Governmental Committee assigned €4.3 billion worth of new projects to the PPF, including forest management, climate funds, and infrastructure modernization. These efforts are part of a broader €7 billion investment plan managed by the PPF.

3. The implementation of the reform includes a series of actions for reviewing and simplifying existing pre-customs and customs procedures, identifying unnecessary administrative burdens and/or costs for companies, allowing for the establishment of a Single and Integrated IT system (Single Window) in line with international best practices.
 4. The venture of implementing an integrated economic diplomacy by the MFA rests on enhancing the economic and commercial position and interests of Greece regionally and internationally, evaluating and reinforcing extroversion structures and attracting foreign investments in targeted sectors of the Greek economy.
 5. The implementation of the reform aims to increase productivity and employment and promote private investments, while at the same time, is integrated into the wider framework of the European Industry Strategy and the implementation of the development plan of the European Green Deal. The Action Plan of the National Industrial Strategy (NIS) includes 43 interventions which are divided into four (4) categories depending on the type (funding schemes, reforms, etc.) and the scope (collaborating agencies, intended changes, etc.) of each intervention.
 6. The investment "Research - Innovate" includes the financial support of research and innovation investments with the aim to address effectively the challenges related to low investment in R&D.
 7. The investment "Revision of the National Research Infrastructure Roadmap for the 2021-2027 Programming Period" aims to increase the national and international competitiveness and visibility of the National Research Infrastructures through the reshaping of the National Research Infrastructure Roadmap in accordance with the directions of the National Strategic Research, Technological Development and Innovation 2021-27 and the National Smart Specialization Strategy 2021-27.
 8. The implementation of the institutional framework for private investment aims to stimulate private sector growth through the implementation of state aid schemes. The new Development Law 4887/2022 introduces specific thematic state aid schemes to promote private investments across various sectors, with a focus on digital transformation, green transition, and regional development.
 9. The implementation of the institutional framework for strategic investments aims to streamline the approval and licensing of key projects that boost the national economy. Several notable strategic investments are underway, while others are awaiting approval. Divided into categories based on budget and impact, strategic investments focus on sectors such as agri-food, tourism, green economy and digital transformation. Incentives include tax breaks, accelerated depreciation, residence permits for executives and fast-track licensing. Additional subsidies are offered for employment, research and investment in delignification zones, with higher rates for emblematic projects.
 10. The reform of systematic showcasing of thematic and special forms of tourism is an action which aims at establishing the legal and/or regulatory framework for business activities in thematic tourism and setting up measures for the development and promotion of thematic tourism.
 11. The investment of promoting Greece as a year - round tourism destination includes an annual advertising and co-advertising plan, as well as PR activities & exhibitions plan. GNTD designs and implements marketing plans and advertising campaigns for international, national and regional audiences, creating a new narrative for Greek tourism.
- Relevance of recently announced measures in Thessaloniki International Fair 2024:
1. The reform "New round of reforms to facilitate entrepreneurship and simplify business regulation" seeks to establish a new logic of continuous improvement of the business environment in Greece, via the systematic suppression of bureaucracy between businesses and public administration throughout the life cycle of businesses.
 2. The Government is planning the reform "Golden Visa for financing start-ups" with the aim to grant a "Golden Visa" for funds to be imported for the financing of startup companies, with at least €250,000. The aim is to strengthen the country's business development footprint in cutting-edge technologies.

3. New legislation which is expected to be adopted by the end of 2025, is set to establish a unified institutional framework for business transformations and innovation. The new legislative framework, which will be compatible with the Union's law, will be simplified to enhance legal certainty, while also making it more attractive to potential beneficiaries and to foreign investors. Regarding innovation, the new legislative framework aims to increase R&D investment, through a series of targeted measures. In addition, the law aims to strengthen collaboration by promoting links between the labour market and the academic community, as well as by encouraging cooperation between group companies and start-ups. The framework will also expand incentives for the commercial exploitation of patents and expand tax incentives for angel investors who support startups.

CSR 1.5	Description:
	Pursue the ongoing reduction of the stock of non-performing loans held by banks and credit servicers, including by further improving the e-auction processes to reduce the ratio of unsuccessful auctions.
	List of measures:
	In order to pursue the ongoing reduction of the stock of non-performing loans: 1. Budget increase (by €1 billion) of the extended Hercules Scheme [the Hellenic Asset Protection Scheme designed to aid banks in managing Non-Performing Loans (NPLs)]
	Description of direct relevance:
	To further reduce NPLs and align with the European average on September 16th, 2024, the Greek Government submitted a formal request to the European Commission for an increase by €1 billion in the budget of the Hercules Scheme (Hercules III), along with a six-month extension, to accommodate the needs of the banks. This includes provisions for the newly formed banking entity following the merger of Attica Bank and Pancreta Bank.

CSR 2.1	Description:
	Strengthen administrative capacity to manage EU funds, accelerate investments and maintain momentum in the implementation of reforms. Address relevant challenges to allow for continued, swift and effective implementation of the recovery and resilience plan, including the REPowerEU chapter ensuring completion of reforms and investments by August 2026.
	List of measures:
	Measures to strengthen the administrative capacity to manage EU funds and accelerate investments: 1) Implementation of the Partnership Agreement 2021-2027 2) Efficient management of ESPA funds - Enhancing national anti-fraud strategies for the EU's financial interests (TSI 2024) 3) New public investment development programme (L. 5140/24) - new e-PDE system 4) Development of an Integrated Information System for State Aid for the Programming Period 2021-2027 5) Administrative Capacity Roadmap for beneficiaries who implement projects in the Water, Waste and ITI-SUD sectors.
	The CSR related to the RepowerEU chapter is addressed by measures under the RRP and monitored through Fenix.
	Other non RRP projects relevant to the challenge of RepowerEU are:
	1. Development of legal framework on Public Buildings Clusters in order to the implementation of energy efficiency programmes (under public consultation).

2. Implementation of a single digital portal on licensing RES projects.
3. Modification of legal framework on expanding possible areas of electricity storage stations adopted on 03.10.2024 (JMD B 5504/03.10.2024)
4. Updated National energy and climate plan (NECP) setting out a detailed roadmap regarding the attainment of specific energy and climate objectives by 2050. (the public consultation has been completed)

Description of direct relevance:

