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COVER NOTE

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COMMISSION STAFF WORKING DOCUMENT

2025 Country Report - Greece

Accompanying the document

Recommendation for a COUNCIL RECOMMENDATION

on the economic, social, employment, structural and budgetary policies of Greece

{COM(2025) 208 final}

European Commission

Greece

2025 Country Report

ECONOMIC DEVELOPMENTS AND KEY POLICY CHALLENGES

Greece's growth outlook remains robust

Real GDP growth in Greece continues to outpace the EU average. Greece maintained its robust growth momentum in 2024, recording real GDP growth of 2.3%. Since the COVID-19 pandemic, the economy has grown much more quickly than the EU average. This has mostly been due to solid private consumption, a strong rebound in tourism and high investment growth supported by the implementation of the recovery and resilience plan (RRP).

Thanks to strong growth and policy action, Greece is addressing some long-standing vulnerabilities in its high levels of public and external debt, non-performing loans, and unemployment, but sustaining reforms is key. The Commission undertook an in-depth review of the Greek economy as part of the macroeconomic imbalance procedure earlier in 2025 ([1]). Over the last decade, Greece has increased the resilience of its economy and strengthened business confidence thanks to budgetary consolidation and structural reforms, resulting in: (i) strengthened tax compliance; (ii) action to address labour market and product market inefficiencies; and (iii) reforms of the public sector. Public and external debt ratios have declined substantially since 2020. In addition, the quality of banks' loan portfolios has been improving since 2016, and Greece's unemployment rate fell significantly from its peak at around 28% in mid-2013 to below 10% in the second half of 2024. This progress is recognised by markets and credit-rating agencies.

Looking ahead, the Greek economy is expected to preserve its resilience. Thanks to its limited direct trade linkages with the United States, US import tariffs are expected to have only a modest effect on the Greek economy. Despite heightened global uncertainty, investment growth is set to remain strong, fuelled by the absorption of RRP and cohesion policy funds, while private consumption growth is expected to be further supported by solid growth in incomes. Overall, GDP growth is expected to remain above Greece's long-term potential, with growth rate forecasts of 2.3% in 2025 and 2.2% in 2026. Inflation is set to start falling in 2025 and 2026, but strong demand and wage growth fuelled by both minimum wage increases, and a tight labour market will constrain disinflation.

Despite marked improvements, challenges remain

Greece's public debt ratio is falling but remains high. Between 2023 and 2024, the public-debt-to-GDP ratio dropped by more than 10% of GDP to 153.6% - even though it remains the highest in the EU. The decline

([1]) See 'In-depth review of Greece 2025' – Institutional Paper 309, May 2025, Brussels.

was driven by strong nominal GDP growth and was supported by the significant improvement in the budget balance. Thanks to favourable economic conditions and improving tax collection, the headline budget balance turned from 1.4% deficit in 2023 to 1.3% surplus of GDP in 2024. Solid GDP growth and the strong fiscal position (i.e. the fact that government revenues are covering spending, so the government does not need to increase borrowing) are set to ensure a further decline in the debt ratio (see Annex 1). But despite the notable progress made in tax compliance since 2018, the VAT compliance gap in Greece is still relatively high, providing further space for improvement (see Section 2).

The evolution of net expenditure in Greece reflects a shift from moderate growth in 2024 to a more pronounced increase in 2025, while remaining within the overall fiscal limits recommended by the Council. In 2024, net expenditure ([2]) in Greece declined by 0.3% (see Annex 1). This decrease is mainly driven by the muted expenditure growth and the discretionary revenue measures to combat tax evasion and undeclared work whose impact is deducted from net expenditure. In 2025, net expenditure is forecast by the Commission to grow by 4.2%, which is above the maximum growth rate recommended by the Council ([3]). This development is mainly driven by higher social welfare benefits, pension, and public sector wage expenditures, together with a pronounced acceleration in intermediate consumption, which is expected to grow more rapidly than in 2024. Furthermore, the planned reduction in the social security contribution rate by 1 percentage point in 2025 is projected to contribute to this growth as the impact of this measure is added to net expenditure. The cumulative growth rate of net expenditure in 2024 and 2025 taken together is projected at 3.9%, which is below the maximum rate recommended by the Council.

Persistent current account deficits make it difficult for Greece to reduce external debt. Declining net exports led to a slight widening of the current account deficit (to 6.4% of GDP) in 2024. Sustained external deficits reflect a low export base and high import dependency. Viewed from a saving-investment perspective, low and declining household savings have been only partly offset by declining budget deficits. Thanks to strong nominal GDP growth and favourable valuation effects, Greece's net international investment position (NIIP) improved further, to -131.6% of GDP in 2024 but remained the most negative in the EU. Driven by strong RRP-induced import demand, the current account deficit is expected to stay high and the NIIP to improve only slowly in 2025-2026.

The non-performing loan (NPL) ratio of Greek banks has declined, but the high stock of loans held by 'servicers' weighs on the economy. Greek banks' NPL ratio declined to 3.4% in September 2024, thanks to portfolio sales and securitisations. However, the stock of NPLs held by 'servicers' (companies that manage and enforce the debt on behalf of the creditors) has increased and amounted to EUR 74.8 billion (31.5% of GDP) at the end of 2024 due to additional securitisation and slow

([2]) Net expenditure is defined in Article 2(2) of Regulation (EU) 2024/1263 as government expenditure net of (i) interest expenditure, (ii) discretionary revenue measures, (iii) expenditure on programmes of the Union fully matched by revenue from Union funds, (iv) national expenditure on co-financing of programmes funded by the Union, (v) cyclical elements of unemployment benefit expenditure, and (vi) one-off and other temporary measures.

([3]) Council Recommendation of 21 January 2025 endorsing the national medium-term fiscal-structural plan of Greece (OJ C, C/2025/661, 10.2.2025, ELI: http://data.europa.eu/eli/C/2025/661/oj)

Box 1:

UN Sustainable Development Goals (SDGs)

Greece performs well in SDGs related to the green transition (SDGs 7, 12, 15) and some indicators of social fairness (SDGs 2, 10) but is moving away from the targets for the SDG related to peace, justice and strong institutions (SDG 16). Greece is improving on almost all SDGs related to environmental sustainability, although it needs to catch up with the EU average on many of them (SDGs 9, 11, 13).

Greece is far below the EU average, but catching up, in terms of poverty (SDG 1), SDGs related to productivity (SDGs 4, 8, 9) and partnership for goals (SDG 17). However, progress was limited in the case of SDG 3 on health care (see Annex 15).

progress in the servicers' workout processes slow (see Section 2). For this reason, legacy NPLs continue to hamper efficient capital allocation.

Employment has increased, but Greece's reserves of untapped labour are still substantial. The number of employed people in Greece increased by almost 2%, 82 000 in 2024, mostly in the trade, transportation and tourism sectors, while the participation rate remained low compared with the EU average. The unemployment rate declined by 1 pps over one year to 9.5% in the last quarter of 2024. This is the lowest rate since 2009, yet still substantially higher than the EU average of 5.7%. Women and young people continue to be disproportionately affected by joblessness (see Section 4). Conversely, several sectors of the economy, including tourism, are reporting labour shortages. Overall, the Greek jobs market continues to face structural challenges, including: (i) a skills gap; (ii) improving but still inadequate childcare and elderly care; and (iii) limited labour mobility (see Section 4).

House price increases have led to deteriorating housing affordability. Greek house prices have increased on average by 9.3% per year over 2020-2024 (compared to the EU average of 4.9%) and are estimated to be overvalued by around 20%. Price growth has been driven by a combination of reviving domestic and foreign demand and limited supply due to years of subdued construction investment. In parallel, accelerating construction activity (residential building permits measured by square meter of useful floor area grew by 31.5% in 2024) may moderate the growth in house prices in the coming years. The strong rise in house prices has also triggered rent increases, implying that affordable housing continues to be a significant challenge (see Section 4).

Graph 1.1: **OECD Product Market Indicators, progress made from 2018 to 2023**

Source: OECD

Despite solid growth since 2021, labour productivity in Greece is not catching up with the rest of the EU. Based on 2024 data, Greek per capita GDP in purchasing power standards is the second lowest in the EU, at only 70% of the EU average. Greece's labour productivity per hour worked was the lowest within the EU, reaching only 56.2% of the EU average in 2023 (measured

in purchasing power standards). The country's long-term growth prospects are also hampered by the rapid decline in the ratio of working-age people to total population.

Moreover, regional disparities remain pronounced. Regional disparities in terms of GDP per capita, especially between Attiki (the region around Athens) and the rest of the country, remain significant, with several Greek regions not converging towards the EU average (see Section 4).

Low productivity is partly associated with the structure of the economy. The Greek economy is more heavily reliant than the EU average on low-productivity sectors, such as accommodation and food services. Meanwhile, employment in medium-to-high-tech manufacturing in 2024 stood at 1.4% of total employment (compared with 6.0% for the EU) and is highly concentrated in Attiki. Furthermore, the Greek economy is dominated by micro and small enterprises ([4]) that tend to be more limited in resources, less competitive ([5]), less capable of entering global markets, and less capable of investing in R&D.

Further cost-competitiveness gains are unlikely without higher productivity. Over the past decade, Greece has achieved sizeable improvements in cost competitiveness, largely through wage cuts between 2010-2019. To sustain competitiveness in the future, it may be beneficial for Greece to explore ways to increase its productivity and non-cost competitiveness, including by reducing its significant innovation gap with the EU, as relying on further wage reductions may become socially unsustainable.

([4]) Greek micro- and small enterprises employ 72.6% of employees (vs 49.7% in the EU) and generate 50.2% of the total value added (vs 36.6% in the EU).

([5]) In 2024, the productivity of micro companies (0-9 people employed) was estimated at 49% of large companies in the EU, while the productivity of small companies (10-49 people employed) was estimated at 63% of large companies in the EU.

Box 2:

Barriers to private and public investment

Greece's private investment ratio is among the lowest in the EU. The three main barriers contributing to this underperformance are set out in the bullet points below ([6]).

- **Business regulation, uncertainty and high energy costs.** More than 90% of companies mention these factors as impediments to investment (see Annex 4).
- **Labour and skills shortages.** An increasing proportion of Greek companies report a lack of skilled staff as a barrier (see Annexes 10 and 12).
- **Access to financing.** While progress has been substantial in recent years, the share of financially constrained Greek companies, especially among SMEs, is high. Access to non-bank financing and venture capital remains scarce (see Annex 5).

