

Greece Country Strategy

2020-2025

Approved by the Board of Directors on 21 October 2020





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| | | FI | Financial Institution | PPP | Private-Public Partnership |
| | | FMCG | Fast-moving Consumer Goods | PR | Performance Requirement |
| | | GDP | Gross Domestic Product | R&D | Research and Development |
| | | GET | Green Economy Transition | RE | Renewable Energy |
| | | GHG | Green House Gas | RSF | Risk Sharing Facility |
| | | GVC | Global Value Chain | SEE | South-Eastern Europe |
| | | H&S | Health and Safety | SME | Small and Medium Enterprise |
| | | HCAP | Hellenic Corporation of Assets and Participations | SOE | State-Owned Enterprise |
| | | HFSF | Hellenic Financial Stability Fund | SPO | Secondary Public Offering |
| | | HR | Human Resources | TC | Technical Cooperation |
| | | ICA | Industry, Commerce and Agribusiness | TFP | Trade Facilitation Programme |
| | | ICT | Information and Communication Technologies | TPES | Total primary energy supply |
| | | IFI | International Financial Institution | VCI | Venture Capital |
| | | ILO | International Labour Organization | WB | World Bank |
| | | | | WEF | World Economic Forum |

Executive Summary

Greece's commitment to and application of the principles set out in Article 1 of the Agreement Establishing the Bank has continued over the period since the adoption of the previous Country Strategy.

After nearly a decade of deep economic decline, GDP growth was modest in recent years at close to 2 per cent annually, mainly driven by exports and private consumption, and another successful tourism season in 2019. Labour markets and social conditions improved gradually as the unemployment rate decreased and private consumption consequently recovered, with economic sentiment reaching a 12-year high in 2019. Fiscal performance has also been strong, on the back of Greece's exit from its third economic adjustment programme in August 2018.

However the COVID-19 pandemic has abruptly interrupted this steady recovery. The halt of virtually all travel across Europe and beyond in March 2020 has heavily hit the tourism sector, and confinement measures drastically reduced the level of private consumption. While the fiscal response and other mitigating measures put forward by the government are ambitious, GDP is now likely to contract sharply in 2020, before robustly recovering in 2021.

The COVID-19 pandemic and its economic consequences present an unprecedented challenge. In the immediate aftermath of the outbreak, the Bank approved a €1 billion Solidarity Package of new funding for existing clients in order to respond to the social and economic impact of the pandemic. It has since scaled up and broadened this emergency programme under a second, updated package that will urgently develop targeted investments responding to specific challenges in sectors such as SMEs, tourism, trade and value chains. Together these programmes will provide critical short term financial support, aiding the economic recovery while also advancing the Bank's longer term strategic priorities in Greece.

Even before the current pandemic, Greece continued to face significant structural challenges, particularly in securing much-needed foreign investment given domestic funding constraints. Privatisations, PPPs and major infrastructure projects will all require financial support, and critical reforms still require implementation to attract necessary investment, enhance resilience and promote sustainable growth. Markets will be watching to see if the new government is ultimately able to deliver on its ambitious reform agenda.

Recognising that the Bank is well placed to assist Greece in these targeted areas, in 2018 the Government requested, and EBRD shareholders approved, a five-year extension of its mandate until the end of 2025. While currently focused on providing short-term financial support under the Solidarity Package, in light of the country's access to considerable EU and EIB funds the Bank will ensure that its approach over the ensuing strategy period remains highly strategic, with its investments focused in selected areas where its comparative advantage can make a major difference and it can achieve the highest levels of transition impact and additionality.

Executive Summary

Consistent with its exceptional and time-limited mandate, the Bank will make every effort to front-load its activities, given the limited window for impactful operations, while also remaining alert to the potential need to adjust its approach as the crisis evolves. A mid-term review will be held in early 2023 to further refine and tailor the strategy in order to optimise resources and bring operations to an orderly conclusion in the last two years of the Bank's operations in Greece. Consequently the Bank will not engage in new operations in Greece beyond 31 December 2025.

With that in mind, the Bank is set to pursue the following strategic priorities in Greece in 2020-2025:

- *Strengthening competitiveness by facilitating expansion of the private sector;*
- *Supporting sustainable energy and infrastructure, including through further regional linkages; and*
- *Further enhancing financial sector resilience.*

Greece - EBRD Snapshot

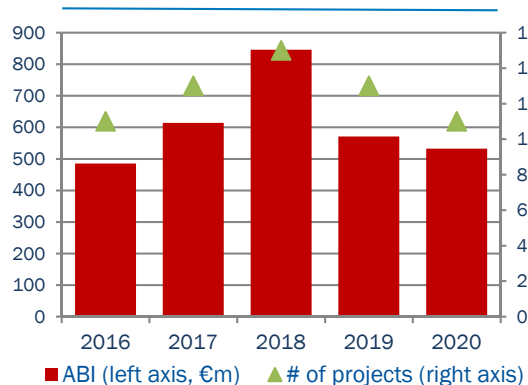
EBRD Investment Activities in Country (as of August 2020)

| | | | |
|----------------------------|---------|---------------------|---------|
| Portfolio | €1,912m | Active projects | 55 |
| Equity share | 10% | Operating assets | €1,373m |
| Private Share ¹ | 92% | Net cum. investment | €3,872m |

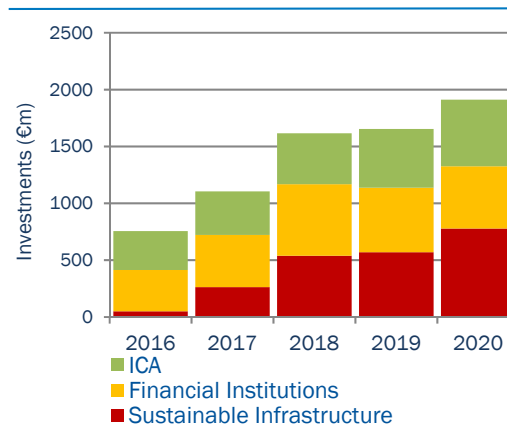
Greece Context Figures

| | Country | Comparators |
|--|-------------|--|
| Population (million) ³ | 10,727 | EU (513,213) Spain (46.7) Portugal (10.2) |
| GDP per capita (PPP, USD) ³ (2018) | 29,592 | EU (43,737) Spain (39,715) Portugal (33,415) |
| Global Competitiveness Index (WEF) (2018) (out of 140 economies) | Ranked 59th | Spain (23 rd) Ireland (24 th) Portugal (34 th) |
| Unemployment (% ILO est.) ⁴ (2019) | 18 | EU (6.3) Portugal (6.1) Spain (14.7) |
| Youth unemployment (% ILO est.) ⁴ (2019) <small>share of youth not in employment, education or training (NEET)</small> | 39.2 | EU (16.3) Spain (33.2) Portugal (17.7) |
| Female labour force participation (% ILO est.) ⁴ (2019) | 45 | EU (51.1) Spain (51.4) Portugal (53.1) |
| Energy intensity (TPES/GDP) ⁵ (2017) | 0.09 | Spain (0.08) Portugal (0.1) |
| Emission intensity/GDP (kgCO ₂ /10'\$) ⁵ (2014) | 0.274 | EU (0.184) Portugal (0.201) Spain (0.171) |