Concerning the management of EU Funds

- 1) The implementation of the Partnership Agreement 2021-2027 is already underway. As of 04/10/2024, the calls for proposals amount to €16.1 billion, with total commitments reaching €7.4 billion and total payment requests totaling €1.4 billion (5.39%).
- 2) Efficient management of ESPA funds will also be supported by the TSI 2024 project "Enhancing national anti-fraud strategies for the EU's financial interests". The National Anti-Fraud Strategy (NAFS) for the structural actions (Cohesion Policy Programmes) introduced effective measures in the management and control system of the programmes, ensuring systematic implementation by all stakeholders and effective cooperation among competent authorities. As the Greek Partnership Agreement 2021-2027 is already being implemented, it is fundamental that the NAFS is improved to respond to evolving fraud trends.
- 3) Law 5140/24 restructures the Public Investment Programme (PIP) into the New public investment development programme (PIDP). This new Law consolidates into a single text the main provisions for the budgeting, execution and monitoring of Public Investments in Greece and is expected to lead to the establishment of more efficient and streamlined procedures in the execution of the PIDP, recorded in a clearer and more transparent way, thus facilitating all parties involved, contributing at the same time in speeding up the execution and increasing the absorption of the PIB. The new law introduces major breakthroughs and changes in procedures such as : - simplification of procedures for the projects' approval, appropriations management and financing, accompanied with flexible reallocation processes the establishment of single (central) bank accounts to facilitate the payments' procedure and ensure the smooth financing of projects the improved monitoring and reporting of PIB expenditure, and additionally of long-term commitments - the recording of maintenance needs. Moreover, further changes and additional features will be implemented in the Integrated Information System of the Public Investment Programme, e-pde, which supports the whole lifecycle of PIP projects.
- 4) The development of Integrated State Aid Information State System (OPSKE) for the Programming Period 2021-2027 will modernize the users' interface system, will integrate and simplify the aid granting process for the beneficiaries and the agencies involved, will reduce the administrative and management burden, will increase the data security as well as prevent fraud. It will fully support the Management and Control System (MCS) procedures, with all stages of an investment project (proposal, submission, evaluation, approval, implementation and long-term commitments) and is expected to be fully operational by the end of 2024.
- 5) The enhancement of administrative capacity for weak but key beneficiaries is crucial for improving the implementation of the EU Funds and ensuring efficient fund management. By strengthening the skills, knowledge, and organizational capabilities of these beneficiaries—such as local governments, - they will be better equipped to navigate complex regulatory frameworks, adhere to compliance requirements, and manage projects effectively.

Concerning the RepowerEU chapter:

Development of legal framework to facilitate programmes on building energy efficiency upgrades and electricity storage through the geographical expansion of storage stations will address existing challenges and promote relevant RRP measures. Moreover, updated National energy and climate plan (NECP) setting out a detailed roadmap regarding the attainment of specific energy and climate objectives by 2050 will boost energy projects including RRP measures.

CSR 2.2	Description:
	Accelerate the implementation of cohesion policy programmes. In the context of their mid-term review, continue focusing on the agreed priorities, taking action to better address the needs in the area of prevention and preparedness against climate change-related risks while considering the opportunities provided by the Strategic Technologies for Europe Platform initiative to improve competitiveness.
	List of measures:
	With the goal to accelerate the implementation of cohesion policy programmes: - Development of strategic plans structured around four key pillars: upgrading Networks and Infrastructure, supporting the Primary Sector and the Green Transition, and enhancing Quality of Life - Development of a public information platform for 12 (+1) Regional Development Plans (with budgets over one million euros) occurring in each Region, Regional Unit, and Municipality of the country. In the context of the mid-term review, 2 studies are in the process of preparation which will contribute to the assessment of the needs both in the area of climate change and STEP implementation. For the purpose of addressing the needs in the area of prevention and preparedness against climate change-related risks, the ongoing measures, as regards Civil Protection, are: 1. Upgrade and installation of an Integrated Next Generation Emergency Call Management System (Next Generation 112) 2. Enhancing prevention regulatory framework and mechanism, as regards arson, through the New Penal Code, as well as illegal fireworks and fire setting, while establishing a new Land Cleaning Register 3. Enhancing population responses to natural disasters 4. National Adaptation Strategy to Climate Change in the field of Civil Protection 5. National Disaster Risk Management Action Plan 6. Pilot project to strengthen the prevention - preparedness - resilience of the small municipalities of the island country 7. Project execution in the field of prevention to enhance resilience, in collaboration with the European Centre for Forest Fires (ECFF) 8. Staff Capacity building to enhance National Crisis Management & Risk Response Mechanism 9. Design & development of a digital application for the recording and monitoring of flood risk mitigation projects. 10. Law 5116/2024 on mandatory insurance coverage against natural disasters for large companies and relevant tax incentives for households. Projects funded by RRF also address the challenge and are mainly monitored in the context of FENIX. New measures announced in Thessaloniki International Fair 2024: 1. Mandatory Car insurance against natural disasters 2. Mandatory insurance for large companies with an annual gross revenue of over €500.000 in the previous tax year against natural disasters
	Description of direct relevance:
In order to advance the implementation of cohesion policy programmes and as part of the National Strategy for Regional Development, the digital platform “erga.gov.gr” has been launched. For the first time, this platform enables the registration and transparent, continuous monitoring of significant projects undertaken by both the central government and local authorities, providing every citizen with direct access to information on critical projects. Relating to the mid-term review studies, the 1st study examines horizontal issues such as Country-Specific Recommendations of the European Semester 2024 and progress in the	

implementation of the updated National Energy and Climate Plan (NECP) and the 2nd targets to the assessment of the interest of the Greek market in responding to STEP calls.

To address the needs in the area of prevention and preparedness against climate change-related risk the following measures which are in progress, have a direct relevance: 1. Upgrade and installation of an Integrated Next Generation Emergency Call Management System (Next Generation 112), including supply, configuration and installation of a Next Generation Emergency Call Management System. The new functions will allow communications through voice, video, real-time instant messaging with simultaneous geo-location capability, including communication in cases where there is no mobile network coverage. It is also expected to enable the support of emergency communications and services to persons with disabilities.

2. Implementation of enhanced prevention regulations and control mechanism as regards fire protection violations and the new institutional framework for Wildland arson, as well as the establishment and implementation of the Land Cleaning Register, together with the associated digital platform. The abovementioned initiatives play a key role in enhancing Forest Fire Prevention.

3. Enhancing population responses to natural disasters, through implementing a comprehensive awareness plan and information activities for citizens, as well as information and awareness activities in the country's educational institutions.

4. Drafting the National Adaptation Strategy to Climate Change in the field of Civil Protection, in accordance to the National Climate Law and in line with the Sendai Framework for Disaster Risk Reduction 2015-2030 and the United Nations 2030 Agenda.

5. Completion of the drafting of the National Disaster Risk Management Plan following its harmonization with the recommendations and proposals for the development of the National Disaster Risk Management Plan for Greece (October 2021) in the World Bank's Report, as well as with the Sendai framework for Disaster Risk Reduction 2015-2030.

6. Pilot project to strengthen the prevention - preparedness - resilience of the small municipalities and especially implementing a pilot flood and fire protection programme for the island of Ithaca through integrated planning aimed at proactive risk reduction.

7. Generating and disseminating knowledge and experience in the field of prevention and awareness-raising against natural and technological disasters, means of protection and the health impact of forest fires, particularly with regard to the participation of vulnerable groups, through the establishment and implementation of annual programmes by the European Centre for Forest Fires (ECFF), in the context of the country's participation in the Council of Europe's Open Partial Agreement on Major Disasters (EUR-OPA).

8. Human resource training programmes for the National Crisis Management Coordination Center "ESKEDIK", local authorities, voluntary Organizations and operational support staff of the National Crisis and Hazard Management Mechanism.