Despite progress in recent years, **barriers to efficient public spending remain**:

- **Protracted litigation processes** to address legal claims against public procurement procedures, coupled with **slow licensing and transfer of property rights** are impeding the timely completion of key infrastructure investments.
- **Effective coordination among public bodies is lacking**, particularly when it comes to investments that span multiple areas and ministries**.**

These challenges also act as a bottleneck to the implementation of EU funds. The implementation of Greece's RRP is well underway but faces considerable obstacles, linked to above the challenges. At present, Greece has fulfilled 35% of the milestones and targets in its RRP.

It remains important to accelerate the implementation of cohesion policy programmes. The mid-term review offers opportunities to speed up progress and better address EU strategic priorities related to competitiveness, defence, housing, water resilience and the energy transition.

While Greece has signalled interest in leveraging the Strategic Technologies for Europe Platform (STEP) under cohesion policy, Greece can further support the development or manufacturing of critical technologies in the areas of digital and deep tech, clean and resource efficient technologies, and biotechnologies.

The Greek business environment has improved, but challenges remain. According to OECD data ([7]), product markets in Greece became more competitive in 2024 as administrative and regulatory burden on businesses eased and more regulations were subject to impact evaluations (Graph 1.1). However, there remains considerable potential to: (i) improve the regulatory framework for professional services and the retail sector; and (ii) facilitate trade, in part by streamlining the customs system. In addition, improving the governance of state-owned enterprises could help ensure

([6]) EIB Investment Survey 2024: Greece overview.

([7]) See OECD Product Market Regulation indicators, Greece, PMR country note.

a fair and competitive environment for private companies (see Section 2). Moreover, fast-changing legislation and a complex tax system make it difficult to do business in Greece (see Annex 6). In addition, despite progress in recent years, major inefficiencies remain in both: (i) the judicial system which suffers from lengthy procedures; and (ii) public procurement which is characterised by a high share of single bids ([8]).

Investment needs are substantial

Despite recent progress, Greece's investment-to-GDP ratio remains the lowest in the EU. Despite substantial increases over recent years, the investment ratio stood at 15.3% of GDP in 2024, almost 6 pps below the EU average, (see Box 2). This gap with the rest of the EU is largely driven by low corporate investment, while public investment slightly exceeded the EU average. Nevertheless, Greece needs to accelerate the public sector's absorption capacity to deliver its RRP commitments by 2026 ([9]).

The green transition is expected to improve competitiveness. Greece recorded a sizeable increase in the use of renewable energy for power generation over the last decade. However, key challenges persist, including limited electricity storage and grid capacity, which also has a cross-border dimension. Additional investments in these areas could help accelerate decarbonisation and reduce wholesale energy prices, thus supporting firms' competitiveness. Further, there is significant scope to accelerate the electrification in the transport sector, with recent investment initiatives not having the expected impact.

Climate adaptation has improved, but further improvements are needed. Greece is highly exposed to natural hazards, and suffered substantial economic losses due to such events in recent years. Despite progress in preparedness and adaptation in 2024, building resilience against natural hazards (earthquakes, wildfires, floods, and heat waves) remains a key challenge, and is all the more urgent given that Greece has a large insurance-protection gap (see Section 3).

([8]) The ratio of single-bid procurements was 55% in Greece in 2024 (see Annex 6).

([9]) The cumulative grant-absorption rate (grants spent by end 2024 compared with the total RRP budget) is estimated at 31%, i.e. more than two thirds of the investments are set to materialise over 2025-2026.

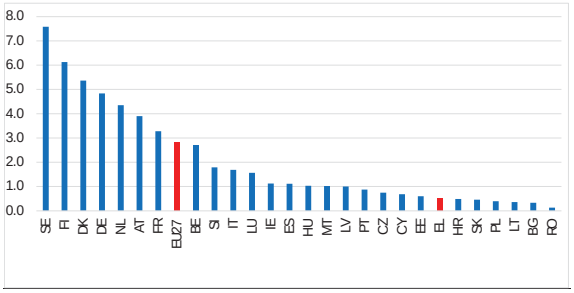
INNOVATION, BUSINESS ENVIRONMENT AND PRODUCTIVITY

Increasing R&D performance and firms' access to finance is key

Greece's innovation performance is improving, but the country struggles to close the gap with the EU. According to the 2024 European Innovation Scoreboard, Greece's innovation performance is improving. Gross domestic expenditure on R&D expressed as a percentage of GDP (R&D intensity) is also increasing, reaching 1.49% in 2023, but it remains below the European average of 2.24%. At the same time, Greece is ranked as a 'moderate innovator' performing at 77.5% of the EU average on innovation, while innovation outputs remain below the EU average (Graph 2.1). Despite steadily increasing since 2017, Greek business expenditure on research and development remains below the EU average. This holds back innovation diffusion and the commercialisation of research outputs. Against this background, the recovery and resilience plan (RRP) includes measures to: (i) upgrade Greece's research infrastructure; (ii) provide funding for basic and applied research with an emphasis on the most innovative companies; and (iii) internationalise the Greek innovation ecosystem (Annex 3).

Improved governance and lower administrative burden can boost innovation outcomes in Greece. Both funding sources for innovation and the management of research policy have long been fragmented across different organisations, including several ministries, the Hellenic Foundation for Research and Innovation, and regional R&I authorities. In addition-advisory and management bodies has been inadequate ([10]). Moreover, the financing of research activities is subject to excessive administrative requirements, slow evaluation procedures, and high perceived bureaucratic burden ([11]). Greece would benefit from managing and coordinating its R&I ecosystem more efficiently by assessing the policy measures already in place. In this way, it can fully take advantage of its growing research spending and improve its innovation performance (Annex 3).

Graph 2.1: **Innovation outputs**



Source: Patent applications filed under the Patent Cooperation Treaty per billion of GDP (in PPS EUR). EPO PATSTAT data and Eurostat GDP data

Facilitating access to finance for start-ups and scale-ups remains key. Venture capital investment in Greece is far below

([10]) OECD Economic Surveys: Greece 2024, OECD Publishing, Paris and EC 2023: DG R&I Support to Greece in the implementation of PSF country recommendations – Final report.

([11]) EC 2023: DG R&I Support to Greece in the implementation of PSF country recommendations – Final report and OECD (2024), OECD Economic Surveys: Greece 2024, OECD Publishing, Paris.

the EU average as a percentage of GDP. State-sponsored initiatives have had some success in mobilising investment for start-ups via EquiFund, and its successor EquiFund II. Equifund is a fund-of-funds programme formed by a public-private partnership between the Greek government and the European Investment Fund. In addition, the RRP Loan Facility is being used for financing programmes to scale up Greek businesses. The equity instrument of the Facility is now composed of two schemes (Q-Equity and InnovateNow), which provide for the establishment of venture capital funds to invest through equity/quasi-equity instruments in companies, including SMEs. Nonetheless, despite these measures, Greece would benefit from both additional sources of venture capital and a post-RRP strategy to improve access to financing innovation (Annex 3).

There is scope to further digitalise public services for businesses. Greece has made solid progress, in particular since 2020 and the start of the COVID-19 pandemic, in increasing the number of online public services available for citizens and businesses ([12]). In addition, the Greek RRP includes reforms and investments supporting the digital transformation of the public sector. However, Greece could further reap the benefits of public digital services by targeting the issuance of permits and licences for digitalisation. It is essential that the continued rollout of digital services be coupled with both the streamlining of processes and the greater accountability of public services, for example by setting maximum processing times. The effective enforcement of already adopted initiatives to streamline licensing processes (e.g. permits for new renewable energy projects) is vital, involving administrations at local and regional level and decentralised authorities.

The regulatory burden for business remains high and unpredictable

A stable legal framework and cutting red tape are prerequisites for a stronger business environment. Greece is the EU Member State with the shortest lead times in the EU for adopting new laws, and fast-changing legislation is frequently cited as a key challenge for doing business in the country. Frequent changes to the legal framework are increasing uncertainty, which makes it more difficult for potential investors to make informed decisions. Greece is now taking steps to strengthen evidence-based policymaking and is planning to start using an indicator to measure regulatory burden for businesses ([13]), and to improve the regulatory impact assessment required ahead of new legislation. This is expected to allow for a comprehensive estimation of regulatory and administrative costs. It would also be beneficial if Greece took a more systematic and qualitative approach to public consultations.

Independent authorities, including market regulators, are critical for an effective and consistent regulatory framework. Greece is currently reviewing the legal framework for its independent authorities. The aim of this review is to strengthen the capacity of market regulators in key sectors (e.g. energy and telecommunications). This in turn would help ensure a level playing field for all companies and citizens. It would also reduce the time currently required to issue regulatory decisions.

([12]) DESI Dashboard.

([13]) Bureaucracy Measurement Index (BMI).

Greece continues to face regulatory obstacles in the granting of permits and licences. The legal framework for concession agreements for infrastructure in seashore, especially for the development of new industrial ports, is not fit for investment activity ([14]). Moreover, regulatory gaps and excessive burden in the permitting process make it difficult for Greek companies to operate lawfully. In terms of environmental licensing, incomplete legislation continues to weigh on investment. For instance, Greece has yet to legislate the conditions under which renewables projects with a limited environmental impact can be licensed ([15]). Regulation to activate the lower environmental classification to be applied to businesses established in business parks ([16]) are also pending for most types of activities. In addition, Greece's manufacturing capacity across all net-zero technologies remains modest. Developing an integrated policy framework linked with investment incentives could boost its manufacturing in the area of net-zero technologies, including in specific areas that have already seen some investment flows (e.g. electricity cables) (Annex 7).

Entry barriers remain high in several product markets and in professional services (see Annex 4). According to the OECD's indicators on product market regulation ([17]), despite improvements due to regulatory reforms in recent years, professional services in Greece continue to be subject to heavy regulations. The country's barriers to entry remain at the highest level and it has a 'firm-exit ratio' (i.e. the number of firms that close in a time period compared with the total number of firms in that country) that is the lowest in Europe. According to the OECD's indicators, entry restrictions for lawyers and engineers remain high. Greece's RRP is expected to contribute to more open and competitive product markets, in part by: (i) making it easier for businesses to obtain an electricity connection and complete a property transfer; and (ii) improving the surveillance framework to ensure a level playing field among competitors. Nonetheless, Greece would benefit from both an ex post evaluation of the impact of these measures, and further activities to open up product markets by prioritising those sectors facing the most significant regulatory distortions.

The Greek justice system is still battling with inefficiencies and delays, which are detrimental to the business environment. Final resolution of disputes in first instance for civil and commercial cases reached 771 days in 2023, and 746 in 2022, among the longest in the EU. This results in backlogs and is further exacerbated by: (i) the low take-up of alternative dispute-resolution tools; (ii) insufficient use of IT; and (iii) inadequate judicial statistics. Several RRP (and non-RRP) measures, currently in progress, address these shortcomings, in particular: (i) the digitalisation project to simplify, standardise and accelerate judicial procedures and remedy the interoperability of IT systems; (ii) the revision of the distribution of administrative, civil and penal courts across the territory of the country; and (iii) the creation of a judicial police. These measures would be complemented by already planned initiatives, including: (i) a revision of the

([14]) Law 2971/2001 concerning the granting of concession agreements for various types of infrastructure works in seashore, sea areas and sea beds of various types.