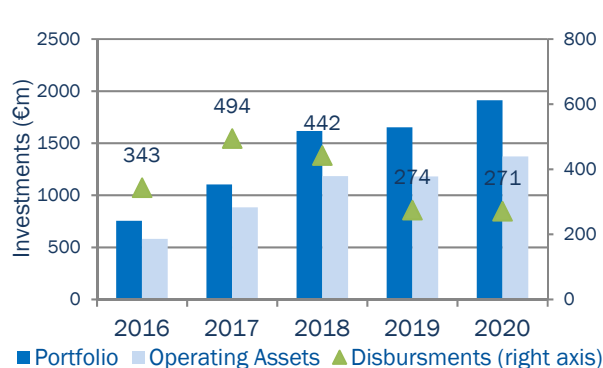
ABI and Operations



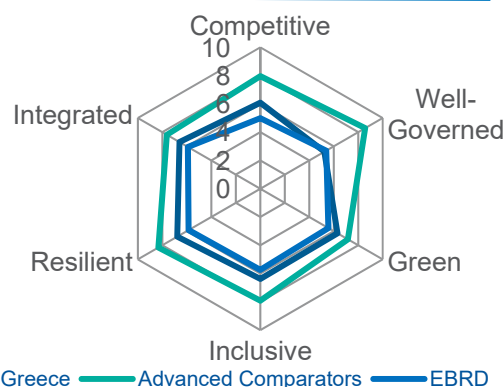
Portfolio Composition



Portfolio Dynamics



Transition Gaps²

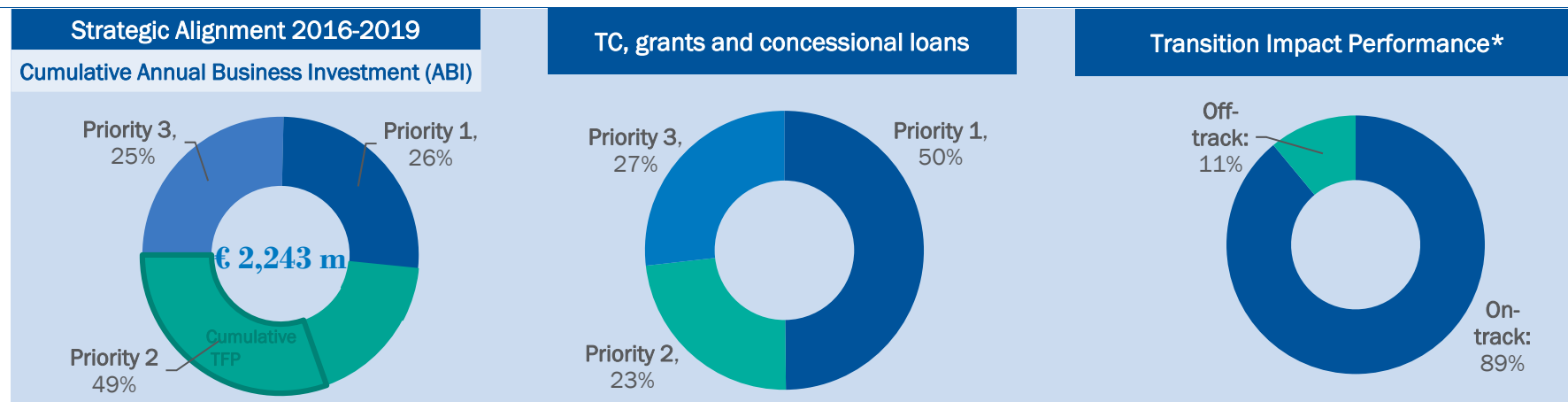


¹ Cumulative Bank Investment: 5 year rolling basis on portfolio.

² Cf. EBRD Transition Report 2017-2018. ³ World Bank WDI. ⁴ International Labour Organisation. ⁵ IEA's Energy Atlas.

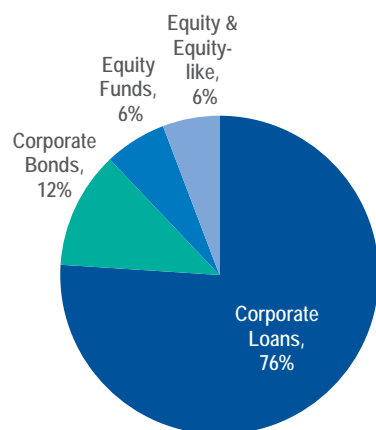
1. Implementation of Previous Strategy (2016-2019)

1.1. Key Transition Results achieved under previous Country Strategy



Priority 1: Support the resurgence and enhance the resilience of the private sector through a shift to a more export-oriented growth model

Cumulative ABI breakdown under Priority 1 (%)



Key Transition Results

- Supported the return of Greek corporates to the capital market by arranging a €339m syndicated loan for OTE to upgrade ICT infrastructure in the country and a €85m syndicated facility for its mobile operator Cosmote to fund green and sustainable energy solutions.
- Strengthened corporate resource efficiency and green investments through a €40m loan to support the expansion of Schwarz Group's "Green Stores Concept", a €50m loan to Prodea to fund new real estate investments including sustainable green assets and introduce corporate level sustainability reporting, and a €21.5m equity contribution in a joint venture with Dimand, a leading Greek real estate developer, to support brownfield redevelopment, deep refurbishment and regeneration projects achieving the highest levels of Green Certification.
- Funded export oriented companies including a €25m loan to Sarantis, a local FMCG company, for an acquisition in Ukraine and a €8m loan to Hatzopoulos, a flexible packaging manufacturer, to support its international expansion.
- Supported FDI investments through a €32m loan to Hellenic Healthcare, the biggest private healthcare group in Greece following its acquisition by CVC Capital Partners, to increase capacity and improve service quality.
- Helped rebuild private equity capacity by supporting Greek-focused SME funds targeting high growth, export-oriented companies, committing €20m to Diorama Hellenic Growth Fund, €10m to Southbridge Europe Mezzanine Fund, €10m to Elikonos 2 Greek Growth Fund and €15m to EOS Hellenic Renaissance Fund.
- Supported the knowledge economy by financing innovative firms such as PeopleCert, an online certification provider, via a €9m loan, and Pollfish, a DIY survey provider via a US \$3.5m equity investment.
- Assisted more than 60 SMEs through the Advice for Small Businesses programme and launched the SME Pre-listing support programme aiming to provide tailored advisory services to SMEs wishing to access the local capital market.

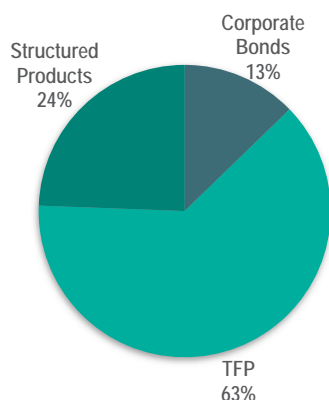
* Transition impact performance reflects how likely projects are to achieve the transition impact expected of them at signing. Calculated based on active mature (> 2 years) portfolio.

1. Implementation of Previous Strategy (2016-2019)

1.1. Key Transition Results achieved under previous Country Strategy

Priority 2: Support the stabilisation of the financial sector and deepen intermediation to unlock private sector access to finance

Cumulative ABI Breakdown under Priority 2 (%)

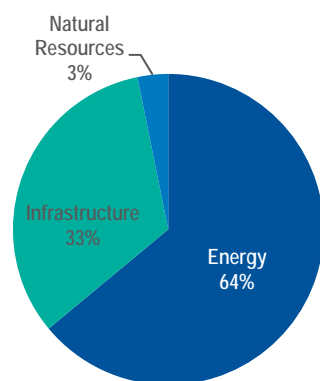


Key Transition Results

- Enhanced the lending capacity of Greek systemic banks through the Bank's Trade Facilitation Programme (TFP) by providing €460m in revolving credit facilities and trade finance guarantees to facilitate international trade for many importing and exporting SMEs. Since the program's inception, EBRD has facilitated over 1,140 transactions for a total turnover of €1.1bn.
- Helped Greek banks diversify their funding sources by investing in covered bond issuances and SME-collateralised loan obligation securitisations to signal the viability of these asset classes as a funding sources.
- Contributed to the development of local capital markets by acting as a key investor in corporate bonds listed on the Athens Stock Exchange (Fourlis – €5.9m, Aegean Airlines – €22.5m, Coral – €10m, Mytilineos – €30m, Terna Energy – €18m, GEK Terna – €15m) under Greek Corporate Bond Frameworks I and II, and promoted access to international capital markets for Greek corporates by supporting the Eurobond issues of OTE, Mytilineos, HELPE and Titan with €168m investment in total.
- €15m participation in the first non-bank asset-backed securitisation (ABS) of auto-lease receivables originated by Autohellas, supporting access to a new source of sustainable medium term funding for corporates via capital markets.
- Improved corporate governance in the financial sector by assisting the Hellenic Financial Stability Fund in conducting a review of the non-executive Boards in each of the four systemic banks and nominating experienced independent directors.