9. Development of a digital application, as an integrated system for the recording and monitoring of the flood risk mitigation projects across the country, in the context of the implementation of the Law for the National Crisis and Hazard Management Mechanism .

10. Mandatory for large companies with an annual gross revenue of over €2 million in the previous tax year to have insurance against specific natural disasters from 1 January 2025.

CSR 3.1	Description:
	Boost competitiveness through tackling underachievement in basic skills.
	List of measures:
	In order to tackle underachievement in basic skills:
	1) Upgrade learning content via new curricula and textbooks for primary and secondary education
	2) Skills Labs

- 3) National Assessment Exams (Greek PISA)
- 4) Programme Agreement with the OECD
- 5) Online vocational training programme for unemployed women: Women in Tech (Phase 2): AI, ICT & Soft skills for career advancement"
- 6) Integrated Intervention for the Support of Young People aged 18-29 in the Regions of Attica, South Aegean, North Aegean, Peloponnese and Crete" - (5173793)
- 7) Integrated Intervention for the Support of Young People aged 18-29 in the Regions of Central Macedonia, Western Macedonia, Eastern Macedonia - Thrace and Epirus (6017530)

Description of direct relevance:

Concerning measures to tackle underachievement in basic skills:

- 1) For the first time in almost 2 decades, the Greek Government upgrades learning content via new curricula and textbooks. New school curricula focus on learning outcomes, include updated material and bear a significant emphasis on the cultivation of students' skills, including basic, soft and digital skills. 166 new curricula, across all subjects of all grades of general education, were completed in 2021 and were piloted for two school years, 2021-2023. The new curricula will be accompanied by new textbooks. For the first time, teachers will be able to select among and combine sources from several approved textbooks, each with accompanying digital content. The implementation of the new curricula and textbooks across all schools is expected to start from school year 2025-26.
- 2) «Skills Labs» is an innovative initiative for the promotion of education for sustainable development through the development and improvement of a wide variety of pupils' skills (i.e. basic skills, soft skills, life skills and technology & science skills). The Skills Labs aim to equip students with the appropriate skills, values, and attitudes to make them successful life-long learners, as well as global citizens of the world. The Skills Labs have been added to the mandatory curriculum of all grades from pre-school to lower secondary education and is in its fourth year of national implementation (2024-25).
- 3) The Greek PISA (National Assessment Exams) is a new tool by exams taken by students at a representative sample of schools across the country. The Greek PISA exams evaluate the effectiveness of the educational system in students of 6th Grade of Primary Schools and 3rd Grade of Lower Secondary Schools. The results are anonymous and the data collected is used by the Authority for Quality Assurance in Primary and Secondary Education (ADIPPDE) and the Institute of Educational Policy (IEP) to draw conclusions and propose policies. The first Greek PISA assessment took place in Q2 2022 with the process being repeated annually. The Greek PISA exams will be held for the third time during the school year 2024-25.
- 4) A specific Programme Agreement on "Education Policy Review: Improving Learning Outcomes in Greece" was signed in Q2 2024. It is a Cooperation Programme of the Education Ministry with the OECD in order to develop effective education policy and introduce innovative educational practices. Creation of a PISA-type Question Bank to be used as a reference by teachers for creating standardised tests. Adaptations to the Curricula, teaching materials, teaching and learning practices. Development of a platform that simulates PISA educational environment and creation of a website accessible by students, parents and teachers.
- 5) Following an MoU signed in 09/2024, DYPA and HUAWEI TECHNOLOGIES SA implement an online vocational training programme for unemployed women. The programme is provided free of charge. Upon completion, the beneficiaries will have acquired the key skills and knowledge required in the area of networks and the basic principles of routing, switching, wireless networking and network security, the IPv4 and IPv6 basic concepts and the SDN and automation fundamentals. Upon successful completion of the programme, beneficiaries receive certification. The programme will start in 10/2024 and will be completed by the end of 2024.
- 6) The Action concerns the provision of a set of coherent actions of professional counseling & guidance, specialized professional training with certification, promotion to employment, promotion to the acquisition of work experience ("on the job training") as well as promotion to self-employment for 4.160 young beneficiaries aged 18-29 years from the following

Regions: Attica, South Aegean, North Aegean, Peloponnese, Crete. The beneficiaries have to be out of work, education or training and are economically inactive or unemployed (including the long-term unemployed). 120 hours of theory (obligatory) include soft skills, such as: Use of basic PC Applications, Time management, Team work and Communication. The Call for the beneficiaries is about to get published in the last two months of 2024.

7) The Action concerns the provision of a set of coherent actions of professional counseling & guidance, specialized professional training with certification, promotion to employment, promotion to the acquisition of work experience ("on the job training") as well as promotion to Self-Employment for 4.157 young beneficiaries aged 18-29 years from the following Regions: Central Macedonia, Western Macedonia, Eastern Macedonia - Thrace and Epirus. The beneficiaries have to be out of work, education or training and are economically inactive or unemployed (including the long-term unemployed). 120 hours of theory (obligatory) include soft skills, such as: Use of basic PC Applications, Time management, Team work and Communication. The Call to beneficiaries has already been published and the Action is about to start in the following period.

CSR 3.2	Description:
	Reinforcing the management of state assets.
	List of measures:
	Reforms, measures and investments that reinforce the management of state assets: 1) Restructuring of the Hellenic Corporation of Assets and Participations (HCAP) and its subsidiaries (Law 5131/24) 2) Mapping, Segmentation, Registration, Valuation and Maturation of the real estate assets of HPPC 3) Promotion of new privatizations (by HRADF) and public property utilization (by HCAP) - HCAP's new Strategic Plan for 2025-2027 4) Amendments to Law 5024/2023 for the recognition of legal titles on real estate currently owned by the Greek State to private entities (law 5113/24) - special information system "Applications for the acquisition of public real estate". 5) Implementation of law 5092/24 (protection of coastal areas) - Electronic auction process - Utilization of technology / collaboration of specialized units for better detection of illegal occupation and any unauthorized constructions 6) Public property registry
	Description of direct relevance:
	Measures relating to more efficient state asset management: 1) The recent legislation (L. 5131/24) on the restructuring of HCAP aims to boost economic performance, modernize state-owned enterprises, and enhance public sector efficiency. A key reform involves restructuring eight state-owned enterprises under HCAP, modeled after the Public Power Corporation (PPC), to improve operational efficiency and service delivery. Additionally, the merger of HCAP with the Hellenic Financial Stability Fund (HFSF) and the Hellenic Republic Asset Development Fund (HRADF) seeks to consolidate resources, reduce administrative costs, and increase organizational flexibility. 2) With the aim of optimizing the utilization of assets in the Hellenic Public Property Company's portfolio, the project titled 'Mapping, Segmentation, Recording, Valuation, and Maturing of Properties,' in collaboration with GrowthFund, is currently underway and focuses on a subset of approximately 36.000 assets. The project deliverables include the completion of technical and legal maturation actions for up to 1.000 properties to enable their immediate commercial exploitation, while for up to 6.500 properties, actions will be completed to facilitate their secure valuation. 3) HRADF and the Growthfund, which are expected to merge by the end of 2024, plan to finalize contracts and financial closings for key privatization projects, while continuing to develop a pipeline of new projects for tender, such as the development / exploitation of the

Kalamata airport and 22 regional airports, privatization of ports and marinas throughout the country and the renovation of TIF-Helexpo. HCAP'S new Strategic plan for 2025 - 2027 is underway, which will focus on further modernizing state-owned assets, enhance operational efficiency, optimizing public assets for higher value and promote sustainable investments.