([15]) Regulation is pending for most types of activities, including renewable projects.

([16]) Greece adopted the relevant Decisions for roads infrastructures, ports infrastructures, environmental infrastructures, and mining activities, but not for other types of activities.

([17]) https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/product-market-regulation/Greece_PMR%20country%20note.pdf

Code of Civil Procedure to streamline and accelerate trials; (ii) the adoption of codified legislation for alternative dispute-resolution mechanisms (judicial and extra-judicial mediation and arbitration); and (iii) a revision of the code of judges.

Efforts continue to secure financial stability and tax compliance

The restructuring of non-performing loans (NPLs) ([18]) held by banks and credit 'servicers' is still slow. The workout of NPLs remains slower than planned. This is due to: (i) delays and inefficiencies in court procedures; (ii) a high level of unsuccessful auctions of foreclosed real-estate properties, the mortgages on which original owners were unable to service; and (iii) delays in the registration of transactions in the cadastre. Greece could introduce measures to address the currently long delays and high level of unsuccessful auctions if it: (i) introduced appropriate amendments to its Code of Civil Procedure; and (ii) created a new electronic platform to assign new hearing dates in the near future (replacing remote hearing dates) to pending NPL-related enforcement cases ([19]).

Greece's tax framework continues to be complex, fragmented and subject to frequent changes. Investors perceive the high administrative burden needed to comply with tax rules as a major obstacle to doing business in the country. Greece's RRP supports the codification of key areas in the tax framework, including taxation, customs, VAT, property taxes and state debt collection. Once in place, it is important that the legal framework remains stable and is supported by timely administrative guidance to businesses and the public. This would help make Greece's tax system more transparent and should also reduce compliance costs for businesses.

Electronic payments have curtailed tax evasion and increased public revenues, but tax evasion remains a challenge in specific sectors. The expanding use of electronic payments has significantly increased tax collection, especially in the retail sector. Electronic payments have been an effective tool to combat tax evasion, as demonstrated by Greece's shrinking VAT compliance gap, which fell from 25.4% in 2018 to 13.7% in 2022 ([20]). Nevertheless, this gap remains higher than the EU average (6%). Measures that are part of Greece's RRP, such as the interconnection of cash machines (and 'point of sale' terminals) with the tax authority's IT systems, are expected to contribute to a further reduction of the VAT compliance gap. However, tax evasion in the fuel sector remains high, with recent estimates ([21]) pointing to lost revenues (VAT and excise tax) could be as high as EUR 500 million per year. Completing the legal framework for the tax authority's monitoring tool ([22]) and installing tracking devices on container vehicles and ships, are expected to help. In addition, Greece could further strengthen

([18]) NPLs are bank loans that are subject to late repayment or are unlikely to be repayed by the borrower in full.

([19]) 75% of the auctions were unsuccessful, while in successful auctions third parties only acquired about 50% of the properties. See post-programme surveillance report on Greece, Autumn 2024 (https://economy-finance.ec.europa.eu/publications/post-programme-surveillance-report-greece-autumn-2024_en).

([20]) European Commission, EU VAT Gap Report.

([21]) Estimates, which includes tax losses based on fuel adulteration, are based amongst others on reports carried on by diaNEOsis and EY (2016) and more recent figures from the Association of Petroleum Trading Companies (SEEPE).

([22]) IT tool named 'inflow-outflow system'.

the enforcement of the legal framework by amending the judiciary codes and increasing the capacity of the customs authority to carry out physical checks. In addition, the ongoing organisational reform of the customs administration to centralise checks, which is being supported by the RRP ([23]), is also expected to further strengthen tax compliance.

Steps are being taken to improve both the public administration and the management of state assets

Greece is taking steps to make its civil service more effective. The National Centre for Public Administration and Local Government (EKDDA) is carrying out an extensive capacity-building programme, which is supported by the Greek RRP. The programme covers many civil servants and focuses on key skills, including digital skills and public procurement. The revamped annual appraisal exercise introduced in 2022 has improved goal setting for civil servants and made it possible to identify and assess civil servants' core skills. The performance-based reward system that was introduced through the RRP has further strengthened the civil service appraisal system's link with pre-set objectives. There is scope to extend this appraisal system to cover more public entities ([24]). The multi-level governance framework adopted in 2024 (part of the RRP) is yet to become fully operational. The simplified legal framework for local government to be adopted in 2025 is set to: (i) assign clear responsibilities and accountability across central, regional and local levels; and (ii) avoid overlapping mandates.

Improved governance of public-asset management is set to improve both the provision of services and financial results. The recent merger of the Hellenic Republic Asset Development Fund (TAIPED) and the Hellenic Financial Stability Fund (HFSF) under the Hellenic Corporation of Assets and Participations (HCAP) is set to: (i) strengthen the HCAP's capacity to ensure the provision of services by state-owned enterprises' (SOEs) to citizens; and (ii) improve financial results. In particular, the public-assets-development expertise of TAIPED is expected to help overcome the long-standing problems of the subsidiary Public Properties Company (ETAD) with managing its portfolio of real estate assets. Recently, a two-year-long exercise has been launched for evaluating up to 36,000 of ETAD's properties in view of their commercial exploitation. These efforts are particularly worthwhile given RRP measures to increase: (i) access to affordable and quality housing for low-income households; and (ii) the availability of social housing for vulnerable groups in cooperation with the private sector.

([23]) Integrated information to enable surveillance of commercial vehicles and containers.

([24]) At the moment, some 220 000 of Greece's 590 000 permanent civil servants are covered.

DECARBONISATION, ENERGY AFFORDABILITY AND SUSTAINABILITY

Greece is taking steps to make electricity more affordable, but short-term solutions are limited

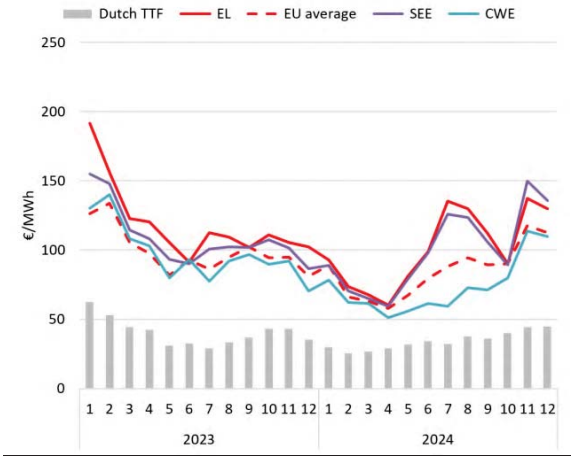
High electricity prices are having an adverse impact on both the competitiveness of Greek businesses and the disposable income of Greek households. Greece's wholesale electricity prices remain above the EU average (see Graph 3.1) and are having an adverse impact on the competitiveness of Greece's energy-intensive industries. This is impeding the further electrification necessary to meet the country's climate objectives, although it should be stressed that Greece is above the EU average ([25]). A major driver of high electricity prices is the still-heavy reliance on natural gas for electricity generation. The electricity-to-gas price ratio remains higher than the EU average, as consumers and industries pay three times or more for electricity than they do for gas. The price ratio is further exacerbated by the higher level of taxes and levies imposed on electricity than on gas ([26]).

Greece is taking steps to make its electricity system more cost-effective and resilient. For example, it is interconnecting its islands to the mainland grid. This interconnection work is being supported through the Recovery and Resilience Facility, and will result in the shutting down of heavily polluting and costly oil-fired power generators on the islands. In addition, Greece has taken steps to increase price competition in the retail sector, for example by creating an online price-comparison tool and making it easier for customers to switch their electricity provider. However, the increase in electricity bills during the last five years is putting a strain on disposable income, in particular for low-income households. Nearly one in three Greek households continue facing arrears on their utility bills in 2023, which is broadly at the same level seen in previous years. This level of utility-bill arrears is close to five times the EU average.

([25]) Greece's share of electrification stands at 40% compared to EU average of 33%.

([26]) Analysis is based on Eurostat data for the first half of 2024. Consumption band is DC for electricity and D2 for gas, which refer to medium-sized consumers and provide an insight into affordability.

Graph 3.1: **Monthly average day-ahead wholesale electricity prices and European benchmark natural gas prices (Dutch ([27]))**



Source: S&P Platts and ENTSO-E.

Improving the flexibility of Greece's energy system could help make electricity more affordable. Greece has taken steps to make its energy sector more flexible, for example by increasing battery-storage capacity and putting in place a legal framework for electricity storage, both of which are measures in the Greek recovery and resilience plan (RRP). However, the regulatory framework does not yet allow: (i) battery storage to fully participate in wholesale energy markets; and (ii) demand response to access the Greek day-ahead and intraday markets. Firms and households in Greece by and large do not use smart meters or digital solutions that would allow for demand flexibility. However, interest in power-purchase agreements (PPAs) is growing significantly, and the use of PPAs could be further expanded by developing forward markets that promote the secure and long-term supply of electricity through: (i) flexibility instruments based on PPAs; and (ii) a commitment by the industry to consume clean electricity. Such initiatives could provide targeted support to the industry, which has actually seen a steady increase of its production in the previous years, in order to reduce its reliance on fossil fuels, which is a key contributing factor for Greece's current level of electricity prices.

Limited network and storage capacity and low demand are increasing the need to curtail electricity generation

The continued increase in renewable energy sources has made Greece a net electricity exporter, but challenges are looming. Installed renewables capacity grew by an impressive 17.5% in 2024 and now exceeds 18 GW. With market interest remaining strong, Greece is on track to exceed its 2030 target of having 27.5 GW of installed renewable electricity capacity. In the future, careful attention will be required on a number of fronts. Firstly, renewables capacity has increased unevenly, with wind capacity only increasing by 2% in 2024. Adding more wind power, including from offshore wind farms ([28]), would result in more balanced electricity production from renewables. Secondly, there is scope to accelerate electrification, for example in the transport sector. This would increase domestic demand and support a more cost-effective shift away from fossil fuels. Finally, given the sharp increase in renewables, in particular from solar

([27]) The Title Transfer Facility (TTF) is a virtual trading point for natural gas in the Netherlands. It serves as the primary benchmark for European natural gas prices. CWE and SEE are average prices in the central-western European (Belgium, France, Germany, Luxembourg, the Netherlands and Austria) and south-eastern European (Bulgaria, Greece and Croatia) markets.