Priority 3: Support private sector participation and commercialisation in the energy and infrastructure sectors to enhance regional integration and improve quality of utility services

Cumulative ABI Breakdown under Priority 3 (%)



Key Transition Results

- Strengthened regional energy integration through a €1bn syndicated facility as part of a €4bn project finance package for the construction, operation and maintenance of the Trans Adriatic Pipeline (TAP), which will significantly improve gas supply in Greece and the wider region.
- Supported the flagship privatisation of 14 regional airports via €187m participation in a €1.3bn financing package to private operator Fraport, contributing to improved operational efficiency while upgrading key airport infrastructure. Provided additional support for the Government's privatisation programme by enhancing the competitive process for the DESFA privatisation. Ongoing dialogue with the Hellenic Republic Asset Development Fund (HRADF), including a TC for developing and using an ESG rating tool.
- Fostered further private sector participation in the energy sector through, e.g., €1m equity investment in the privately-owned Hellenic Energy Exchange, which will promote greater domestic competition as well as pave the way for greater energy integration with Greece's neighbours.
- Provided a €50m loan to Terna Energy to support development of new renewable energy source capacity in Greece.
- Subsequently launched the €300m Greek Renewable Energy Framework (GREF) to support the further penetration of renewable energy in Greece and the newly-established market-based support scheme. Under GREF, the Bank has financed renewable energy capacity of 75MW in two sub-projects, with a number of new projects in the pipeline for 2020.

1. Implementation of Previous Strategy (2016-2019)

1.2. Implementation Challenges and Key Lessons

Context for Implementation

Since commencing operations in 2015, the Bank has invested €3.9 billion in Greece, consistently delivering high ABI and strong transition impact as it helped the country respond to the financial crisis. Against a turbulent political and economic backdrop, the EBRD helped stabilise the financial sector, support private companies through export-oriented growth and lay the foundations for greater private sector participation in critical energy and infrastructure projects that have also strengthened regional integration. Although Greece exited its economic adjustment programme in August 2018, it has continued to face significant challenges, particularly in securing much needed foreign investment given current domestic funding constraints. Privatisations, PPPs and major infrastructure projects will all require financial support, and critical reforms will require implementation to attract necessary investment, enhance resilience and promote sustainable growth. These needs will be all the more magnified as the country seeks to recover from the COVID-19 crisis. Recognising that the Bank is well placed to assist Greece in these targeted areas, in 2018 the Government requested, and EBRD shareholders approved, a five-year extension of its exceptional and time-limited mandate until the end of 2025. While currently focused on providing short-term financial support under the Solidarity Package, the Bank will ensure that over the course of the five-year strategy its approach remains highly strategic and complementary of EU and EIB efforts, with its investments focused in selected areas where its comparative advantage can make a major difference and it can achieve the highest levels of transition impact and additionality. While making every effort to front-load activities in line with its time-limited mandate, it will also remain alert to the potential need to adjust its approach as the crisis evolves.

Implementation Challenges

- Previous crisis response focused on short-term stabilisation of the financial sector and thus limited the breadth and impact of the Bank's investments
- Fragile and illiquid capital markets, and small, highly leveraged companies, have inhibited equity opportunities
- Financial crisis had the effect of restricting investment in the real economy
- Previous crisis conditions did not permit a focus on restructuring
- €300m Renewable Energy Framework has increased renewables penetration but crowded space has limited opportunities for the Bank
- Previously unfavourable political environment for PPPs in infrastructure and adverse external sentiment inhibited FDI

Key Lessons & Way Forward

- Once stabilised, recapitalised banking sector should provide opportunities for longer term and more sophisticated products (e.g., MREL/RSF/green financial products), while NPL support (e.g., participation in Hercules mezzanine tranche) will be all the more critical
- Eventual improvement in conditions should allow for equity (either direct or via capital markets) as a more sustainable funding source. Look to new issuers and help develop markets through advisory
- In addition to short-term liquidity support, look beyond debt financing of leading corporates and aim for the untapped potential of the middle corporate sector, particularly agribusiness companies
- Beyond immediate crisis response, look to step up support, including co-investment, for specialised private equity vehicles, distressed asset funds and other measures to address zombie companies
- Employ a flexible approach to the market and look for niche opportunities (e.g., project finance), while assisting with the Government's decarbonisation commitment
- Although delayed by the crisis, renewed government privatisation programme, including PPPs, is expected to generate much-needed investment and employment, and may unlock opportunities for the Bank

2. Economic Context

2.1 . Macroeconomic Context and Outlook for Strategy Period

Greece - Main macroeconomic indicators

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------|--------|--------|--------------|--------------|
| GDP growth (% y-o-y) | -0.4 | -0.2 | 1.5 | 1.9 | 1.9 |
| CPI inflation (% avg.) | -1.1 | 0.0 | 1.1 | 0.8 | 1.1 |
| Government balance (% of GDP) | -5.7 | 0.6 | 1.0 | 0.4 | -0.2 |
| Current account balance (% of GDP) | -0.2 | -1.7 | -2.4 | -3.4 | -2.7 |
| Net FDI (% of GDP) [neg. sign = inflow] | 0.2 | -2.4 | -1.5 | -1.6 | -1.8 |
| External debt (% of GDP) | 245.5 | 236.1 | 227.2 | 222.4 (e) | 219.3 (e) |
| General government gross debt (% of GDP) | 177.82 | 181.07 | 179.28 | 184.85 | 176.64 |
| Unemployment (% pop) | 24.9 | 23.6 | 21.5 | 19.31 | 17.3 |
| Nominal GDP (€bn) | 177.2 | 176.4 | 180.2 | 184.7 | 190.0 |

- **Economic indicators continued to improve in 2019.** After nearly a decade of deep economic decline, growth returned in 2017 and continued with GDP rising by 1.9% in both 2018 and 2019, mainly driven by exports and private consumption, and another successful tourism season.
- **Labour markets and social conditions also gradually improved.** The unemployment rate continued to decrease steadily, from its peak of 27.9% in September 2013 to 17.0% as of March 2020. Private consumption recovered on the back of increased employment, and disposable income rose by 3.8% in 2019, the fastest increase since 2007. Economic sentiment reached a 12-year high in 2019.
- **Capital controls, introduced in 2015, were fully lifted in September 2019.** Investor sentiment was also boosted by upgrades from the main ratings agencies and several successful bond issuances.
- **The strong fiscal performance and relaxation of EU fiscal targets is a positive sign for the resilience of the economy.** The primary fiscal surplus exceeded the 3.5% of GDP target in 2018 and met it in 2019. In light of the COVID-19 situation, the target has been removed in 2020.
- **However the COVID-19 pandemic has abruptly interrupted this steady recovery.** The halt of virtually all travel across Europe and beyond in March 2020 for several month heavily affected the tourism sector, which represents more than a fifth of GDP. The implementation of confinement measures also reduced consumption and weighed particularly heavily on small and medium size companies.
- **The government approved fiscal measures totalling €15.6bn (9.1% of GDP)** to mitigate the impact of COVID-19 and to support businesses and households.
- In a baseline scenario for the COVID-19 crisis, GDP is expected by the EBRD to contract by 9.5% in 2020, with a rebound in 2021 of 4.0% growth.

Source: National authorities, IMF and EBRD calculations

2. Economic Context

2.2 . Key Transition Challenges

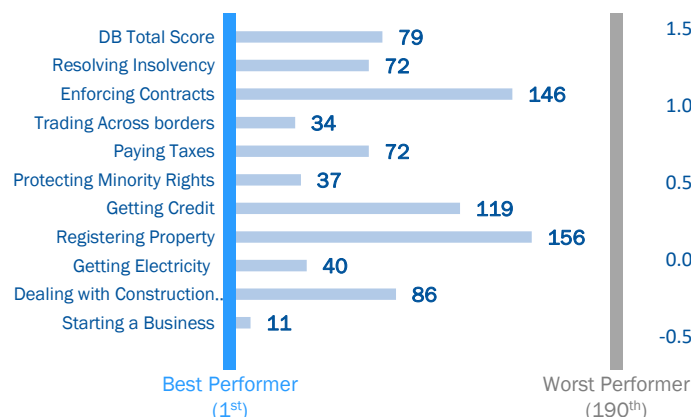
| Competitive (5.78) | Well-governed (5.22) | Green (6.13) |
|--------------------|----------------------|--------------|
|--------------------|----------------------|--------------|

- Weak regulatory regime, not conducive to entrepreneurship reflected in a low ranking in the World Bank’s Doing Business report.
- Goods exports are generally in low value added products, compared to the EU, and there is a low share of communications, financial and other business services in total services exports.
- Limited state intervention in terms of subsidies paid to the private sector, public corporations and other sectors, but a sizeable public sector (20% of GDP in 2018).
- Low level of perceived overall quality of education vis-à-vis euro area peers.

- Greece scores below the EU average in all six categories of the World Bank’s Worldwide Governance Indicators.
- Tax rates, inefficient bureaucracy & corruption are all important obstacles for doing business.
- Low scores in property rights and judicial effectiveness, reflected in Greece’s rank of 59th out of 141 countries in the 2019 WEF Global Competitiveness Report.
- Efforts in recent years to further promote transparency and accountability in public administration; fair corporate governance but weak gender diversity at the board level.
- Public procurement reforms are advancing but measures such as streamlining electronic facilities and professionalising staff need to be prioritised.