4) The Amendments to Law 5024/2023, as incorporated in Law 5113/2024, introduce significant reforms to the process of recognizing and transferring ownership of state-owned real estate to private entities. These amendments provide a streamlined and legally clear path for private individuals and organizations to acquire public land, addressing pre-existing legal claims and ensuring proper validation of titles. A special digital platform, "Applications for the Acquisition of Public Real Estate," enables electronic submission of claims for recognition of legal titles, ensuring efficiency, legal clarity, and secure property transfers from the Greek State to private owners.

5) The implementation of Law 5092/24, aimed at protecting coastal areas, has introduced an electronic auction process to ensure transparency and efficiency. By leveraging advanced technology and collaborating with specialized units, authorities can more effectively detect illegal occupations and unauthorized constructions. This approach not only strengthens enforcement but also promotes the sustainable use of coastal regions.

6) The development and update of the Public Real Estate Register, enables effective supervision and monitoring of public property through interoperability with all Ministries and public entities that manage real estate, including the Greek Cadastre S.A. and HPPC.

CSR 3.3	Description:
	Completing the regulatory framework for environmental licensing.
	List of measures:
	Concerning the regulatory framework for environmental licensing: 1. New classification for the environmental licensing of onshore wind and photovoltaic power plant projects adopted on 03.07.2024. (MD 3867/03.07.2024) 2. Establishment of Standard Environmental Commitments (SEBs) during the approval or notification of installation and operation per sector of activity (manufacturing activities, business parks and logistics) adopted on 05.07.2024. (JMD 3949/05.07.2024). 3. Continuation of the simplification of environmental permitting through the adoption of ministerial decisions under par. 2 of Article 6 of Law No. 4014/2011 specifying for additional groups of projects/activities, the criteria per type of project or activity, based on which the substantial or non-substantial of a change in environmental impacts from the operation of a project or activity is judged. 4. Modification of legal framework regarding licensing procedures on floating photovoltaics systems and installation of small wind turbines 5. Transposition of Directive 2023/2413 as regards the promotion of energy from renewable sources.
	Description of direct relevance:
	Concerning the regulatory framework for environmental licensing: The new regulations of onshore wind and photovoltaic power plant projects will better ensure the correct application of environmental legislation for the promotion of investments in renewable energy. Moreover, the Pursuant Directive (EU) 2023/2413, EU member states have been obliged to proceed with legislative reforms in order promote the production and use of renewable energy including building sector. Regarding pilot RES projects such as floating photovoltaics systems, new legal framework will be adopted concerning the administrative permit-granting procedure and technical specifications.

CSR 4.1	Description:
	Reduce reliance on fossil fuels by accelerating the decarbonisation of the transport sector.
	List of measures:
	In order to reduce reliance on fossil fuels by accelerating the decarbonisation of the transport sector 1. Supply of 700 electric buses. 2. Supply of 300 CNG buses. 3. "Go Electric" (2nd and 3rd cycle) subsidy schemes, which concern the purchase of electric vehicles and private chargers 4. "Green Taxis" and "Charge Everywhere" subsidy schemes, which are projects funded by the Recovery and Resilience Facility (RRF) and their progress is monitored in Fenix. Effort on reduction on fossil fuels reliance is also made by the adoption of the necessary legislation for the effective deployment of renewable hydrogen addressed by measures under the RRP, monitored through Fenix.
	Description of direct relevance:
	In order to reduce reliance on fossil fuels by accelerating the decarbonisation of the transport sector: Measures taken promote electromobility and sustainable mobility, supporting the acceleration of decarbonisation of the transport sector. The electrification of the Greek transport system and the development of sustainable means of transportation, by replacing old buses and taxis with new electric ones, as well as providing support for the development of publicly and private accessible charging infrastructure across the country serve the purpose above together with the diversification of energy supply routes.

CSR 4.2	Description:
	Strengthen management of natural disasters by putting in place an effective early warning and risk prevention system.
	List of measures:
	As regards strengthening management of natural disasters by putting in place an effective early warning and risk prevention system, the following measures are ongoing: 1. Supply of 5+2 rescEU new firefighting Canadair aircraft, DHC 515 type, which will also participate in the surveillance phase, 2. Supply of prevention, response, management and early warning systems for natural and manmade hazards 3. Air surveillance through Unmanned Aerial Vehicles (UAVs-Drones) in Attica region, Thessaloniki and other municipalities. 4. Development of an Integrated Information System (IIS) for Risk Management and Natural Disaster Prevention, including the evolution of a National Data Base. Projects funded by RRF also address the challenge (Unmanned Aerial Vehicles UAVs-Drones) & Early Warning Systems) and are mainly monitored in the context of FENIX. Concerning natural disasters: 1. The 3rd Revision of the River Basin Management Plans of the country's water divisions will be implemented in accordance with the specifications of Directive 2000/60/EC, pursuant to Law 3199/2003, as amended and in force, and PD 51/2007, with the aim of maintaining and/or improving the status of the country's surface and groundwater. 2. The Reform "Establishment of Thessaly Water Management Organisation" which aims to fulfill the need for a stronger and more effective governmental mechanism for Thessaly after the devastated results of storm "Daniel", and addresses the multi-level impacts of climate change in water management. (adopted on 01.05.2024, Law 5106/2024) . 3. Implementation of Mountain Hydrology projects in the river basins of the Water

Department of Thessaly.

4. The new legal framework about the project for Fire prevention and biomass management programme –Productive Forest (adopted on 01.05.2024, Law 5106/2024). This project aims to optimise the management of biomass concentrated in forest ecosystems, in order to organise the management of forest fire prevention.

5. Development and commissioning of a flood forecasting and early warning system for the catchment area of the river Pinios in the Water Region of Thessaly. This investment is an urgent need following the recent flooding in Thessaly, the need for a reliable flood forecasting and early warning tool of the State Flood Management System of the Region of Thessaly emerged in an urgent manner.

6. Implementation of the research project "strengthening the resilience of cities against flood risk under climate change". Adapting to climate change requires, among other things, a review of regulations and practices related to flood protection.

7. Forest Protection and Upgrading Programme 2025 .The aim of the programme is to finance interventions aimed at developing forestry, protecting and restoring forests and woodlands, sustainable management and enhancing the multifunctional role of forest ecosystems, with the aim of protecting them, upgrading and improving their ecological and social value.

Description of direct relevance:

With respect to strengthening management of natural disasters by putting in place an effective early warning and risk prevention system:

1. The supply of aerial means will cover all phases of forest firefighting (surveillance, immediate intervention and response).