([28]) A reform measure included in Greece's RRP will designate project development areas for offshore wind projects in Greece.

generation, the need for 'curtailment' (i.e. a reduction of electricity generation because grid and storage capacity is insufficient to accommodate all the extra electricity production) is expected to further increase, at least in the short term. A clear and stable framework setting out how the curtailment will be done is therefore essential to maintain current market interest in renewable energy.

Funding for renewable energy and storage projects could be phased out while promising energy-efficiency investments could be further scaled up. Given the substantial increase in the installation of renewable energy sources in Greece in recent years, the Greek authorities are now planning to phase out state-aid support schemes for new renewable energy projects. Similarly, the growing interest in battery-storage projects – motivated by the increasing need for curtailment of electricity produced from renewable sources – also means that state aid for batteries could also be phased out. The Greek RRP contains an investment aiming to strengthen energy efficiency and promote the use of renewables for 'self-consumption' (where households and businesses themselves consume the electricity they produce). This investment includes a plan to install more than 100 000 solar water heaters and heating pumps. Given the strong interest shown in these technologies, there could be scope to expand this measure, while also considering upscaling non-grant-based financial instruments. For example, the 'Upgrade My Home', which is a loan-based financial instrument introduced through the Greek RRP, has attracted strong initial interest.

Electricity networks in Greece face capacity constraints as more renewable energy is added to the energy mix. There is scope for Greece to expand its cross-border interconnection capacity, thereby consolidating its position as a net exporter of electricity. However, lengthy permitting procedures for grid infrastructure remain one of the major bottlenecks delaying the further development of renewable energy sources. At the same time, Greece could also step up its collaboration with neighbours to maximise the operational capacity of existing cross-border electricity infrastructures, in particular by making better use of the regional coordination centres. In addition, there remains a significant need to improve the quality of distribution networks, as technical and non-technical losses ([29]) of electricity on the grid remain well above the EU average.

Greece records sizeable relevant fossil-fuel subsidies and there are no plans to phase out these subsidies before 2030. Scaling down and phasing out current subsidies ([30]) is in line with EU commitments and could help to ease limits on Greece's fiscal space. The country could consider prioritising the phasing out of the following types of subsidies: (i) fossil-fuel subsidies that do not address energy poverty in a targeted way; (ii) fossil-fuel subsidies that do not respond to genuine energy-security concerns; (iii) fossil-fuel subsidies that hinder electrification; and (iv) fossil-fuel subsidies that are not crucial for industrial competitiveness. Nevertheless, it must be stressed that in Greece the combination of national energy and carbon taxes and the EU's emissions trading system leads in general to disincentives for fossil-fuel use, and that these disincentives

([29]) Technical losses are caused by factors like conductor resistance and electromagnetic fields, which are inherent to the system and can be reduced through improved grid infrastructure and efficiency. Non-technical losses, also known as commercial losses, are attributed to issues like metering errors, theft, and non-payment.

([30]) Greece's fossil-fuel subsidies have a value of 0.79 % of Greece's GDP

are greater than the EU average (Annexes 2 and 8).

The following remaining fossil-fuel subsidies are particularly damaging from an economic and environmental perspective and Greece benefit from starting to establish incentives for more climate-friendly solutions**.** These subsidies all concern excise tax exemptions, namely for: (i) petroleum products consumed in domestic water navigation; (ii) kerosene consumed in domestic air traffic; and (iii) the use of coal and coke for industrial uses (Annex 8)..

More efforts are needed to electrify the transport sector, including the rail system

Greece's transport sector remains one of the country's main emitters amid still-few electrical transport alternatives. The share of GHG emissions originating from the transport sector is 32% in Greece, which is slightly above the EU average (29%) ([31]). One reason for this is that Greece has one of the oldest vehicle fleets in the EU, while rules to withdraw outdated professional vehicles (e.g. taxis) are not properly enforced. The Greek RRP contains a number of investments to promote electro-mobility, including by replacing old public transport buses in Athens and Thessaloniki with electric buses. However, other measures, such as replacing old taxis with electric ones or installing new electric charging points at public spaces, have not received the expected market interest. For this reason, it would be beneficial for Greece to draw up a comprehensive strategy, including an investment plan and reforms, to promote the green and digital transition of the transport sector. This would need to cover the electrification of transport modes and the improvement of urban and inter-regional public transport.

Greece is committed to investing in railway infrastructure and safety. Both the action plan on rail safety, drawn up after the Tempi accident and the prepared masterplan for deployment of the European Rail Traffic Management System (ERTMS) set out steps towards modernisation the Greek rail system. The Greek RRP contains a reform to enable the country's rail infrastructure manager to: (i) effectively operate a modern railway network; and (ii) complete investments in key safety systems and infrastructures. Greece could benefit from providing the new rail infrastructure manager with sufficient and stable resources, based on: (i) the conclusion of a comprehensive and complete performance contract; and (ii) the accelerated deployment of the ERTMS on the railway network to increase interoperability, efficiency and safety.

Greece is taking steps to improve its capacity to deal with natural hazards

Preparedness and adaptation to climate change have improved, but disaster-risk financing is insufficient. Greece is particularly vulnerable to climate risks and extreme weather events ([32]). Climate risk and the risk of extreme weather events also extend to fiscal considerations, as became evident in the costly rehabilitation

([31]) This corresponds to data from the official EU inventories submitted by Greece and the EU to the United Nations Framework Convention on Climate Change (UNFCCC) concerning all transport, national and EU-related.

([32]) EEA, 2024, European Climate Risk Assessment

and reconstruction following Storm Daniel in 2023. To mitigate these costs, Greece has decided to allocate EUR 600 million per year to manage future natural hazards. Between 2006 and 2024, a surface of 0.4% of Greece's land area was burnt on average each year, one of the highest rates in the EU ([33]). The increased frequency and severity of natural hazards puts pressure on the country's public finances, especially given the low rate of private insurance coverage despite recent policy actions ([34]). Greece (along with Italy) currently has one of the highest total insurance-protection-gap scores for natural catastrophes. This is due to the combined high impact of hazards it faces and the very low level of insurance coverage for these hazards (in particular for earthquakes) ([35]).

Greece has made some progress towards improving its preparedness for – and response to – natural hazards, including through RRP investments. In particular, Greece adopted a law ([36]) in 2024 which addresses the multifaceted impacts of climate change on: (i) water management; (ii) forest management and protection; (iii) urban resilience and policy; (iv) combating illegal construction; and (v) energy security. Moreover, Greece increased the penalties for wildland arson in 2024, and legislation requiring citizens to regularly clear their land of dry wood to prevent wildfires has also entered into force since December 2023. RRP investments in civil protection relate to the setting up and equipping of the National Disaster Risk Management Centre, including on-site management centres. With the intensity, severity and frequency of natural hazards likely to increase, it would also be beneficial if Greece developed a structured approach to disaster-risk financing ([37]).

Climate-proofing key infrastructure and addressing water scarcity will be vital

Water scarcity, particularly during the summer, is affecting both tourism and industry in Greece. As climate change intensifies droughts, floods and heatwaves, Greece faces challenges in managing its water resources. These challenges include water scarcity and pollution, both of which can have severe impacts on the environment, economy, and human health. The agricultural sector is by far Greece's largest consumer of water resources. Significant challenges remain in the country's urban wastewater-treatment sector. Local water-service providers run by small municipalities have neither the financial means nor the administrative and managerial capacity to apply optimal water-management solutions based on the 'consumer and polluter pays' principle. The Greek RRP contains investments to increase the availability and quality of drinking water and reduce water leakage.

Greece would benefit from drawing up a plan to climate-proof its critical infrastructure, including its water supply infrastructure. More specifically on water

([33]) EFFIS - European Forest Fire Information System ().

([34]) Law 5116/2024 on Mandatory Insurance Coverage Against Natural Disasters and Other Provisions, which made it mandatory as of 2025 for large companies to have insurance against forest fires, floods and earthquakes.

([35]) The Dashboard on Insurance Protection Gap for Natural Catastrophes in a Nutshell, European Insurance and Occupational Pensions Authority (EIOPA), 22 November 2024.

([36]) Law 5106/2024, OJ A 63/01.05.2024.

([37]) See for example 'Approaching Disaster Risk Financing in a Structured Way', Diana Radu, Directorate-General for Economic and Financial Affairs, May 2024.

supply, this would entail: (i) strengthening the sustainability of water-utility operations and investments; (ii) improving the management of water supply and demand; (iii) incentivising the implementation of net-zero water practices; and (iv) fostering an institutional reform focusing on how to improve the capacity (and accountability) of municipal water and wastewater companies.

Turning waste into resources is key for the transition to a cleaner, climate-neutral and circular economy benefiting the environment and local communities. The recycling rate in Greece is 17%, significantly below the EU average of 49%. The separate collection services for bio-waste currently deliver only moderate capture rates, and landfilling is still the dominant treatment method for municipal waste, at 80%. Illegal dumping rates continue to be significant. The RRP contains a reform introducing incentives to achieve high rates of reuse and recycling in line with the 'pay as you throw' principle. Under this RRP reform, Greece established an independent regulator responsible for ensuring both the soundness of waste-management-pricing policies and the proper functioning of the regional and local waste-management utilities. Greece could benefit from ensuring the effective application of the landfill-tax reform and using the revenues from landfill taxes to finance: (i) waste prevention; (ii) separate collection; and (iii) recycling. Further measures to boost the transition to a circular economy and to increase recycling rates, including for critical raw materials, would improve resource efficiency while reducing waste. Such measures also have clear potential to increase Greece's competitiveness.

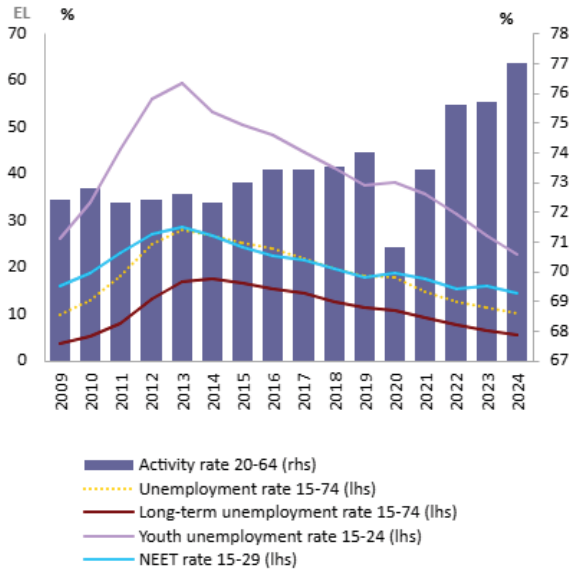
SKILLS, QUALITY JOBS AND SOCIAL FAIRNESS

Adverse demographic trends call for a larger and better skilled workforce

Greece's labour market performance continues to improve, but key structural challenges remain. Although employment continues to increase, the Greek unemployment rate, including long-term unemployment, remains among the highest in the EU. Unemployment in Greece disproportionally affects women, young people, and persons with disabilities. Regional disparities are particularly pronounced with weaker labour market outcomes observed in northern regions (Annex 17). Meanwhile, wage growth remains subdued, with real compensation per employee growing only moderately in 2024 (by 1.5%) after two years of decline. In addition, certain segments of the Greek population have very low labour-force participation rates due to persistent obstacles in accessing the jobs market (Annex 10). Against this background, Greece has reformed its policies to help people find work or training, and has deregulated parts of its employment law. The government has also restructured its public employment service with support from EU funding. Nevertheless, there is room for more effective reskilling initiatives and programmes, given also Greece's adverse demographic trends.