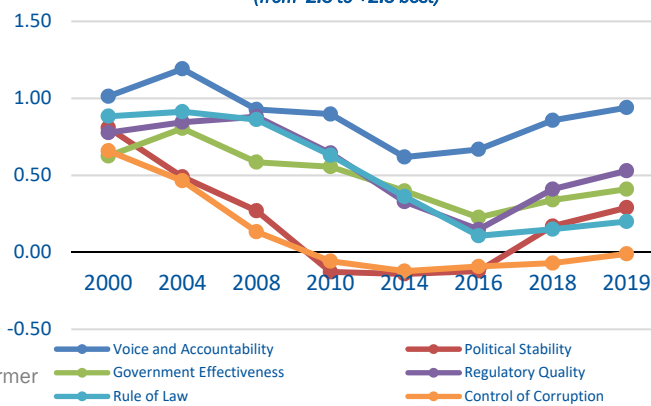
- Significant increase in share of renewables, but challenge to meet EU climate goals (lack of enforcement of environmental regulations).
- Very high intensity of air pollution emissions, exceeding the EU average; low investment on air pollution abatement and control.
- 25% of electricity generated from coal sources (2019); Government to close lignite plants by 2023, and has reiterated this commitment despite the current COVID-19 crisis.
- Need to phase out fossil-fuel support measures and accelerate shift towards renewable energy in line with National Energy and Climate Plan.
- Sustainable waste management and waste water treatment urgently needed.
- Lack of urban climate adaptation planning.

Ease of doing business



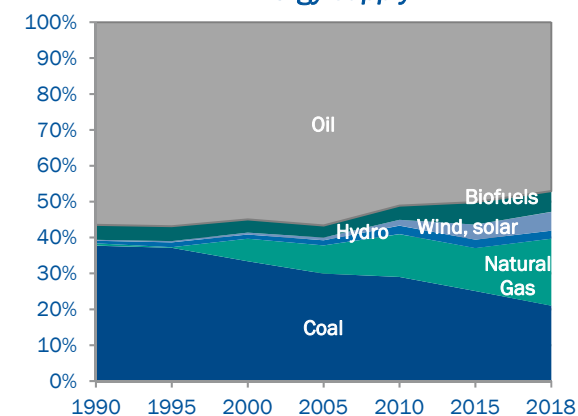
Source: WB Doing Business 2020

Worldwide Governance Indicators
(from -2.5 to +2.5 best)



Source: WB Worldwide Governance Indicators

Energy supply



Source: IEA, 2019

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2. Economic Context

2.2 . Key Transition Challenges

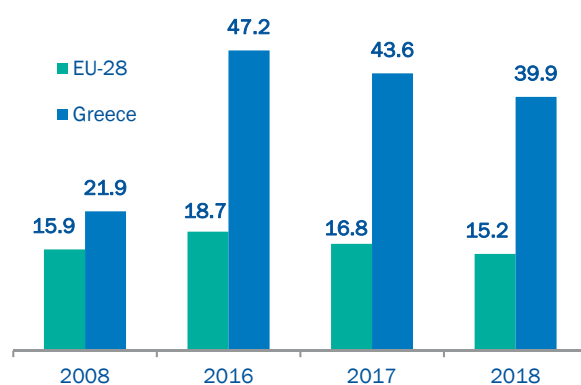


European Bank
for Reconstruction and Development

Inclusive (6.24)

- High rates of unemployment, especially for women (23%) and youth (28.3%).
- Larger gender gaps than other CoOs, with low female participation in the labour force despite women being more likely to have completed upper secondary education.
- Limited employability of recent graduates, strong outward mobility outside of Greece, and skills mismatches.
- Regional disparities persist regarding access to education and services, with irregular migrant populations putting additional strain on local resources on affected islands.
- Limited support structures for people with disabilities, no National Action Plan, and scarce learning support for children with disabilities.

Youth unemployment (%)

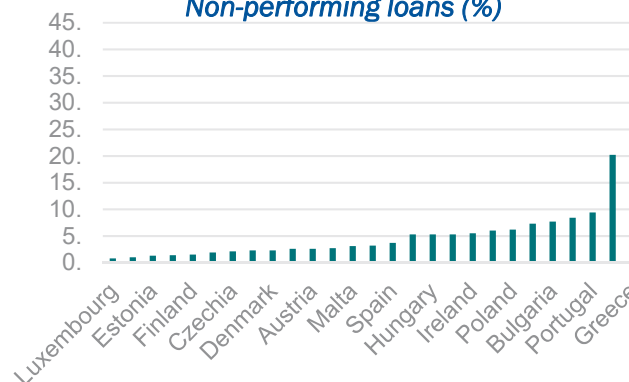


Source: Eurostat

Resilient (7.04)

- Even apart from the current crisis, the financial system operates under challenging conditions, with exceptionally high level of NPLs (42%).
- Improved banking sector liquidity, but still low by EU standards; bank profitability low compared to other CoOs; low capital adequacy ratio compared to regional average.
- Negative bank credit growth (although recently recovering for large enterprises); contracted household credit; limited SME access to finance. Banks less likely to lend in current pandemic.
- Significant progress on natural gas market opening, but less so for electricity market reform; government commitment to modernise the public electricity supplier PPC, which has been heavily hit by the COVID-19 crisis.
- Substantial progress in privatising gas and electricity networks but further attention needed to the generation/supply side.

Non-performing loans (%)



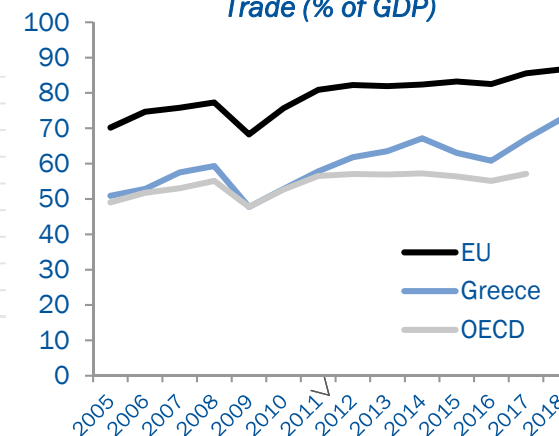
Source: Eurostat, 2019

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Integrated (6.41)

- Low share of trade in GDP by EU standards; considerable number of non-tariff measures in place (sanitary, phytosanitary and technical), but cost of trading across borders on par with regional average.
- FDI inflows rose steadily during 2017-19, although they remain below regional and OECD comparators, and the five-year average of portfolio inflows is lower than the EBRD average.
- Total public and private investment in infrastructure is below the OECD median and the quality of transport infrastructure needs to be improved, with Greece ranked 25th out of 28 EU countries.
- Broadband access is high, though international internet bandwidth per user is still lagging behind other EBRD CoOs.

Trade (% of GDP)



Source: WB World Development Indicators

3. Government Priorities and Stakeholder Engagement

3.1. Government Reform Priorities

Although currently focused on short term crisis response measures to provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and individuals, the new government remains committed to moving forward with an ambitious reform agenda once conditions stabilise, including in the areas of:

- **Energy:** Further liberalisation and diversification of the energy market focusing on renewables. Rescue plan for PPC (Public Power Corporation), reduced reliance on lignite and part-privatisation of PPC's branches.
- **Greater efficiency of state institutions:** Modernisation and digitalisation of public administration.
- **Business environment enhancement:** Reduced red tape; improved governance; improved effectiveness of the judicial system.
- **Tax reform:** Reduction of income and corporate taxes; creation of tax incentives for investors; reduction of VAT; reduction ENFIA property tax.
- **Privatisation:** Launch of the Hellenikon Project, including catalysing up to € 2 billion in private investment in the first phase of development. Planned privatisations of Athens International airport, Hellenic Petroleum (ELPE) and others.
- **Tourism:** Development of island and mainland (cultural heritage) tourism through investment in enabling infrastructure, including through a new Sustainable Tourism Strategy.
- **Fiscal policy:** Continue to meet agreed fiscal targets once the COVID-19 crisis abates, and engage with international institutions.
- **Migration:** Rationalisation of asylum processes and creation of new accommodation facilities.