2. The supply of prevention, response, management and early warning systems for natural and manmade hazards, such as seismographs, sensors, more radars etc, is essential in modernizing and supporting the civil protection services.

3. The use of Unmanned Aerial Vehicles UAVs-Drones is expanding significantly.

4. The development of an Integrated Information System (IIS) for Risk Management and Natural Disaster Prevention, including the evolution of a National Data Base, will enable early warning and civil protection preparedness to prevent potential disasters and ensure effective protection of human life and as well as the reduction of material damage.

Concerning natural disasters:

Measures taken, put in place a risk prevention system for natural disasters, Anti-erosion and flood protection measures aim at restoring selected forest ecosystems in Greece that suffered from natural disasters and help adaptation of forests to climate change.

Annex I: DBP tables

Table 18 | Basic assumptions

	2023	2024	2025
Short-term interest rate (annual average)	3.4	3.6	2.8
Long-term interest rate (annual average)	4.0	3.5	3.7
USD/€ exchange rate (annual average)	1.08	1.07	1.07
Nominal effective exchange rate	7.0	2.9	1.7
World excluding EU, GDP growth	3.6	3.5	3.6
EU GDP growth	0.4	1.0	1.6
Growth of relevant foreign markets	0.6	2.5	3.4
World import volumes, excluding EU	0.9	3.3	3.5
Oil prices (Brent, USD/barrel)	82.5	85.4	80.0

Table 19 | Main assumptions

	2023	2024	2025
		(Levels)	
1. External environment			
a. Prices of commodities	-5.7	5.0	1.6
b. Spreads of German Bond	105.0	125.0	144.0
2. Fiscal policy			
a. General Government net lending/ net borrowing	-1.6	-1.0	-0.6
b. General gross debt	161.9	153.7	149.1
3. Monetary policy / Financial sector / Interest rates assumptions			
a. interest rates			
i. Euribor	3.4	3.6	2.5
ii. Deposit rates	0.4	0.6	0.5
iii. Interest rates for loans	6.0	5.9	5.6
iv. Yields to maturity of 10 year government bonds	3.1	2.9	2.8
b. Evolution of deposits	194.8	200.0	209.8
c. Evolution of loans	118.4	125.7	132.5
d. NPL Trends	6.2	5.8	4.6
4. Demographic trends			
a. Evolution of working age population	6,062	6,007	5,946
b. Dependency ratios	39.6	40.4	41.4

Table 20 | Macroeconomic prospects

	ESA Code	2023 (Levels)	2023 (Rate of change)	2024	2025
1. Real GDP	B1*g	194,494	2.0	2.2	2.3
of which					
Attributable to the estimated impact of aggregated budgetary measures on economic growth		601	0.3	-0.5	0.4
2. Potential GDP		193,952	0.6	1.2	2.5
Contributions					
Potential GDP contributions: Labour			-0.3	0.1	0.3
Potential GDP contributions: capital			0.1	0.1	0.3
Potential GDP contributions: total factor productivity			0.8	1.0	1.9
3. Nominal GDP	B1*g	220,300	6.6	5.3	4.5
Components of real GDP					
4. Private consumption expenditure	P.3	136,085	1.8	1.7	1.6
5. Government consumption expenditure	P.3	38,789	1.7	0.4	0.0
6. Gross fixed capital formation	P.51	27,879	4.0	6.7	8.4
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	1,872	1.0	0.9	0.8
8. Exports of goods and services	P.6	75,228	3.7	4.2	4.0
9. Imports of goods and services	P.7	85,359	2.1	3.8	3.6
Contribution to real GDP growth					
10. Final domestic demand		4,134	2.2	2.2	2.3
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	-1,187	-0.6	0.0	-0.1
12. External balance of goods and services	B.11	888	0.5	0.0	0.0

Table 21 | Price developments

	ESA Code	2023 (Levels)	2023 (Rate of change)	2024	2025
1. GDP deflator		113	4.5	3.0	2.2
2. Private consumption deflator		111	4.6	2.7	2.1
3. HICP		116	4.2	2.8	2.1
4. Public consumption deflator		112	2.8	3.1	2.2
5. Investment deflator		110	3.9	2.3	1.8
6. Export price deflator (goods and services)		131	-6.1	2.6	1.6
7. Import price deflator (goods and services)		129	-11.7	2.5	1.5

Table 22 | Labour market developments

	ESA Code	2023 (Levels)	2023 (Rate of change)	2024	2025
1. Employment, persons		4,853	1.0	1.1	0.7
2. Employment, hours worked		10,038,320	1.1	1.3	0.9
3. Unemployment rate (%)		522	11.1	10.3	9.7
4. Labour productivity, persons		40	1.0	1.0	1.5
5. Labour productivity, hours worked		0.02	0.9	0.9	1.4
6. Compensation of employees	D.1	76,423	6.0	5.2	3.4
7. Compensation per employee		21,810	5.5	4.3	2.7

Table 23 | Sectoral balances

	ESA Code	2023	2024	2025
		(% of GDP)		
1. Net lending/borrowing vis-a-vis the rest of the world	B.9	-5.3	-5.5	-1.6
of which				
- Balance on goods and services		-4.9	-4.8	-4.5
- Balance of primary incomes and transfers		-2.4	-2.6	0.5
- Capital account		2.0	1.8	2.4
2. Net lending/borrowing of the private sector	B.9	-3.7	-4.5	-1.0
3. Net lending/borrowing of general government	EDP B.9	-1.6	-1.0	-0.6
4. Statistical discrepancy		0.0	0.0	0.0

Table 24 | Contingent liabilities

	2024	2025
	(% of GDP)	
Public guarantees	11.3	10.2
Public guarantees: linked to the financial sector	7.6	7.0

Table 25 | General government expenditure and revenue projections at unchanged policies broken down by main components

	ESA Code	2024 (% of GDP)	2025 (% of GDP)
General government (S13)		-1.1	-0.4
1. Total revenue at unchanged policies	TR	49.1	49.2
Of which			
1.1 Taxes on production and imports	D.2	17.3	16.9
1.2 Current taxes on income, wealth, etc	D.5	10.6	10.9
1.3 Capital taxes	D.91	0.1	0.1
1.4 Social contributions	D.61	13.3	13.1
1.5 Property income	D.4	0.6	0.5
1.6 Other		7.1	7.8
p.m.: Tax Burden (D.2+D.5+D.61+D.91-D.995)		41.4	40.9
2. Total expenditure at unchanged policies	TE	50.2	49.6
Of which			
2.1 Compensation of employees	D.1	10.7	10.3
2.2 Intermediate consumption	P.2	5.7	5.6
2.3 Social payments	D.62,D.63	20.1	19.8
Of which unemployment benefits		0.8	0.8
2.4 Interest expenditure	EDP D.41	3.4	3.1
2.5 Subsidies	D.3	1.7	1.4
2.6 Gross fixed capital formation	P.51	5.7	6.1
2.7 Capital transfers	D.9	1.5	1.6
2.8 Other		1.5	1.7

Table 26 | General government expenditure on education, healthcare and employment