Greece has one of the largest gender employment gaps in the EU. Although 85% of working-age men are either employed or actively seeking employment (in line with the EU average), the share is much lower among women (2 out of 3 women against 75% in the EU) (Annex 10). The gender employment gap in Greece is nearly twice as high as the EU average (18.8 pps vs 10.0 pps) and it has not narrowed significantly since 2013 when unemployment peaked. The poor outcomes of women on the jobs market, which can be seen in both younger and older cohorts, can be partly attributed to: (i) the low availability of part-time work; (ii) the insufficient availability of early childcare and long-term care services; and (iii) uncertain and poor employment prospects. The gender employment gap could be narrowed by: (i) increasing the availability of childcare and long-term care; (ii) expanding all-day school opportunities; and (iii) promoting flexible working arrangements, including in the form of teleworking, and more balanced parental leave rights.

Graph 4.1:**Key labour market indicators**



Source: Eurostat

Underperformance in basic skills among young people is a barrier to further skills development. Since 2012, the OECD Programme for International Student Assessment (PISA) has shown a persistent deterioration in the performance of 15-year-olds in basic skills (mathematics, reading, and science), which is currently one of the lowest in the EU (Annex 12). PISA results also reveal differences in the performance of students depending on whether they are in urban or rural areas (Annex 17). A lack of basic skills among young people limits their opportunities to develop more advanced skills, and restricts Greece's productivity potential. Policy efforts have intensified in recent years to improve educational outcomes, with support from the RRF and ESF+ (Annex 12). However, there is still room to: (i) further increase participation in early childhood education and care from the age of three; (ii) strengthen schools and school leaders' autonomy; (iii) empower teachers by improving their continuous professional development; and (iv) align student assessment to competence-based learning approaches.

Skills mismatches, partly attributed to low levels of participation in adult learning, impede employment growth and productivity. At around 15.1%, the percentage of Greek adults that participated in training activities in the last 12 months is one of the lowest in the EU (Annex 12). At the same time, only around half of the population aged 16-74 has at least basic digital skills, and only one third of the population believe that they have the necessary skills to contribute to the green transition. Greece has taken measures to address skills mismatches, including through an EU-funded technical support project for the implementation of a national skills framework. With an overall allocation of nearly EUR 2 billion, the ESF+ and the European Regional Development Fund are helping to improve Greece's overall skills ecosystem. In addition, the RRF is providing more than EUR 1.8 billion to Greece to: (i) upgrade the infrastructure of its general and vocational education system; and (ii) expand the supply of lifelong learning opportunities for unemployed and employed people. These investments are supported by a thorough reform of Greece's national lifelong learning system to improve its quality and labour-market relevance. This thorough reform still remains to be fully implemented. In particular, Greece's upgraded skills-intelligence system lacks sufficient forecasting tools, IT infrastructure and staffing, while plans for individual learning accounts that link the needs of training participants with appropriate upskilling programmes have not yet been implemented.

Greece's ageing population requires effective support to take up jobs and training. Although the pace of population decline has recently slowed, Greece has experienced a net reduction of almost half a million residents since 2014. Birth rates have fallen to historic lows, with only

71 000 births in 2023 (compared with over 100 000 in 2012). Greece's total population is projected to shrink by 25% between 2023 and 2070, one of the sharpest declines in the EU. Greece is now developing a 10-year action plan on demography ([38]) to mitigate the economic and social impacts of these adverse demographic changes. It has also set up a platform ([39]) to connect highly skilled Greeks working abroad with businesses operating in Greece. Despite these efforts, structural impediments such as long delays in awarding pensions to people residing outside Greece who worked temporarily in the country, might affect the attractiveness of the jobs market (Annex 4).

Working conditions remain challenging for many workers, making it a priority to improve job quality in order to improve social fairness. The country has one of the highest shares of low-wage earners in the EU (21.7% in 2022) and – as of 2023 - one of the highest shares of workers working long hours (12.4% in 2024), with full-time employment corresponding to an average of 42.3 hours per week. In addition, more than 30% of Greek employees work during weekends and more than 35% stated that they usually work during the evening. Meanwhile, collective labour agreements cover a relatively small percentage of employees, and non-standard forms of employment are very widespread. Undeclared and under-declared work is favoured by widespread self-employment and the many micro- and small enterprises. Despite this, the Greek government has been making a continuous effort to eliminate the phenomenon of undeclared and under-declared work (Annex 10). Completing the legislative codification of the labour legislation that was postponed for several years could further help to increase legal clarity for both employers and employees.

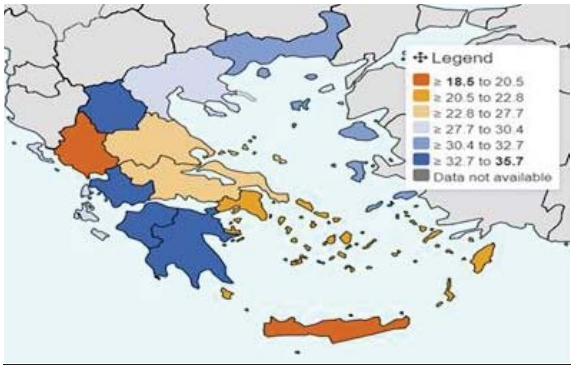
Further improvements in living standards will require continued structural reforms

Despite Greece's improved economic situation, the risk of poverty and social exclusion remains high. In 2024, two thirds of the population said they had difficulty in making ends meet, one of the highest shares of the population saying this in the EU. The share of people at risk of poverty, severely materially and socially deprived, or living in a household with very low work intensity is high, particularly among third-country nationals, Roma, and persons with disabilities. There are also significant regional disparities, with the south Aegean region, Crete, and the western region of Epirus showing lower risks of poverty than the EU as a whole (21.0%). Meanwhile, people living in regions such as the Peloponnese and elsewhere in western Greece have some of the highest risks of poverty in the EU (Graph 4.2). The percentage of children at risk of poverty or social exclusion in Greece also remains above the EU average (27.9% in Greece vs 24.2% in the EU) and is not improving. This affects children's access to education, social care, and healthcare, with the risk of perpetuating the intergenerational transmission of poverty. EU cohesion policy funds and the RRF both support vulnerable groups in Greece, including by helping them to find work or training and improving the delivery of social benefits and services. To further mitigate the impact of poverty on children, Greece is also implementing the European Child Guarantee, with some progress in some areas, such as early childhood education

([38]) National action plan for Demography.
([39]) Rebrain Greece platform.

and care, but gaps remaining in others, such as access to school meals. To make progress in the fight against poverty and social exclusion, Greece would benefit from further boosting the effectiveness and efficiency of its social protection system.

Map 4.1: **Risks of poverty and social exclusion by region, 2023 (%)**



Source: Eurostat

Energy poverty is increasing. The share of the Greek population unable to keep their homes adequately warm is one of the highest in the EU (19% vs an EU average of 9.2% in 2024) and has been increasing in recent years. This disproportionately affects people at risk of poverty, for whom the percentage rose to 43.6% in 2024 (vs 19.7% in the EU on average). Similarly, nearly one in three of the population (32%) faced arrears on utility bills in 2024, a rise of 5.7 pps compared with 2021 and almost five times the EU average (6.9%). Greece has drawn up a national action plan for the alleviation of energy poverty. The plan has a target to reduce, by at least 50% the relevant indicators of energy poverty by 2025 and by 75% by 2030 compared with 2016. The action plan includes measures such as a social tariff scheme, heating-oil allowances, and financial incentives for energy-efficiency upgrades. The RRF further supports energy-poor households by funding improvements in energy efficiency in residential buildings and incentivising the use of renewable energy solutions. Greece has also put some structural measures in place, including improvements to energy efficiency within the housing stock, where the country has made significant progress over the last five years. However, significant gaps remain as many of Greece's actions continue to be focused on financial assistance and price support, rather than on addressing the root causes of energy poverty.

High housing prices disproportionately affect vulnerable groups, while preventing people from moving to find work. House prices in Greece have increased by around 50% since 2015, spurred by both: (i) reviving domestic and foreign demand; and (ii) limited supply due to previous years of subdued construction investment. Sharp house price increases have been accompanied by rent increases, reducing affordability, especially for low-income and single-person households. This affects people's willingness to move to a new place to find work, exacerbating the problem of labour shortages, especially in areas with high labour demand, such as Attica or the islands (Annex 11).

Although accelerating construction activity could help to moderate housing price pressures in the future, this would take time to have any effect. Building permits increased by 31.5% in 2024 pointing to a rebound in construction activity. Nevertheless, any impact on housing prices will take time and depend on changes in housing demand. To address housing-related challenges, Greece is developing an overarching strategic framework. It has also introduced a wide set of measures to curb housing demand for investment purposes and broaden the supply of housing - especially for owner-occupation and long-term renting. These measures have included: (i) increased VAT on short-term rentals; (ii) exemptions from rental taxation for owners converting their property into long-term rentals; (iii)

subsidies for the renovation of vacant properties; and (iv) tightening-up of the Golden Visa programme. Greece also provides mortgage loans at favourable interest rates to low-income families with support from the RRF. A total of EUR 1.4 billion in RRF loans is being made available for both the purchase of primary residences through the 'My Home 2' programme and energy-efficiency renovations in owner-occupied properties.

Greece faces significant challenges in meeting healthcare needs, which will become even more acute in the future due to population ageing. Public spending on healthcare in Greece is one of the lowest in the EU (5.8% of GDP in 2023 vs an EU average of 7.3% of GDP), and most of this spending goes on hospital care and retail medical goods. Meanwhile, the high proportion of out-of-pocket payments by patients and the shortage of nurses and general practitioners is limiting access to healthcare, further exacerbating health inequalities. Against this background, the percentage of the Greek population reporting unmet needs for healthcare increased further in 2024 from 11.6% in 2023 to 12.1% in 2024, the highest level in the EU (EU average: 2.5%), with women being more affected than men.