3.2. EBRD Reform Areas Broadly Agreed with Authorities

- Increased private sector participation in critical infrastructure, particularly in the energy and transport sectors, through concessions, PPPs and privatisation of key state-owned assets.
- Accelerating Greece's environmental transformation in line with its strong commitment to decarbonisation by 2024 by expanding renewable energy capacity and absorption, greening municipal investments and supporting Greece's Just Transition.
- Helping foster greater private investment through continued business environment reforms and NPL reduction, including support for swift implementation of the Bank of Greece and Hercules schemes.
- Enhancing the resilience of the Greek economy to weather the COVID-19 crisis through targeted liquidity support and potential emergency working capital facilities for private sector firms.

3.3. Key Messages from Civil Society to EBRD

- Transparency, open data and open public procurement remain significant challenges, especially in the face of a public health crisis. Private sector integrity has improved but best practices should be further extended to SMEs.
- Waste management is often under-appreciated in the sustainable development agenda. In alignment with the European Green Deal, greater waste-to-energy methods should be considered.
- Circular economy is one of the building blocks of sustainable development in Greece, and integrating such models into EBRD activities where possible is encouraged.
- Once the emergency response phase of the COVID-19 crisis has passed, there will be a need to further assess strategic and financial needs in Greece, and adapt the interventions accordingly.

4. Defining EBRD Greece Country Strategy Priorities

| What needs to change ? (Country Diagnostic) | Can it be changed ? (Political Economy) | What can the Bank do ? (Institutional Capabilities) | Strategic Priorities (2020-2025) | What We Want to see (Key Objectives) |
|--|--|---|---|--|
| <ul style="list-style-type: none"> Complex regulatory system and inefficient bureaucracy impede entrepreneurship and investment Economy concentrated in 4 sectors, with real estate and tourism likely to be the hardest hit by the COVID-19 crisis SMEs make up 99% of firms but many under-perform, with low productivity levels and limited access to finance Export orientation is low, with goods primarily low value added and only modest GVC linkages High unemployment, esp. for women & youth; likely to increase after the crisis Uneven progress to date on privatization and PPPs | <ul style="list-style-type: none"> Improved market conditions in recent years may lead to renewed business investment once current crisis passes Government's reform agenda, including to improve the business environment Recent efforts to modernise public administration and promote greater transparency and accountability Government committed to privatization, PPPs (e.g. new Project Preparation Facility) although crisis may affect timing Efforts by Hellenic Corporation of Assets and Participations (HCAP) to strengthen governance in public companies Strong future potential for sustainable, inclusive and competitive tourism | <ul style="list-style-type: none"> Effective instruments to support Greek corporates and SMEs, bolstered by short-term liquidity support EBRD finance can help accelerate the recovery by mobilising exports Strong track record in supporting commercialisation and/or improved corporate governance in SOEs Policy engagement can promote further business climate and economic reform EBRD advisory can strengthen private sector participation, including through privatisation and PPPs In time targeted investments can boost tourism while deepening linkages to local economies and developing skills | <p>Strengthening competitiveness by facilitating expansion of the private sector</p> | <ul style="list-style-type: none"> Strengthened capacity of corporates and SMEs to add value Enhanced value chain integration and cross-border linkages Improved governance and business environment Increased private sector ownership or participation |
| <ul style="list-style-type: none"> Share of renewables increasing but approximately 25% of electricity still produced from lignite plants Significant air pollution, above EU avg. Challenge to meet EU climate goals; environmental enforcement lacking Urgent need to modernise and refurbish existing building stock Infrastructure investment lags EU peers (est. €1.4b shortage per year, even before crisis), esp. for rail/roads One of the lowest levels of trade integration in the EU with high NTBs Regional disparities persist with regard to access to education and services | <ul style="list-style-type: none"> Pledges under EU NDC to reduce GHG emissions and Government still committed to closing lignite plants by 2023 and supporting affected regions National Renewable Energy target of 61% and recent commercial appetite Geographically well placed to develop trade/investment links with SEE, a region with strong growth potential Increased interest in Western Balkans, with several transport corridors under consideration, incl. via Thessaloniki New/diversified energy sources & routes Efforts to regenerate urban spaces to create greener, more competitive cities | <ul style="list-style-type: none"> Strong record of institutional and financial support for renewable energy and climate resilience Promising opportunities to support Greece's Just Transition agenda EBRD can help clients improve resilience EBRD can fund energy connectivity, including regional networks EBRD can co-finance select transport projects to enhance regional linkages EBRD projects can support broader urban regeneration initiatives and citywide programmes supporting greater sustainability | <p>Supporting sustainable energy and infrastructure, including through further regional linkages</p> | <ul style="list-style-type: none"> Increased renewable energy capacity and a more diversified energy mix to promote decarbonisation of the economy Increased resource efficiency and climate resilience Improved quality and connectivity of transport and energy networks |
| <ul style="list-style-type: none"> Banking sector liquidity had improved before crisis but now severely strained Non-performing exposures nearly 44%, already the 2nd highest in EBRD region Low profitability and capital adequacy Once stabilised, sector will need more sophisticated, longer term financial instruments, incl. MREL eligible instruments and green finance | <ul style="list-style-type: none"> €6.5b Government stimulus programme and potential loan deferments Ongoing efforts to tackle NPEs, including active servicing and sales market and revisions to the insolvency regime Bank of Greece and HFSF (Hercules) schemes to reduce NPE exposure will assume even greater importance in assisting the recovery | <ul style="list-style-type: none"> Strong track record of strengthening the banking sector Effective policy/investment tools to aid NPL resolution, incl. the Vienna Initiative Experience in developing capital markets and sophisticated financial instruments, including green products Bank can deploy equity finance to non-bank public institutions | <p>Further enhancing financial sector resilience</p> | <ul style="list-style-type: none"> Strengthened resilience of financial sector through capitalisation and sustainable funding structures Deepened and diversified local debt and equity capital markets Increased variety and sophistication of financial products and services |

5. Activities and Results Framework

Priority 1: Strengthening competitiveness by facilitating expansion of the private sector

| Key Objectives | Activities | Tracking Indicators (Outcomes) |
|--|--|--|
| <p>Strengthened capacity of corporates and SMEs to add value</p> <p>Enhanced value chain integration and cross-border linkages</p> | <ul style="list-style-type: none"> Intensify support for private companies with strong export potential and sound business models through direct and indirect finance (including short term working capital and, where possible, via equity), with a particular focus on facilitating cross border transactions, enhancing value chain linkages and promoting strategic consolidation Provide targeted finance to SMEs (including short term crisis liquidity and utilising guarantee instruments and RSFs where possible) as well as tailored support through the Bank's ASB programme to enhance competitiveness, strengthen corporate governance and increase export readiness in conjunction with the anticipated expansion of the Bank's TFP programme Foster greater innovation and technology penetration by supporting FDI across sectors and providing targeted finance, including via equity and venture capital funds Continue to support select financial and/or operational restructurings for viable companies, including through investments in specialised turn-around equity funds Deploy targeted investments, including via frameworks, that further develop sustainable and inclusive tourism and enhance youth employment and backward linkages with local economies Seek opportunities to help corporate clients develop relevant vocational training programmes and minimise the impact of the current crisis on livelihoods during the recovery period | <ul style="list-style-type: none"> Total number/volume of outstanding loans for corporates and/or SMEs Number of ASB and corporate clients reporting increased exports and/or productivity |
| <p>Improved governance and business environment</p> <p>Increased private sector ownership or participation</p> | <ul style="list-style-type: none"> Seek opportunities to strengthen governance, including by building capacity and improving the business environment Continue to advocate for privatisation, commercialisation and greater private sector participation (e.g., PPPs) as crisis conditions permit, including by: <ul style="list-style-type: none"> providing technical and financial support to the Government's privatisation programme; engaging with select SOEs to promote adoption of market-based reforms, more commercial practices and improved corporate governance; and jointly with the Government, establishing a bespoke PPP Project Preparation Facility to provide technical support for key infrastructure projects Promote introduction of a robust corporate governance regime, including climate corporate governance, that will strengthen reporting and accountability lines and policies | <ul style="list-style-type: none"> Legal, institutional and/or regulatory improvements to the business environment Number of PPPs or concessions implemented Corporate governance improved (commercial practices in supported SOEs) |