	2024 (% of GDP)	2024 (€ million)	2025 (€ million)
Education	4.1	9,429	9,583
Health	5.9	13,714	13,952
Employment	0.7	1,685	1,598

Annex II: Measures tables

Table 27 | Discretionary measures aggregated (additional budgetary impact, %GDP)

	ESA Code	2023	2024	2025
Revenue				
Taxes on production and imports	D.2	-1.01	-0.28	-0.02
Current taxes on income, wealth, etc	D.5	-0.24	0.43	-0.08
Capital taxes	D.91			
Social contributions	D.61	-0.09	0.29	-0.24
Property income	D.4			
Other	P.11+P.12+P.131 +D.39+D.7+D.9 (other than D.91)	-0.62	0.00	0.00
Total (revenue)		-1.96	0.44	-0.34
Expenditure				
Compensation of employees	D.1	-0.04	-0.48	-0.06
Intermediate consumption	P.2	0.41	0.08	0.00
Social payments, of which, where applicable, unemployment benefits including cash benefits	D.62+D.63+D.621 +D.624+D.631	-0.31	0.42	0.04
Interest expenditure	EDP D.41			
Subsidies	D.3	3.77	0.51	0.02
Gross fixed capital formation	P.51	-0.20	-0.20	-0.06
Capital transfers	D.9	-0.21	0.05	0.15
Other (other than D.41)	D.29+D.4+D.5+D.7 +P.52+P.53+K.2+D.8	-0.02	0.02	0.02
Total (expenditure)		3.40	0.40	0.11
Total		1.44	0.84	-0.23

All + and - signs correspond to the effect on the balance; hence the last line (Total) is recalculated to reflect this, differing from the automatic calculation of the FASTOP application.

Table 28 | Discretionary revenue measures (additional budgetary impact, %GDP)

Title / Description	First budgetary impact	Labels	ESA	One-off	One-off type	Funded by EU	Account principle	Already adopted	2023	2024	2025
Reduction of advanced CIT and PIT payment for enterprises and self-employed hit by COVID	2020	COVI D-19	D.5	No		No	Cash	Yes	-0.1	0.0	0.0
Suspension of solidarity tax in the private sector	2021	COVI D-19	D.5	No		No	Cash	Yes	0.3	0.0	0.0
Abolition of solidarity tax for all natural persons (employees in both public and private sector and pensioners)	2023	not set	D.5	No		No	Cash	Yes	-0.6	0.0	0.0
Solidarity contribution on refineries	2023	ENER GY-21	D.5	No		No	Accrual	Yes	0.3	-0.1	-0.3
Reform of the taxation of self-employed	2024	not set	D.5	No		No	Cash	Yes	0.0	0.2	0.0
2022 ANFAs & SMPs 2022 payments received by the State corresponding to Central Banks' and EFSF profits from Hellenic Republic Government Bonds	2022	not set	P.11 +P.12 +P.131 +D.39 +D.7+D.9 (other than D.91)	Y	Other	No	Cash	Yes	-0.6	0.0	0.0
Reduction by 3 p.u. of the SSCs of wage earners in the private sector	2021	COVI D-19	D.61	No		No	Cash	Yes	0.4	0.0	0.0
Maintenance of SSCs reduction by 3 p.u.	2023	not set	D.61	No		No	Cash	Yes	-0.4	0.0	0.0
Increase of social security contributions due to wage grid reform	2024	not set	D.61	No		No	Cash	Yes	0.0	0.2	0.0
Working pensioners reform	2024	not set	D.61	No		No	Cash	Yes	0.0	0.1	0.0
Increased energy revenues - price cap mechanism on renewables	2022	ENER GY-21	D.2	No		No	Cash	Yes	-0.6	-0.2	0.0

Title / Description	First budgetary impact	Labels	ESA	One-off	One-off type	Funded by EU	Account principle	Already adopted	2023	2024	2025
Price cap mechanism on wholesale energy market (Lignite, Hydro & Natural Gas)	2022	ENER GY-21	D.2	No		No	Cash	Yes	-0.4	-0.1	0.0
Wholesale market levy on electricity producers' windfall profits October 21-June 22	2022	ENER GY-21	D.5	No		No	Cash	Yes	-0.2	0.0	0.0
Various other COVID-related D.2 discretionary revenue measures	2023	COVI D-19	D.2	No		No	Cash	Yes	0.1	0.0	0.0
Various other COVID-related D.5 discretionary revenue measures	2023	COVI D-19	D.5	No		No	Cash	Yes	0.0	0.0	0.0
Various other D.2 discretionary revenue measures	2023	not set	D.2	No		No	Cash	Yes	-0.1	0.0	0.0
Various other D.5 discretionary revenue measures	2023	not set	D.5	No		No	Cash	Yes	0.0	0.3	0.2
Various other D.61 discretionary revenue measures	2023	not set	D.61	No		No	Cash	Yes	-0.1	0.0	0.0
Decrease social security contributions by 1,5%, 1% in 2025 and 0,5% in 2027	2025	not set	D.61	No		No	Cash	Not yet but credibly planned	0.0	0.0	-0.2
Various other energy-related D.2 discretionary revenue measures	2023	ENER GY-21	D.2	No		No	Cash	Yes	0.0	0.1	0.0

Table 29 | Discretionary expenditure measures taken by the General Government
(additional budgetary impact, %GDP)

Description	Source*	ESA	Account principle	Already adopted	2023	2024	2025
COVID Healthcare expenditures, including equipment, consumables, vaccination cost, massive rapid test programme, self-tests for students, network for COVID-tests in houses	GG	P.2	Cash	Yes	0.4	0.1	0.0
Subsidies for electricity consumption of households and enterprises (ENERGY measure)	CG	D.3	Accrual	Yes	3.0	0.5	0.0
Subsidies for natural gas consumption of households and enterprises (ENERGY measure)	CG	D.3	Cash	Yes	0.2	0.0	0.0
Prepaid card for the compensation of fuels to households (ENERGY measure)	CG	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	0.1	0.0	0.0
Subsidies for diesel price reduction (12 cents per litre) (ENERGY measure)	CG	D.3	Cash	Yes	0.1	0.0	0.0
Return of 60% of increased electricity cost for first residence for households with income up to EUR 45,000 (power pass) (ENERGY measure)	CG	D.3	Cash	Yes	0.1	0.0	0.0
Subsidize households with income criteria for increased food cost (market pass) during February-October 2023 and up to December for areas hit by natural disasters (ENERGY measure)	CG	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	-0.4	0.3	0.0
Support to low income pensioners, non-insured elderlies, beneficiaries of disability benefits, long-term unemployed, double instalment of minimum guaranteed income, additional instalment of child benefit (ENERGY measure)	GG Sub-sectors	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	0.2	0.2	0.0
One-off subsidy to pensioners that do not receive an increase in their pensions because of the personal difference, subject to income criteria	GG Sub-sectors	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	-0.2	0.1	0.0
Reform of the wage grid of the public sector from 2024 (gross cost)	GG	D.1	Cash	Yes	0.0	-0.5	0.0