Long-term adult care is underdeveloped in Greece and there are limited formal services to ensure adequate coverage in a coordinated manner. As also observed for healthcare services, these challenges in long-term adult care disproportionately affect rural and remote areas, which generally rely on insufficient and low-quality services. The underdeveloped nature of long-term care is considered a barrier to women's participation in the jobs market. To address challenges in the healthcare sector, Greece's recovery and resilience plan includes several reforms and investments to expand healthcare services, increase the number of general practitioners, and rationalise expenditure on pharmaceuticals. Greece is also developing a strategic framework for long-term care with support from the EU's Technical Support Instrument. However, Greece could further improve access to healthcare and long-term care services through: (i) more efficient and targeted financing; (ii) better resource allocation (in particular, expanding access to primary care) including with the use of digital tools; and (iii) strategic workforce planning for healthcare and long-term care.

Addressing these challenges will help Greece to boost upward social convergence with its EU peers. The second-stage analysis in line with the Social Convergence Framework points to challenges for Greece that may affect social convergence in relation to its social situation, its jobs market as well as its education and skills ([40]).

([40]) European Commission, SWD(2025)95. The analysis relies on all the available quantitative and qualitative evidence and the policy response undertaken and planned.

KEY FINDINGS

To foster competitiveness, sustainability and social fairness, Greece would benefit from:

- **accelerating the implementation of the RRP**, including the REPowerEU chapter, swiftly implementing **cohesion policy**, taking advantage of the opportunities under the mid-term review and making optimal use of EU instruments, including **InvestEU** and **STEP**, to improve competitiveness;

- **continuing making progress in: (i) strengthening tax compliance** through further centralisation and digitalisation of customs and tax controls; and **(ii) improving the tax system's predictability** by facilitating access to applicable rules and building on the codification of the tax and customs framework;

- **further improving the effectiveness and efficiency of its public administration** by fully implementing the multi-level governance framework;

- **further reducing the administrative and regulatory burden for companies** by: (i) streamlining and digitalising administrative processes; and (ii) improving both regulatory impact assessments and the capacity of market regulators;

- **completing the regulatory framework for environmental licensing** by: (i) creating a modern regulatory framework for the granting of concession agreements on the seashore, in particular, for industrial ports; and (ii) scaling up net-zero manufacturing capacity by providing an enabling policy framework;

- **reviewing and removing unjustified restrictions** on the entry to – and exercise of – professional services and product markets;

- **promoting the effective and efficient functioning of the justice system** including by streamlining judicial proceedings;

- **pursuing the ongoing reduction of the stock of non-performing loans** held by banks and credit servicers by optimising liquidation-related court proceedings;

- **improving the national research, development and innovation system** by: (i) addressing the fragmentation of both research policy management and funding sources; and (ii) facilitating access to finance for start-ups and scale-ups;

- **strengthening electricity network capacity and affordability** by: (i) streamlining the licensing process for new transmission networks and strengthening collaboration with neighbouring countries through making better use of the regional coordination centres; (ii) improving the quality of the distribution network; (iii) improving electricity price affordability by developing non-fossil flexibility solutions, such as demand response and storage; and (iv) adjusting the price

signal of imposed energy taxes to encourage electrification;

- **promoting the green and digital transition of the transport sector** by: (i) drawing up a comprehensive strategy with reforms and investments for the electrification of transport modes; (ii) upgrading urban and inter-regional public transport; and (iii) improving railway infrastructure, operations and safety;

- **taking concrete steps to phase out fossil fuel subsidies** in particular in the industry sector and by establishing incentives for more climate-friendly solutions;

- **drawing up a plan to: (i) climate-proof key infrastructure**, including the water supply; and **(ii) reform the institutional framework to** improve both the capacity and accountability of local water-services providers;

- **to support upward social convergence, improving educational outcomes** through better continuous professional development of teachers focused on competence-based approaches, and related student assessment;

- **boosting participation in the jobs market – in particular of young people and women** by: (i) promoting more flexible work arrangements; (ii) expanding formal early childhood education and care facilities; (iii) improving financial incentives (including by granting cross-border pensions without long delays); and (iv) addressing skills mismatches;

- **addressing poverty and social exclusion** by further boosting the effectiveness and efficiency of the social protection system, and by improving access to social and affordable housing;

- **promoting the cost effectiveness of the healthcare and long-term care systems** through: (i) efficient and targeted financing; (ii) strengthening the role of primary care and the coverage of long-term care services; and (iii) ensuring strategic workforce planning.

ANNEXES

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ANNEX 1: FISCAL SURVEILLANCE AND DEBT SUSTAINABILITY

This Annex contains a series of tables relevant for the assessment of the fiscal situation in Greece, including how Greece is responding to Council recommendations issued under the reformed Economic Governance Framework.

The reformed framework, which entered into force on 30 April 2024 ([41]), aims to strengthen debt sustainability and promote sustainable and inclusive growth through growth-enhancing reforms and priority investments. The medium-term fiscal-structural plans (hereinafter, MTPs or plans) constitute the cornerstone of the framework, setting the budgetary commitment of Member States over the medium term. The latter is defined in terms of net expenditure growth, which is the single operational indicator for fiscal surveillance.

Greece submitted its plan on 7 October 2024. The plan covers the period until 2024, presenting a fiscal adjustment over four years. On 21 January 2025, the Council adopted the Recommendation endorsing Greece's plan ([42]).

The assessment of the implementation of the Council Recommendation endorsing the Greece's plan is carried out on the basis of outturn data from Eurostat, the Commission's Spring 2025 Forecast and taking into account the Annual Progress Report (APR) that Greece submitted on 30 April 2025. Furthermore, given Greece's request to activate the National Escape Clause ([43]) in accordance with the Commission Communication of 19 March 2025 ([44]), the assessment also considers, as appropriate, the projected increase in defence expenditure based on the Commission Spring 2025 Forecast.

The Annex is organised as follows. First, developments in **government deficit and debt** are presented based on the figures reported in Table A1.1. Then, the assessment of the **implementation of the Council Recommendation endorsing the plan** follows, based on the relevant figures presented in Tables A1.2 to A1.9, including data on defence expenditure.

The Annex also provides information on the **cost of ageing** and the **national fiscal framework**. Fiscal sustainability risks are discussed in the Debt Sustainability Monitor 2024 ([45]).

([41]) Regulation (EU) 2024/1263 of the European Parliament and of the Council (EU) on the effective coordination of economic policies and on multilateral budgetary surveillance, together with the amended Regulation (EC) No 1467/97 on the implementation of the excessive deficit procedure, and the amended Council Directive 2011/85/EU on the budgetary frameworks of Member States are the core elements of the reformed EU economic governance framework.

([42]) OJ C, C/2025/661, 10.02.2025, ELI: http://data.europa.eu/eli/C/2025/661/oj.

([43]) On 29 April 2025, Greece requested to the Commission and to the Council the activation of the National Escape Clause. On this basis, the Commission adopted a Recommendation for a Council Recommendation allowing Greece to deviate from, and exceed, the net expenditure path set by the Council, COM(2025)605.

([44]) Communication from the Commission accommodating increased defence expenditure within the Stability and Growth Pact of 19 March 2025, C(2025) 2000 final.

([45]) European Commission (2025) 'Debt Sustainability Monitor 2024,' *European Economy-Institutional Papers* 306.

Developments in government deficit and debt

Greece's government surplus amounted to 1.3% of GDP in 2024. Based on the Commission's Spring 2025 Forecast, it is projected to decrease to 0.7% in 2025. The government debt-to-GDP ratio amounted to 153.6% at the end of 2024 and, according to the Commission, it is projected to decrease to 146.6% end-2025. The debt ratio declined by almost 56 percentage points since 2020 thanks to solid nominal GDP growth and improving primary balances. The difference between the general government balance projected by the Commission and Greece in 2025 can be attributed to higher social security contributions and lower expenditures on wages, pensions, and social welfare benefits projected in the Commission Spring 2025 Forecast. This reflects the incorporation of both the overperformance in social security contributions and the underspending observed in previous years into this year's forecast. These effects are partially offset by the lower direct tax revenues also projected in the Commission Spring 2025 Forecast.

Table A1.1: **General government balance and debt**

	Variables		2024	2025		2026	
			Outturn	APR	COM	APR	COM
1	General government balance	%GDP	1.3	0.1	0.7	n.a.	1.4
2	General government gross debt	%GDP	153.6	145.7	146.6	n.a.	140.6

Source: Commission Spring 2025 Forecast (COM), Annual Progress Report (APR)

Developments in net expenditure

The net expenditure ([46]) growth of Greece in 2025 is forecast by the Commission ([47]) to be above the recommended maximum, corresponding to a deviation of 0.2% of GDP. Considering 2024 and 2025 together, the cumulative growth rate of net expenditure is projected below the recommended maximum cumulative growth rate. The difference between the Commission's calculations of the net expenditure growth and the estimates of national authorities is mainly due to the lower pension and social welfare benefits projected in the Commission Spring 2025 Forecast, incorporating to the next year forecast the underspending observed in the past.

([46]) Net expenditure is defined in Article 2(2) of Regulation (EU) 2024/1263 as government expenditure net of (i) interest expenditure, (ii) discretionary revenue measures, (iii) expenditure on programmes of the Union fully matched by revenue from Union funds, (iv) national expenditure on co-financing of programmes funded by the Union, (v) cyclical elements of unemployment benefit expenditure, and (vi) one-off and other temporary measures.

([47]) European Commission Spring 2025 Forecast, *European Economy-Institutional paper 318*, May 2025.

Table A1.2: **Net expenditure growth**

	Annual			Cumulative*		
	REC	APR	COM	REC	APR	COM
	Growth rates					
2024	n.a.	-0.3%	-0.3%	n.a.	n.a.	n.a.
2025	3.7%	4.5%	4.2%	6.5%	4.2%	3.9%
2026	3.6%	n.a.	3.1%	10.3%	n.a.	7.1%

* The cumulative growth rates are calculated by reference to the base year of 2023.
Source: Council Recommendation endorsing the national medium-term fiscal-structural plan of Greece (REC), Annual Progress Report (APR) and Commission's calculation based on Commission Spring 2025 Forecast (COM)

The assessment of the net expenditure growth and in particular the comparison with the recommended net expenditure path considers that Greece has requested the activation of the national escape clause to facilitate transitioning to a higher level of defence expenditure. General government defence expenditure in Greece amounted to 2.7% of GDP in 2021, 2.6 % of GDP in 2022 and 2.2% of GDP in 2023 ([48]). According to the Commission Spring 2025 Forecast, expenditure on defence is projected at 2.4% of GDP in in both 2024 and 2025.