5. Activities and Results Framework

Priority 2: Supporting sustainable energy and infrastructure, including through further regional linkages

| Key Objectives | Activities | Tracking Indicators (Outcomes) |
|--|--|---|
| <p>Increased renewable energy capacity and a more diversified energy mix to promote decarbonisation of the economy</p> <p>Increased resource efficiency and climate resilience</p> | <ul style="list-style-type: none"> • Support greater energy and resource efficiency, climate resilience and decarbonisation across sectors through direct engagement with private and public clients and indirectly through targeted credit lines • Building on the Bank’s €300m Greek Renewable Energy Framework, facilitate expansion of renewable energy through market-based support measures and financing of largely private-led generation and distribution projects • Targeted advisory and investments in support of the Government’s decarbonisation commitment, including appropriate legal and regulatory frameworks and other measures to improve the energy mix, as well as related socio-economic aspects to assist coal affected regions in transitioning to a new economic model in line with Greece’s Just Transition agenda • Support cleaner and more secure energy sources, e.g., facilitating the switch from coal and oil to transition fuels such as natural gas, in line with EU climate targets | <ul style="list-style-type: none"> • Total renewable energy capacity installed (MW) • Total energy saved (GJ/y) • CO2 emissions reduced or avoided (tonnes/yr) |
| <p>Improved quality and connectivity of transport and energy networks</p> | <ul style="list-style-type: none"> • Support further development through PPPs or other private sector solutions, including brownfield investments, potentially as part of the Bank’s broadened response under the Solidarity Package, of transport, logistics and energy infrastructure enhancing Greece’s integration with regional markets in South-east Europe and the Balkans, including: <ul style="list-style-type: none"> ◦ integrated and intermodal transport infrastructure, including roads, ports and air; ◦ in line with EU climate targets, gas and power interconnections and related infrastructure, with an emphasis on financing private distributors in view of recent progress on market liberalisation; and ◦ modernisation and expansion of network infrastructure towards smart grid and digitalisation that will allow faster renewable energy penetration. • Selectively engage with relevant authorities to improve quality and efficiency of municipal services, primarily through PPPs, and provide technical assistance to local governments as needed • Help harness private sector experience and resources to assist with urban development and regeneration • Subject to the necessary grant funding, explore options for strengthening municipal infrastructure in communities hosting large numbers of migrants | <ul style="list-style-type: none"> • Target infrastructure network capacity improved or increased • Infrastructure PPPs/concessions implemented utilising private financing |

5. Activities and Results Framework

Priority 3: Further enhancing financial sector resilience

| Key Objectives | Activities | Tracking Indicators (Outcomes) |
|--|---|--|
| <p>Strengthened resilience of financial sector through capitalisation and sustainable funding structures</p> | <ul style="list-style-type: none"> Continue to assist banks in the critical task of managing their NPLs through: <ul style="list-style-type: none"> investments in specialised servicing, workout or restructuring platforms; securitisation and/or divestment of NPL portfolios; and financial restructuring of single-asset, larger NPLs alongside strategic investors Assistance as needed in implementing the Bank of Greece and Hercules NPL reduction schemes Support local banks through capacity building and new product development, and further enhance their capital base through risk-sharing mechanisms and assistance with MREL requirements and other green instruments Support expanded access to and further consolidation of non-bank financial institutions, including insurance, leasing, factoring and other financial intermediaries | <ul style="list-style-type: none"> <i>NPL resolution mechanisms established with EBRD assistance</i> <i>New financing instruments introduced or expanded: risk sharing and/or MREL instruments</i> |
| <p>Deepened and diversified local debt and equity capital markets</p> | <ul style="list-style-type: none"> As they stabilise, support the continued recovery of equity and debt capital markets and help mobilise a wider investor base by investing in new bond issuances and selected equity Facilitate the re-emergence of private equity and other risk capital through co-investments with PE/VC funds, particularly those targeting high-growth, export-oriented sectors Encourage further capital markets development by facilitating IPOs/SPOs and other first-time issuers (including pre-listing support for SMEs), promoting green capital market instruments and providing advisory support to the Ministry of Finance | <ul style="list-style-type: none"> <i>Volume of new capital market transactions facilitated</i> <i>Number of new bond issuances or number of listings on the capital markets</i> |
| <p>Increased variety and sophistication of financial products and services</p> | <ul style="list-style-type: none"> As conditions permit, support introduction of new and more sophisticated funding instruments (e.g., securitisation) Support for financial innovation, including through equity/quasi equity investments in FinTech, digitalisation, payment providers and other innovative companies Policy engagement with the Bank of Greece on developing a regulatory sandbox framework to assist Fintech start-ups and other innovators | <ul style="list-style-type: none"> <i>Volume of new financial instruments (e.g. securitisation) introduced</i> |

6. Mapping of International Partners' Complementarity in EBRD Business Areas

| EBRD BUSINESS AREAS | | | | | | | | | | | | | | |
|---|-------|-----------------------------------|-----|--------------------------|-------------------|--------------------|----------------------------|----------------|------------------------|---------------------------------|-----------------------|----------------------|------------------------------------|----------------|
| | | Sectors | | | | | | | | | Cross-cutting Themes | | | |
| | | Industry, Commerce & Agribusiness | | | | | Sustainable Infrastructure | | Financial Institutions | | Strategic Initiatives | | | |
| Indicative annual investment/ grants (€m, 2016-2019 average unless otherwise specified, excluding budget support) | | Agribusiness | ICT | Manufacturing & Services | Natural resources | Property & Tourism | Energy | Infrastructure | Banking | Non-bank Financial Institutions | Green Economy | Inclusion and Gender | Local Currency and Capital Markets | Small Business |
| EU (ESIF) | 3,056 | € | € | € | € | | € | € | € | | € | | | € |
| EIB | 1,660 | | € | € | | | €P | € | €P | | €P | €P | € | € |
| EIF | 109 | | | | | | | | € | € | | | | € |
| BSTDB | 110 | | € | € | € | | € | € | | | | | | |
| EBRD | 629 | | € | € | | | € | € | €P | | € | | P | € |

| | | | |
|---|---------------------------------------|---|--------------------------------|
| € | Area of significant investments | ● | Focus mostly on private sector |
| P | Area of significant policy engagement | ○ | Focus mostly on public sector |

Potential Areas of Cooperation



Green:

Co-operate with the EU on a decarbonisation path and leverage EU instruments to improve energy efficiency and add renewable energy capacity to meet EU climate goals.



Integrated:

Work together with EU and EIB on infrastructure development including in the context of regional connectivity.



Resilient:















Collaborate with the EU on policy engagements to strengthen the banking sector and local capital markets. Together with implementation of activities under the Solidarity Package to help companies respond and recover from the COVID-19 crisis, explore opportunities to increase risk sharing, including through the expanded use of EU guarantees.



Competitive:

Co-finance opportunities with EIB in M&S and ICT to support strengthening of the SME sector and expansion of innovative companies.