Description	Source*	ESA	Account principle	Already adopted	2023	2024	2025
Increase of national PIB by 450 million for 2023 (supplementary budget related to recent natural disasters) and by 300 million for 2024 onwards (with separate line for natural disasters, increased from 300 to 600 million per year)	CG	P.51	Cash	Yes	-0.2	0.1	0.0
Further increase of national PIB to strengthen investment & growth	CG	P.51	Cash	Yes	0.0	-0.3	0.0
Hiring of temporary healthcare personnel (COVID-19)	CG	D.1	Cash	Yes	0.1	0.0	0.0
Increase of public sector salaries so as to maintain basic salary equal to the minimum wage (gross cost)	GG	D.1	Cash	Not yet but credibly planned	0.0	0.0	-0.1
State aid and compensation to farmers for Daniel storm natural disasters	CG	D.9	Cash	Yes	-0.2	0.1	0.2
Other measures on Gross fixed capital formation	GG	P.51	Cash	Yes	0.0	0.0	0.0
Other measures on Social transfers	GG Sub-sectors	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	-0.1	-0.2	0.1
Other measures on Compensation of Employees	GG	D.1	Cash	Yes	-0.1	0.0	0.0
Other measures on Intermediate consumption	CG	P.2	Cash	Yes	0.0	0.0	0.0
Other COVID measures on Subsidies	CG	D.3	Cash	Yes	0.3	0.0	0.0
Other Energy measures on Subsidies	CG	D.3	Cash	Yes	0.1	0.0	0.0
Other Energy measures on Social transfers	CG	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	0.0	0.0	0.0
Other COVID measures on other current transfers	GG	D.29+D.4 +D.5+D.7 +P.52+P.53 +K.2 +D.8	Cash	Yes	0.1	0.0	0.0
Other measures on other current transfers	CG	D.29+D.4 +D.5+D.7 +P.52+P.53 +K.2 +D.8	Cash	Yes	-0.1	0.0	0.0
Other COVID measures on Intermediate consumption	GG	P.2	Cash	Yes	0.0	0.0	0.0

* CG: Central Government - GG: General Government

Table 30 | Discretionary expenditure measures taken by the Central Government (CG)
(additional budgetary impact, %GDP)

Description	Source	ESA	Account principle	Already adopted	2023	2024	2025
Subsidies for electricity consumption of households and enterprises (ENERGY measure)	CG	D.3	Accrual	Yes	3.0	0.5	0.0
Subsidies for natural gas consumption of households and enterprises (ENERGY measure)	CG	D.3	Cash	Yes	0.2	0.0	0.0
Prepaid card for the compensation of fuels to households (ENERGY measure)	CG	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	0.1	0.0	0.0
Subsidies for diesel price reduction (12 cents per litre) (ENERGY measure)	CG	D.3	Cash	Yes	0.1	0.0	0.0
Return of 60% of increased electricity cost for first residence for households with income up to EUR 45,000 (power pass) (ENERGY measure)	CG	D.3	Cash	Yes	0.1	0.0	0.0
Subsidize households with income criteria for increased food cost (market pass) during February-October 2023 and up to December for areas hit by natural disasters (ENERGY measure)	CG	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	-0.4	0.3	0.0
Increase of national PIB by 450 million for 2023 (supplementary budget related to recent natural disasters) and by 300 million for 2024 onwards (with separate line for natural disasters, increased from 300 to 600 million per year)	CG	P.51	Cash	Yes	-0.2	0.1	0.0
Further increase of national PIB to strengthen investment & growth	CG	P.51	Cash	Yes	0.0	-0.3	0.0
Hiring of temporary healthcare personnel (COVID measure)	CG	D.1	Cash	Yes	0.1	0.0	0.0
State aid and compensation to farmers for Daniel storm natural disasters	CG	D.9	Cash	Yes	-0.2	0.1	0.2
Other measures on Intermediate consumption	CG	P.2	Cash	Yes	0.0	0.0	0.0
Other COVID measures on Subsidies	CG	D.3	Cash	Yes	0.3	0.0	0.0
Other Energy measures on Subsidies	CG	D.3	Cash	Yes	0.1	0.0	0.0
Other Energy measures on Social transfers	CG	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	0.0	0.0	0.0
Other measures on other current transfers	CG	D.29+D.4 +D.5+D.7 +P.52+P.53 +K.2 +D.8	Cash	Yes	-0.1	0.0	0.0

Table 31 | Discretionary expenditure measures taken by the Sub-Sectors of the General Government (GG Sub-sectors)

(additional budgetary impact, %GDP)

Description	Source	ESA	Account principle	Already adopted	2023	2024	2025
Support to low income pensioners, non-insured elderlies, beneficiaries of disability benefits, long-term unemployed, double instalment of minimum guaranteed income, additional instalment of child benefit (ENERGY measure)	GG Sub-sectors	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	0.2	0.2	0.0
One-off subsidy to pensioners that do not receive an increase in their pensions because of the personal difference, subject to income criteria	GG Sub-sectors	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	-0.1	0.1	0.0
Other measures on Social transfers	GG Sub-sectors	D.62+D.63 +D.621 +D.624 +D.631	Cash	Yes	-0.2	-0.2	0.1

Annex III: Hellenic Fiscal Council opinion



HELLENIC
FISCAL
COUNCIL

Athens, October 15, 2024

Opinion on the Macroeconomic Forecasts of the Draft Budgetary Plan 2025

The Hellenic Fiscal Council (HFISC) constituted as an independent fiscal authority under the law 4270/2014. HFISC submits its opinion on macroeconomic forecasts and assumptions underpinning the Draft Budgetary Plan 2025 (DBP 2025) as stipulated in Regulation 473/2013 (Art. 6 par. 3f) of the European Parliament and the Council of the European Union (EU).¹

This assessment takes into account the following:

- (a) The macroeconomic scenario and budgetary forecasts as communicated to the HFISC by the Ministry of Economy and Finance (MinFin) on September 12, 2024, and the technical dialogue between experts from MinFin and HFISC.
- (b) The latest published data of the GDP for the Greek economy and its expenditure components by the Hellenic Statistical Authority (ELSTAT), covering the first half of the year.²
- (c) The Stability Programme 2024 (SP 2024) projections as well as those of the State Budget 2024 (SB 2024).^{3,4}
- (d) The European Commission's Spring Forecasts 2024, and the forecasts of other international and national organizations regarding the performance of the main macroeconomic indicators of the Greek economy.⁵
- (e) The GDP forecasts based on the econometric models of the HFISC.

Macroeconomic forecasts

The macroeconomic forecasts underlying the DBP 2025 are in line with the medium-term planning of the MinFin. The Medium-Term Fiscal-Structural Plan 2025-2028 (MTP 2025-2028), submitted on September 30 2024, has been discussed in the relevant parliamentary committee and the final plan has been submitted to the European Commission. HFISC assessment of the macroeconomic forecasts and assumptions underlying the multi-annual trajectory of net expenditures in the MTP 2025-2028 remain valid.⁶

¹ A comprehensive analysis of the macroeconomic and budgetary developments of the Greek economy will be presented in the forthcoming HFISC bi-annual report.