Table A1.3: **Net expenditure (outturn and forecast), annual and cumulated deviations vis-à-vis the recommendation**

	Variables		2023	2024	2025	2026
			Outturn	Outturn	COM	COM
1	Total expenditure	bn NAC	111.5	114.0	119.3	125.2
2	Interest expenditure	bn NAC	7.6	8.2	7.8	7.9
3	Cyclical unemployment expenditure	bn NAC	0.3	0.1	0.0	0.0
4	Expenditure funded by transfers from the EU	bn NAC	5.7	6.2	8.2	10.7
5	National co-financing of EU programmes	bn NAC	0.7	0.7	0.8	0.7
6	One-off expenditure (levels, excl. EU funded)	bn NAC	0.3	0.4	0.1	0.0
7=1-2-3-4-5-6	**Net nationally financed primary expenditure (before discretionary revenue measures, DRM)**	**bn NAC**	**96.8**	**98.3**	**102.3**	**106.0**
8	Change in net nationally financed primary expenditure (before DRM)	bn NAC		1.5	4.0	3.7
9	DRM (excl. one-off revenue, incremental impact)	bn NAC		1.8	-0.2	0.5
10=8-9	**Change in net nationally financed primary expenditure (after DRM)**	**bn NAC**		**-0.3**	**4.1**	**3.2**
11	Outturn / forecast net expenditure growth	% change		-0.32%	4.2%	3.1%
12	Recommended net expenditure growth*	% change		2.6%	3.7%	3.6%
13=(11-12) x 7	Annual deviation	bn NAC		-2.8	0.5	-0.5
14 (cumulated from 13)	Cumulated deviation	bn NAC		-2.8	-2.3	-2.8
15=13/17	**Annual balance**	**% GDP**		**-1.2**	**0.2**	**-0.2**
16=14/17	**Cumulated balance**	**% GDP**		**-1.2**	**-0.9**	**-1.1**
17	p.m. Nominal GDP	bn NAC	225.2	237.6	251.3	262.8

* The growth rate for 2024 is not a recommendation but serves to anchor the base, as the latest year with outturn data when setting the net expenditure path is year 2023.
Source: Commission Spring 2025 Forecast and Commission's calculation

([48]) Eurostat, government expenditure by classification of functions of government (COFOG).

Table A1.4: **Defence expenditure and the national escape clause**

			2021	2022	2023	2024	2025	2026
1	Total defence expenditure	%GDP	2.7	2.6	2.2	2.4	2.4	2.5
2	*of which: gross fixed capital formation*	%GDP	0.6	0.5	0.5	0.3	0.5	0.6
3	Flexibility from increases in defence expenditure	%GDP					0.0	0.1
4	**Cumulated balance after flexibility**	**% GDP**					**-0.9**	**-1.2**

Source: Eurostat (COFOG), Commission Spring 2025 Forecast and Commission's calculation.

Table A1.5: **Macroeconomic developments and forecasts**

	Variables		2024	2025		2026	
			Outturn	APR	COM	APR	COM
1=7+8+9	**Real GDP**	**% change**	**2.3**	**2.3**	**2.3**	**n.a.**	**2.2**
2	Private consumption	%change	2.1	1.7	1.9	n.a.	1.8
3	Government consumption expenditure	%change	-4.1	0.0	2.6	n.a.	1.1
4	Gross fixed capital formation	%change	4.5	8.4	7.8	n.a.	7.3
5	Exports of goods and services	%change	1.0	4.0	3.1	n.a.	3.2
6	Imports of goods and services	%change	5.5	3.8	4.2	n.a.	3.5
	Contributions to real GDP growth						
7	- Final domestic demand	pps	1.3	2.5	3.0	n.a.	2.6
8	- Change in inventories	pps	3.2	0.0	0.0	n.a.	0.0
9	- Net exports	pps	-2.2	-0.3	-0.7	n.a.	-0.3
10	Output gap	%pot GDP	1.8	0.9	2.4	n.a.	2.7
11	Employment	%change	1.2	0.7	1.1	n.a.	0.9
12	Unemployment rate	%	10.1	9.7	9.3	n.a.	8.7
13	Labour productivity	%change	1.0	1.5	1.1	n.a.	1.3
14	HICP	%change	3.0	2.4	2.8	n.a.	2.3
15	GDP deflator	%change	3.2	2.3	3.4	n.a.	2.3
16	Compensation of employees per head	%change	6.0	4.0	3.8	n.a.	3.5
17	Net lending/borrowing vis-à-vis the rest of the world	%GDP	-7.3	n.a.	-5.4	n.a.	-4.2

Source: Commission Spring 2025 Forecast (COM), Annual Progress Report (APR)

Table A1.6: **General government budgetary position**

	Variables (% GDP)	2024	2025		2026	
		Outturn	APR	COM	APR	COM
1=2+3+4+5	**Revenue**	**49.3**	**48.9**	**48.1**	**n.a.**	**49.0**
	of which:					
2	- Taxes on production and imports	16.9	16.8	16.0	n.a.	16.3
3	- Current taxes on income, wealth, etc.	11.1	10.7	11.1	n.a.	11.2
4	- Social contributions	13.3	13.0	13.0	n.a.	13.0
5	- Other (residual)	8.1	8.4	8.0	n.a.	8.5
8=9+16	**Expenditure**	**48.0**	**48.8**	**47.5**	**n.a.**	**47.6**
	of which:					
9	- Primary expenditure	44.5	45.7	44.4	n.a.	44.6
	of which:					
10	- Compensation of employees	10.3	10.2	10.1	n.a.	9.9
11	- Intermediate consumption	5.2	5.3	5.4	n.a.	5.4
12	- Social payments	19.4	19.4	19.2	n.a.	18.8
13	- Subsidies	1.4	1.3	1.1	n.a.	1.0
14	- Gross fixed capital formation	3.7	5.8	4.2	n.a.	3.8
15	- Other	4.5	3.7	4.4	n.a.	5.7
16	- Interest expenditure	3.5	3.1	3.1	n.a.	3.0
18=1-8	**General government balance**	**1.3**	**0.1**	**0.7**	**n.a.**	**1.4**
19=1-9	**Primary balance**	**4.8**	**3.2**	**3.8**	**n.a.**	**4.4**
20	Cyclically adjusted balance	0.4	n.a.	-0.6	n.a.	-0.1
21	One-offs	-0.2	0.0	0.0	n.a.	0.0
22=20-21	**Structural balance**	**0.6**	**-0.3**	**-0.5**	**n.a.**	**-0.1**
23=22+16	Structural primary balance	4.0	2.8	2.6	n.a.	3.0

Source: Commission Spring 2025 Forecast (COM), Annual Progress Report (APR)

Table A1.7: **Debt developments**

	Variables	2024	2025		2026	
		Outturn	APR	COM	APR	COM
1	**Gross debt ratio* (% of GDP)**	**153.6**	**145.7**	**146.6**	**n.a.**	**140.6**
2=3+4+8	Change in the ratio (pps. of GDP)	-10.3	-7.9	-7.0	n.a.	-5.9
	Contributions**					
3	**Primary balance**	**-4.8**	**-3.2**	**-3.8**	**n.a.**	**-4.4**
4=5+6+7	**'Snow-ball' effect**	**-5.1**	**-3.6**	**-5.3**	**n.a.**	**-3.4**
	of which:					
5	- Interest expenditure	3.5	3.1	3.1	n.a.	3.0
6	- Real growth effect	-3.5	-3.3	-3.3	n.a.	-3.1
7	- Inflation effect	-5.0	-3.4	-5.1	n.a.	-3.3
8	**'Stock-flow' adjustment**	**-0.4**	**-1.0**	**2.0**	**n.a.**	**1.8**

* End of period.

** The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The stock-flow adjustment includes differences in cash and accrual accounting (including leads and lags in Recovery and Resilience Facility grant disbursements), accumulation of financial assets, and valuation and other residual effects.

Source: Commission Spring 2025 Forecast and Commission's calculation (COM), Annual Progress Report (APR)

Table A1.8: **RRF – Grants**

	Revenue from RRF grants (% of GDP)							
		2020	2021	2022	2023	2024	2025	2026
1	RRF grants as included in the revenue projections	n.a.	0.2	0.4	0.7	1.0	2.1	3.1
2	Cash disbursements of RRF grants from EU	n.a.	1.3	0.8	1.5	0.5	1.4	2.4

	Expenditure financed by RRF grants (% of GDP)							
		2020	2021	2022	2023	2024	2025	2026
3	Total current expenditure	0.0	0.1	0.0	0.2	0.2	0.4	0.4
4	Gross fixed capital formation	0.0	0.1	0.3	0.2	0.6	1.0	1.8
5	Capital transfers	0.0	0.0	0.1	0.3	0.3	0.6	0.9
6=4+5	Total capital expenditure	0.0	0.1	0.4	0.5	0.8	1.6	2.6

	Other costs financed by RRF grants (% of GDP)							
		2020	2021	2022	2023	2024	2025	2026
7	Reduction in tax revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Other costs with impact on revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Financial transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Annual Progress Report

Table A1.9: **RRF - Loans**

	Cash flow from RRF loans projected in the Plan (% of GDP)							
		2020	2021	2022	2023	2024	2025	2026
1	Disbursements of RRF loans from EU	n.a.	0.9	0.9	1.7	1.0	1.4	1.8
2	Repayments of RRF loans to EU	n.a.	0.0	0.0	0.0	0.0	0.0	0.0

	Expenditure financed by RRF loans (% of GDP)							
		2020	2021	2022	2023	2024	2025	2026
3	Total current expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.1
4	Gross fixed capital formation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Capital transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6=4+5	Total capital expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Other costs financed by RRF loans (% of GDP)							
		2020	2021	2022	2023	2024	2025	2026
7	Reduction in tax revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Other costs with impact on revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Financial transactions	0.0	0.0	0.1	0.4	0.7	1.5	1.9

Source: Annual Progress Report

Cost of ageing

Total age-related spending in Greece is projected to rise from 22% of GDP in 2024 to 22.5% in 2040 but to decline to 21% in 2070 (see Table A1.10**).** The overall decrease by 2070 is mainly driven by pension spending, which more than offsets the expected increase on healthcare spending. The pension expenditure-to-GDP ratio would rise from 13.4% of GDP in 2024 to a peak of 14.2% in 2044 but decline thereafter to 12% in 2070.

Public healthcare ([49]) expenditure is projected at 5.2% of GDP in 2024 (below the EU average of 6.6%) and is expected to increase by 0.6 pps by 2040 and by a further 0.2 pp by 2070.

([49]) Key performance characteristics, recent reforms and investments are discussed in Annex 11 'Health and health systems'.

Public expenditure on long-term care ([50]) is projected at 0.1% of GDP in 2024 (far below the EU average of 1.7%) and is expected to remain broadly similar by 2040 and 2070.