7. Implementation Risks

| Risks to the Strategy Implementation | Probability | Effect | Environmental and Social Implications |
|---|---|---|---|
| <ul style="list-style-type: none"> • COVID-19 containment measures are likely to depress economic output and cause particular disruption to the tourism industry, reversing the economic recovery and hindering investments in the near term |  |  | <ul style="list-style-type: none"> • Assessment and Management of E&S Impacts: Ensure that cumulative E&S impacts and climate risks are appropriately assessed and mitigated in accordance with the EU EIA Directive. Promote capacity building of E&S risk management to assist Greece in achieving the UN Sustainable Development Goals and work closely with clients to minimise the impact of projects on vulnerable groups, including refugees, youth, the elderly and the long term unemployed. |
| <ul style="list-style-type: none"> • Renewed political instability could negatively impact reform implementation, in particular fiscal performance |  |  | <ul style="list-style-type: none"> • Labour and Working Conditions: Ensure the rights of all workers are upheld including those of migrants and non-employees, including promoting non-discrimination on the grounds of gender, age, disability or nationality; respecting and protecting the fundamental principles and rights of workers, including the right to organise; and providing appropriate working conditions, including wages and benefits. Ensure clients consider all possibilities to protect workers and jobs against the economic impact of COVID-19. |
| <ul style="list-style-type: none"> ▪ Sustainability of reform momentum following the end of the adjustment programme, especially progress on PPPs and privatisations, which will be crucial to the Bank's ability to pursue projects in the infrastructure and energy sectors |  |  | <ul style="list-style-type: none"> • Resource Efficiency and Pollution Prevention and Control: Identify and develop resource efficiency projects and technical assistance initiatives as part of the Bank's GET mandate and promote circular economy through policy dialogue and capacity building. Support sustainable transport projects reducing carbon and air emissions and promote greener cities through urban regeneration and MEI projects. |
| <ul style="list-style-type: none"> ▪ Debt service levels, although mitigated significantly by their largely concessional nature and long average maturities |  |  | <ul style="list-style-type: none"> • Health and Safety: Improve occupational and community health and safety with specific focus on activities and sectors which are considered common causes of accidents reported to the Bank. Additional emphasis will be placed on traffic and road risks and the need for road safety audits, capacity building and training. |
| <ul style="list-style-type: none"> ▪ Credit and liquidity position of Greek banks remains fragile given still large volumes of NPLs, which could limit credit growth to the private sector |  |  | <ul style="list-style-type: none"> • Land Acquisition, Involuntary Resettlement and Economic Displacement: Ensure that any resettlement, whether carried out by EBRD clients or a government agency on their behalf, is planned and managed according to the Bank's E&S policy, incl. PR5, taking care to ensure that vulnerable people are effectively engaged in the process. |
| <ul style="list-style-type: none"> ▪ Limited improvements to the business environment, which are paramount to enhance investor sentiment and attract investment flows |  |  | <ul style="list-style-type: none"> • Biodiversity Conservation and Sustainable Management of Living Natural Resources: Greece is home to a number of protected and endangered species and there is an acknowledged need to adopt a national biodiversity strategy. Coastal areas in particular are facing degradation, partly due to tourism. Project impacts on protected areas and critical habitats will be carefully assessed and impacts avoided or mitigated appropriately, taking stakeholder views into account. |
| <ul style="list-style-type: none"> ▪ Impact of refugee crisis, which continues to place strain on affected communities |  |  | <ul style="list-style-type: none"> • Cultural Heritage: Work with clients to identify and consult with key stakeholders relating to projects within areas recognised as culturally important and protect sensitive cultural heritage from being impacted or mitigate appropriately. • Financial Intermediaries: Provide E&S capacity building and support implementation of best international sustainable finance practices to FI partners to ensure they have adequate E&S capacity and risk management procedures in place. • Stakeholder Engagement: Promote meaningful stakeholder engagement with project-affected people and interested parties across investment projects to ensure the participation of groups who might otherwise not have a voice. |

8. Donor Co-Financing Assessment

8.1. Needs Assessment for the New Country Strategy Period

Some donor funding will be required to achieve the strategic objectives of the Country Strategy, including for:

- Advisory support to strengthen the capacity and competitiveness of SMEs.
- Support for legal and regulatory reforms in potential areas such as privatisation and decarbonisation.
- Preparatory work to develop projects that strengthen municipal infrastructure, including development of additional PPPs.
- Technical assistance to enhance the resilience of the financial sector, such as building the capacity of financial intermediaries and further developing and expanding capital markets.

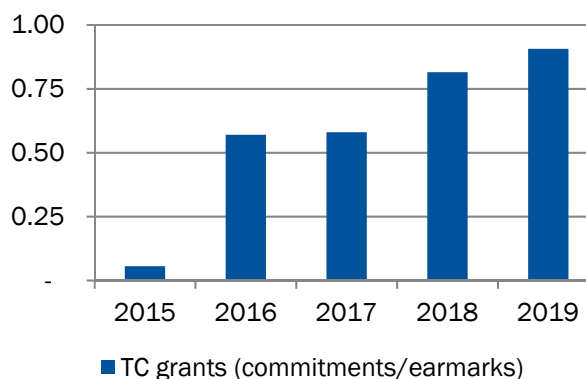
8.2. Potential Sources of Donor Funds

- Greece has previously contributed donor funds to the EBRD. As a country more advanced in transition, it is expected to continue to provide financing to help support investments and policy engagement, both in Greece as well as in other countries of operation.
- The EU is a potential source of funding, most notably via monies allocated through European Structural and Investment Funds, as well as EU funds channelled through the European Investment Advisory Hub for business advisory programmes.
- Additional opportunities for funding may also become available under the EU's next multiannual financial framework for 2021-2027. This could include opportunities for blended finance, including through the use of guarantees, under the proposed InvestEU programme; funding for initiatives promoting research and innovation under the proposal for Horizon Europe; and funding for public sector engagements promoting structural reforms under the proposed Reform Support Programme.

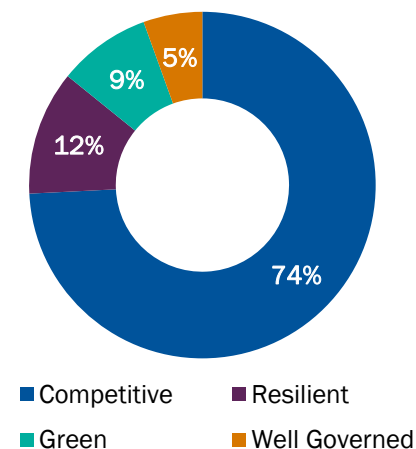
Selected Affordability Indicators

| | | EBRD regional percentile rank ¹ |
|--|--------|--|
| GDP per capita (PPP, current. \$) ² | 29,072 | 75 th |
| ODA Country ³ | No | N/A |

Donor finance during last strategy (€m)⁴



Use of grants in 2018-19⁵



1. Simple percentile rank reported as the share of EBRD economies that are represented below Greece.

2. Source: IMF (2018)

3. Source: OECD (2018)

4. 2015 TC data is based on commitments as at the end of March 2016 (the latest available date before data migration to a new Donor Funds System). 2016-2019 TC data is based on earmarks at the project level.

5. Based on the primary Transition Quality of grants earmarked (for TC grants) or signed with clients (for co-invested grants) in 2018 and 2019.

Annexes



European Bank
for Reconstruction and Development

Annex 1 – Political Assessment in the Context of Article 1

Greece's commitment to and application of the principles set out in Article 1 of the Agreement Establishing the Bank has continued over the period since the adoption of the previous Country Strategy. The constitutional and legislative framework for a pluralistic parliamentary democracy is in place. The separation of powers, checks and balances in the political system, and guarantees for fundamental rights and for a meaningful role of civil society are largely in line with international and European standards. Elections are conducted in a manner deemed by the Organization for Security and Co-operation in Europe (OSCE) to be free and in line with international standards. Greece has been a member of the European Union since 1981.

Free Elections and Representative Government

Free, fair and competitive elections

The existing legal framework provides a sound basis for democratic elections in accordance with international standards, as assessed by the OSCE's Office for Democratic Institutions and Human Rights (OSCE/ODIHR). However, certain aspects of the legislation could benefit from further refinement. There is a high degree of public trust and confidence in the impartiality, professionalism, and transparency of the election administration. The last general elections that were observed by OSCE/ODIHR (July 2019 early elections) were assessed positively. Among the priority recommendations set forth in OSCE/ODIHR's final report were suggestions to review legal timeframes, further facilitate the effective participation of persons with disabilities in the electoral process, and enhance the capacity and transparency of the work of the campaign finance oversight body.¹ Several ODIHR interlocutors noted that the voter register contained a large number of citizens residing abroad who were not able to vote, affecting the abstention rate. However a subsequent change to the electoral law in December 2019 now allows Greeks living abroad to vote in national elections from their country of residence.

Greece is a parliamentary republic with legislative powers vested in a unicameral parliament, which consists of 300 deputies directly elected for a four-year term based on a proportional system with compensatory seats. A 2008 amendment increased to 50 the number of "bonus" seats awarded to the party gaining a plurality of votes, which was designed to prevent inconclusive election results. The 2016 amendments to the Electoral Code abolished the allocation of bonus seats for the party that wins the most votes. In 2020, the new government reversed this amendment and reinstated the bonus system, which may vary from 25 to 50 seats depending on the final percentage of the winning party. However this amendment will not apply in the next general elections, due in 2023, which will be held under a proportional representation system as per the 2016 amendments.

1. OSCE/ODIHR, Early parliamentary elections 7 July 2019, ODIHR Election Assessment Mission, Final Report, 13 December 2019.

Annex 1 – Political Assessment in the Context of Article 1

Separation of powers and effective checks and balances

The constitutional and legislative framework for a parliamentary democracy – underpinned by the separation of powers and checks and balances in the political system, an independent legislature and well established procedures of legislative oversight in prescribed domains of decision-making – is in place in Greece and is in line with international and European standards. The scope of powers of the legislature to hold the government to account and to exercise parliamentary oversight is largely in line with international standards. An appropriate system to ensure the accountability of elected officials is in place.

The functioning of the parliament is in line with democratic practices. Members of the government respond to enquiries from members of the parliament (MPs) and participate in hearings at parliamentary committees.

Effective power to govern of elected officials

Greece has established institutional, legal, and financial arrangements for elected officials to exercise effective power to govern, which are not constrained by any non-democratic veto powers or other undue influences.