² [ELSTAT, press release, 6/9/2024](#)

³ [Stability Programme 2024](#)

⁴ [State Budget 2024 \(in Greek\) – Ministry of Finance and Economy](#)

⁵ [European Commission, Spring forecasts 2024](#)

⁶ [HFISC opinion on the Medium-Term Fiscal-Structural Plan 2024](#)

Compliance with Fiscal Rules

This is the first opinion on the country's annual budgetary planning under the EU's new economic governance framework, which entered into force on April 30, 2024.⁷ The new framework based on an analysis of country-specific risks ensures a plausibly continuous reduction of the debt-to-GDP ratio. Key component of assessing fiscal sustainability in EU Member States is a reference trajectory for net primary expenditure, always in compliance with the rules of the EU's Stability and Growth Pact (SGP) maintaining budget deficit below 3% and public debt below 60% of GDP.

HFISC acknowledges that DBP 2025 is in line with the EU SGP fiscal rules. It ensures compliance with the 3% of GDP reference value for the deficit (1% of GDP this year, 0.6% of GDP in 2025), as well as debt as a share of GDP remains on a downward path by 4.6 percentage points. Moreover, the expected nominal increase in net primary expenditure in 2024 aligns with the Council's recommendations (maximum increase 2.6%).⁸ For 2025, the projected increase in net primary expenditure by 3.6% is in line with the MTP 2025-2028 fiscal reference (3.7%).

In particular, the 2024 State Budget execution so far reveals a better performance of net revenues for the eight-month period from January to August 2024 (+0.5%) compared to the initial estimates (see Table 1). Encouragingly, it entails the reduction in the actual expenditure, 7.5% lower than estimated. Moreover, the primary surplus tends to be higher than both the initial and the revised forecasts. Finally, in the budgetary projections of the DBP 2025 the primary surplus of the General Government is expected to reach 2.4% of GDP in 2024 (compared to 2.1% of GDP forecast in the SB 2024) and 2.5% of GDP in 2025.⁹

Table 1: Revenues – Expenditures State Budget 2024 (million euros)

Net Revenues		Expenditures	
August 2024 Actuals	45,133	August 2024 Actuals	44,089
August 2024 Budget Estimates	44,905	August 2024 Budget Estimates	47,679
Difference	228	Difference	-3,590
Difference compared to estimated	0.5%	Difference compared to estimated	-7.5%

Source: Report of State Budget Execution, Ministry of Economy and Finance, August 2024, HFISC data processing.

The better performance in the primary balance is offset by higher interest rate expenditure. As a result, the General Government balance remains in deficit, but well below the 3% of GDP limit (1% of GDP

⁷ Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and multilateral fiscal surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024), Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No. 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024) and Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024).

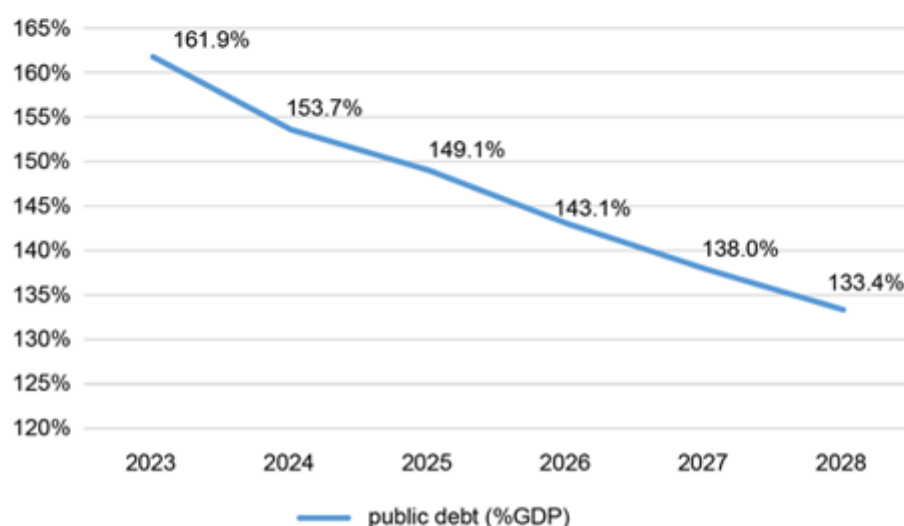
⁸ [OJ C 312, 1.9.2023](#)

⁹ A detailed budgetary analysis will be presented in the submission of the Opinion on State Budget 2024 (November 2024).

in 2024 and 0.6% of GDP in 2025). These projections are close to those of the European Commission and other international organizations.

The projected General Government debt ratio is 153.7% of GDP in 2024, a decrease of 8.2 percentage points compared to 2023 (see Chart 1). For the next year, debt is projected to reach at 149.1% of GDP, a decline of 4.6 percentage points. Key factors contributing to this rapid de-escalation include the sustained strong nominal growth and the significant increase in the primary surplus. In particular, the determinants of this debt reduction shows a gradual weakening of the relative effect of the growth-interest rate differential vis a vis the attainment of substantial primary surpluses. Despite the significant debt reduction in the coming years, continued vigilance is necessary since high levels of debt may limit the government's ability to invest in growth-promoting initiatives.

Chart 1: Debt of General Government



Source: Ministry of Economy and Finance, DBP 2025

Risks - Uncertainties

Addressing the macroeconomic and fiscal challenges, especially concerning upside risks, several factors are considered. In particular (a) an attractive environment due to upgraded investment status, for both domestic and foreign investment can lead to increased capital inflows and a further increased investor interest in Greek securities and projects, (b) optimistic forecasts regarding GDP growth can lead to higher tax revenues, which may alleviate fiscal pressures, (c) the acceleration of EU programs implementation and structural reforms in the goods, services and labour markets, (d) a faster than expected decline in inflation and ECB interest rates, with a positive impact on borrowing costs, market confidence and ultimately growth.

On the other side, (a) increased geopolitical crisis can pose several downside risks as tourism vulnerability, higher energy prices and supply disruptions, refugee and migration pressures, increased military spending etc. (b) a deeper sluggishness of growth in Northern European economies, Greece's major trading partners, could lead to a slowdown in export revenues, tourism, decrease in foreign direct investment, lower consumer and business confidence etc. (c) adverse shocks stemming from climate

change, such as natural disasters often leading to unforeseen expenditures and (d) product and labour market segmentation affecting growth, employment and social cohesion.

Speeding up the pace of announced reforms, aiming to reduce markets segmentation and boost labour productivity so as to align with better wage prospects, is a priority. Assessing the impact of all the above risks, designing and effectively implementing targeted fiscal interventions for those in need without jeopardizing fiscal stability, remains another significant challenge.

Based on the above, the Hellenic Fiscal Council endorses the macroeconomic projections underlying the DBP 2025 and confirms that the fiscal figures are in line with the rules of the new European Economic Governance Framework.

For the Hellenic Fiscal Council,

The Chairperson

Anastasia Miaouli



HELLENIC REPUBLIC

**Ministry of Economy
and Finance**

General Accounting Office

37 Panepistimiou St.
10564 Athens

minfin.gov.gr/