Civil Society, Media and Participation

Scale and independence of civil society

There is a satisfactory legal framework for civil society organisations (CSOs) and a vibrant independent civil society in Greece. Even though the economic crisis negatively affected the financial viability of civil society, Greek citizens have been increasingly involved in civil society activities. Humanitarian and human rights organisations have been very active during the recent migrant crisis.

The right to peacefully assemble is enshrined in the law and generally respected in practice. Nevertheless, the rules on organising strikes have been tightened in recent years. The right to form trade unions is enshrined in the law and respected in practice. Trade unions have traditionally been a very influential factor in the political and social life of the country.

Annex 1 – Political Assessment in the Context of Article 1

Independence and pluralism of media operating without censorship

The freedoms of press and expression are guaranteed by the Constitution. Greece has a pluralistic media environment, which includes public and private broadcasters and offers citizens a wide range of political views. A legal framework is largely in place and in line with international standards. Media operate freely and without censorship. However, the difficult financial situation prevailing in the media landscape today has increased its susceptibility to political and business interests. Media concentration has increased together with the emergence of cross-ownership problems. In 2018, the OSCE Representative on Freedom of the Media called for the decriminalisation of defamation following the detention of three journalists.²

There are around 90 news TV outlets, a number of private radio stations, more than 20 newspapers and several online news websites.³ TV and social media are the primary sources of information, while print media circulation is quite narrow. The public broadcaster Hellenic Radio Television (ERT) operates three countrywide TV stations and five national radio stations.

Recent years witnessed an explosive growth in Internet access. According to the International Telecommunication Union (ITU), the percentage of the population with internet access grew from 38 per cent in 2008 to nearly 73 per cent in 2018. Not surprisingly, social media is playing an increasingly important role and about 45 per cent of Greeks are active Facebook users.⁴

Multiple channels of civic and political participation

Multiple channels of civic and political participation are in place. A system of public consultation is largely in place. For new draft legislation the relevant social partners are consulted. Some draft primary laws and subordinate regulations are published on a consultation portal (www.opengov.gr).

Freedom to form political parties and existence of organised opposition

The freedom to form political parties is guaranteed by the Constitution and implemented in practice, as highlighted by the existence of a significant opposition able to campaign freely and oppose government initiatives. Opposition parties currently hold between them 47 per cent of the seats in the parliament, with the main opposition party holding 28 per cent of seats itself. Twenty political parties, including three coalitions, participated in the last general elections in Greece, and six parties are currently represented in the parliament.

2. OSCE Representative on Freedom of the Media, 24 September 2018.

3. OSCE/ODIHR, Early parliamentary elections 7 July 2019, ODIHR Election Assessment Mission, <https://www.osce.org/odihr/elections/2019/07/07>, 13 December 2019.

4. ITU Statistics and Internet World Stats, <https://www.internetworldstats.com>

Annex 1 – Political Assessment in the Context of Article 1

Rule of Law and Access to Justice

Supremacy of the law

Necessary legislative and institutional safeguards for the supremacy of the law are in place. Citizens have the right to a free and fair trial, and are free from arbitrary arrest or detention. The Greek legal system has been harmonised with EU laws. The Constitution formally integrates international laws and conventions into domestic law.

Independence of the judiciary

The independence of the judiciary is guaranteed by the Constitution and key safeguards are in place to ensure its impartiality.

Government and citizens equally subject to the law

The Constitution guarantees citizens equality before the law and that guarantee is generally upheld in practice, supported by an independent judiciary.

Effective policies and institutions to prevent corruption

The latest (2019) Transparency International Corruption Perceptions Index (CPI)⁵ ranked Greece 60th among 180 countries and territories, which is an improvement on previous years. While placing it among the best one-third of EBRD recipient countries, Greece's latest CPI scores at the same time place it in the last cohort of the EU table. However, the 2019 CPI report does acknowledge Greece as one of the top improvers since 2012.

The institutional and legal framework for fighting corruption is in place. According to the Council of Europe's Group of States Against Corruption (GRECO), Greece has implemented satisfactorily or dealt with in a satisfactory manner six of the nineteen recommendations contained in the Fourth Round Evaluation Report. Of the remaining recommendations, seven have been partly implemented and six have not been implemented.⁶

5. Transparency International, Corruption Perceptions Index (CPI) 2019.

6. Council of Europe, GRECO, Fourth Evaluation Round, Compliance Report on corruption prevention of members of parliament, judges and prosecutors, published on 1 March 2018.

Annex 1 – Political Assessment in the Context of Article 1

In 2019, GRECO concluded that criminal legislation in Greece, as amended in June of that year, gave rise to a number of concerns. Some of these concerns have been dealt with in a satisfactory manner by further amendments to the law (11 November 2019) submitted by the new Greek government, following criticism, inter alia, from GRECO and the OECD Working Group on Bribery. Nonetheless, some issues of concern remain in the current legislation, which require further attention by the authorities.⁷

Civil and Political Rights

Freedom of speech, information, religion, conscience, movement, association, assembly and private property

Overall, civil and political rights continue to be generally respected in Greece. Greece is a party to all major international human rights instruments, including the International Covenant on Civil and Political Rights. The Constitution guarantees the basic freedoms and rights of citizens recognised in international law. Freedom of speech, information, religion and conscience, movement, association and assembly, and private property are therefore fully guaranteed. The Constitution and relevant laws prohibit discrimination on grounds of sex, race, language, religion, national or social origin, property, or social status.

The latest assessment of the track record of Greece in the area of human rights in the framework of the United Nations Universal Periodic Review (UPR) was adopted in 2016. The top three recommendations related to migrants (25 per cent of recommendations); rights of the child (24 per cent); and international instruments (21 per cent). Greece supported 82 per cent of a total of 226 recommendations made through the review process.⁸

Political inclusiveness for women, ethnic and other minorities

The key legislative elements for gender equality are in place in Greece. Greece is a signatory of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and has committed to creating an enabling environment for the advancement of women. However, despite legislation on equal pay, on average women earn less than men with equal levels of professional qualifications, and women's participation rates in the labour market are lower than those for men. According to Eurostat, the gender pay gap stands at 12.5 per cent.⁹

7. Council of Europe, GRECO, Ad hoc Report on Greece, adopted on 6 December 2019 and published on 18 December 2019.

8. UPR Statistics, available at <https://www.upr-info.org/database/statistics/>

9. European Commission, Eurostat, https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics

Annex 1 – Political Assessment in the Context of Article 1

Despite increasing to 40 per cent the minimum level of women’s representation on party lists, this requirement has not been consistently enforced and its impact was limited in the last general elections of 2019, according to OSCE/ODIHR.¹⁰ Just under 22 per cent of members of the new parliament are women¹¹ and the current government has only two female members (at the ministerial level). However, in January 2020, the Greek parliament elected Katerina Sakellariopoulou as the first female President of the country.

Greece has not yet ratified the Framework Convention for the Protection of National Minorities. The only officially recognised minority are the “Muslims of Thrace” (a provision that stems from the Lausanne Treaty of 1923). As elsewhere in the region, Roma are the most vulnerable community still facing prejudice and societal discrimination.

Freedom from harassment, intimidation and torture

Constitutional guarantees against harassment, intimidation, and torture are in place and are largely upheld in practice. A delegation of the Council of Europe’s European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) last visited Greece in November 2019 (a report is pending at the time of this writing). According to CPT, the discussions between its delegation and the new Greek authorities were carried out in a spirit of openness and all parties expressed their desire to improve the current situation of persons deprived of their liberty.¹²

The latest report on the previous ad hoc visit by the CPT delegation in 2018 noted that despite the very significant reforms undertaken in the psychiatric sector in Greece since the 1980s, these remain incomplete. The CPT delegation also received a number of credible allegations of physical ill-treatment and verbal abuse by the police, primarily in immigration detention centres. In addition, CPT noted that conditions of detention in most police and border guard stations remained unsuitable for holding persons for periods exceeding 24 hours, and yet were still used.¹³

10. OSCE/ODIHR, Early parliamentary elections 7 July 2019, ODIHR Election Assessment Mission, Final Report, 13 December 2019.

11. Hellenic Parliament statistics webpage

12. Council of Europe, <https://www.coe.int/en/web/cpt/-/council-of-europe-anti-torture-committee-holds-talks-in-gree-1>

13. Council of Europe, European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT), Report to Greek government on the visit to Greece from 10 to 19 April 2018, published on 19 February 2019.