Table A1.10: **Projected change in age-related expenditure in 2024-2040 and 2024-2070**

	age-related expenditure 2024 (% GDP)	change in 2024-2040 (pps GDP) due to: pensions	healthcare	long-term care	education	total	age-related expenditure 2040 (%GDP)	
EL	22.0	0.3	0.6	0.0	-0.3	**0.6**	22.5	EL
EU	24.3	0.5	0.3	0.4	-0.3	**0.9**	25.2	EU

	age-related expenditure 2024 (% GDP)	change in 2024-2070 (pps GDP) due to: pensions	healthcare	long-term care	education	total	age-related expenditure 2070 (%GDP)	
EL	22.0	-1.4	0.8	0.0	-0.3	**-1.0**	21.0	EL
EU	24.3	0.2	0.6	0.8	-0.4	**1.3**	25.6	EU

Source: 2024 Ageing Report (EC/EPC).

National fiscal framework

The Hellenic Fiscal Council (HFC) is a well-resourced Independent Fiscal Institution (IFI) with a fairly wide mandate, but it could improve its impact. It endorses both macroeconomic and budgetary forecasts and monitors fiscal rules and has 14 members of staff. However, recruitment is limited to civil servants. The HFC has a legal right to full access to information but reports having issues with the timeliness of access. Its new task of costing the elections platforms of political parties will require an improvement of the legal framework governing access to information. Policy dialogue with the government, interactions with the parliament and outreach activities could be further developed.

Continuous efforts have been made to strengthen the management of public investments in Greece. The national development plan, launched in 2021, sets out the rules for developing projects financed solely from national funds and complements the planning for EU cofinanced investments ([51]). The plan helps integrate objectives across all levels of government and financing sources, provide more consistency, avoid overlap and facilitate strategic alignment. A single monitor and control system for all programmes and projects will support the plan's implementation. In September 2024, Greece adopted a simplified legislative framework, which introduced, inter alia, an integrated planning framework for EU-financed and nationally-financed investments; a rolling 10-year investment plan; mechanisms for project tracking, performance evaluation, and transparency in resource allocation as well as digital tools to support project lifecycle management and inter-agency collaboration.

Greece is particularly vulnerable to climate risks and extreme weather events. As of 2024, Greece has decided to allocate EUR 600 million per year in their public investment budget to manage natural disasters. These funds can be supplemented, when relevant, by the budget contingency reserve, and supplementary budgets upon Parliamentary approval. Other measures aimed at addressing the insurance protection gap for natural catastrophes have also been taken by the Government (see Annex 9).

([50]) The quality and the accessibility of the long-term care system are covered in Annex 9 'Social policies'.

([51]) Belu Manescu, C. (2024) "The Planning of Public Investments in the EU Member States: Long-Term Strategy, Selection and Budgeting Issues", ECFIN Discussion Paper no 2013.

Table A1.11: **Fiscal Governance Database Indicators**

2023	Greece	EU Average
Country Fiscal Rule Strength Index (C-FRSI)	11.23	14.52
Medium-Term Budgetary Framework Index (MTBFI)	0.87	0.73

The Country Fiscal Rule Strength Index (C-FRSI) shows the strength of national fiscal rules aggregated at the country level based on i) the legal base, ii) how binding the rule is, iii) monitoring bodies, iv) correction mechanisms, and v) resilience to shocks. The Medium-Term Budgetary Framework Index (MTBFI) shows the strength of the national MTBF based on i) coverage of the targets/ceilings included in the national medium-term fiscal plans; ii) connectedness between these targets/ceilings and the annual budgets; iii) involvement of the national parliament in the preparation of the plans; iv) involvement of independent fiscal institutions in their preparation; and v) their level of detail. A higher score is associated with higher rule and MTBF strength.

Source: Fiscal Governance Database

This annex provides an indicator-based overview of Greece's tax system. It includes information on: (i) the tax mix; (ii) competitiveness and fairness aspects of the tax system; and (iii) tax collection and compliance.

Greece's tax burden was similar to the EU aggregate in 2023. The tax-revenue-to-GDP ratio in Greece decreased from 41.0% to 38.9% in 2023 and is now similar to the EU average. There has been a clear increase in this ratio in the last decade, given that in 2010 it stood at 32.3% of GDP. Compared with 2022, in 2023 capital-tax revenues (equivalent to 8.3% of GDP) gained weight at the expense of consumption and labour taxes, bringing Greece closer to the EU average (8.5% of GDP). Comparing the structure of taxation in Greece with that of the EU, Greece is less reliant on labour taxation than most EU countries and relies more on growth-friendly taxes (i.e. consumption taxes rather than labour taxes) than the EU average (Table A13.1). However, the VAT policy gap in Greece is somewhat higher than the average in the EU (the VAT rate gap is at 18.6% while the EU average is 12%, and the actionable exemption gap in Greece is at 9.8% while the EU average is at 7% ([52]). Despite falling in 2023, revenues from environmental taxes in Greece were still equivalent to 4.1% of GDP in 2023, still among the highest shares in the EU. The effective rate of carbon taxation (EUR 86.73/tonne of CO_2) is 2 pps above the EU average. Revenues from both energy and transport tax as a percentage of GDP in Greece are significantly above the EU average. To strengthen the application of the 'polluter pays' principle, Greece is encouraged to complete the process of introducing landfill tax as also committed to in its recovery and resilience plan (RRP). Revenues from property taxes (2.7% of GDP) also exceeded the EU average in 2023 (1.9% of GDP). This was particularly the case for recurrent taxes from immovable property (2.0% of GDP, compared with 0.9% for the EU average).

Greece's labour-tax burden is lower than the EU average across all income levels. Graph A19.2 shows that the labour-tax wedge for Greece in 2023 was lower than the EU average for both single people at various income levels and for second earners at 67% of the average income ([53]). Overall, the progressivity of the Greek tax system (as measured by the ratio of the tax wedge of high-income and low-income earners) is similar to the EU average. However, the tax-and-benefit system in Greece reduced income inequality (as measured by the Gini coefficient) by far less than the EU average in 2023 (Table A19.1). In Greece, the tax and benefit system reduced the Gini coefficient on average by 4.5 points, while in the EU this reduction was on average 7.7 points in 2023.

In December 2024, Greece adopted additional reforms to its tax-policy framework, including for self-employed people, also in view of RRP commitments. These reforms were part of a wider package of reforms that were initiated in 2023 and continued in 2024 and included measures to: (i)

([52]) The policy gap can be decomposed to further understand how different elements of the tax system contribute to the loss of VAT revenue. In this study, the VAT policy gap is decomposed into "additive" components (summing up to the total policy gap).63 The main components of this decomposition are the rate gap and the exemption gap, which capture the forgone VAT liability due to the application of reduced rates and the implementation of exemptions or the exclusion of part of household final consumption from the tax base. The rate gap is defined as the difference between what would have been obtained in a counterfactual situation in which the standard rate had been applied to the total final consumption and the VTTL. The exemption gap is defined as the difference between two amounts: what would have been obtained in a counterfactual situation – where the standard rate applied to exempt products and services and no restriction of the right to deduct were applicable; and the VAT Total Tax Liability. European Commission: Directorate-General for Taxation and Customs Union, The VAT gap in the EU 2024, Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2778/2861558.

([53]) The tax wedge is defined as the sum of personal income taxes and employee and employer social-security contributions net of family allowances, expressed as a percentage of total labour costs (the sum of the gross wage and social-security contributions paid by the employer).

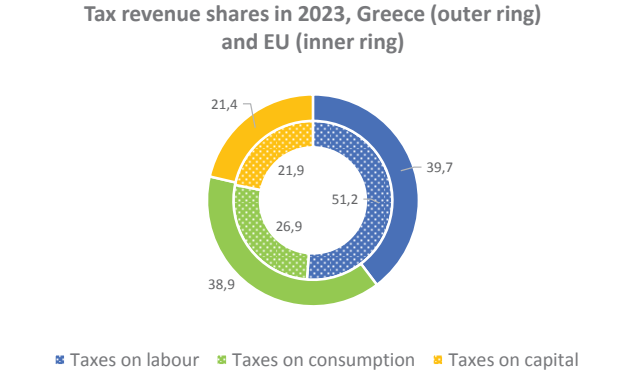
Table A2.1: **Taxation indicators**

		Greece					EU-27				
		2010	2021	2022	2023	2024	2010	2021	2022	2023	2024
Tax structure	Total taxes (including compulsory actual social contributions) (% of GDP)	32,4	39,4	41,0	38,9		37,8	40,2	39,7	39,0	
By tax base	Taxes on labour (% of GDP)	13,8	16,9	16,1	15,4		19,8	20,5	20,1	20,0	
	of which, social security contributions (SSC, % of GDP)	11,1	12,7	12,1	11,2		12,9	13,0	12,7	12,7	
	Taxes on consumption (% of GDP)	12,0	14,7	16,9	15,2		10,9	11,2	10,9	10,5	
	of which, value added taxes (VAT, % of GDP)	7,1	8,2	9,0	8,8		6,8	7,3	7,4	7,1	
	Taxes on capital (% of GDP)	6,6	7,8	8,0	8,3		7,1	8,5	8,7	8,5	
Some tax types	Personal income taxes (PIT, % of GDP)	4,0	5,8	5,5	5,9		8,6	9,6	9,4	9,3	
	Corporate income taxes (CIT, % of GDP)	2,6	2,0	2,5	2,9		2,2	2,9	3,2	3,2	
	Total property taxes (% of GDP)	2,0	3,1	3,0	2,7		1,9	2,2	2,1	1,9	
	Recurrent taxes on immovable property (% of GDP)	1,0	2,4	2,1	2,0		1,1	1,1	1,0	0,9	
	Environmental taxes (% of GDP)	2,7	4,2	5,6	4,1		2,5	2,4	2,1	2,0	
	Effective carbon rate in EUR per tonne of CO_2 equivalents	NA	83,7	NA	86,7		NA	86,0	NA	84,8	
Progressivity & fairness	Tax wedge at 50% of average wage (single person) (*)	34,4	29,9	30,3	30,9	31,6	33,9	31,8	31,5	31,5	31,8
	Tax wedge at 100% of average wage (single person) (*)	40,0	37,3	38,0	38,7	39,3	40,9	39,9	39,9	40,2	40,3
	Corporate income tax - effective average tax rates (1) (*)	21,9	21,6	21,6	21,6		21,3	19,3	19,1	18,9	
	Difference in Gini coefficient before and after taxes and cash social transfers (pensions excluded from social transfers) (2) (*)	5,5	3,7	4,0	4,5		8,6	8,2	7,9	7,7	
Tax administration & compliance	Outstanding tax arrears: total year-end tax debt (including debt considered not collectable) / total revenue (in %) (*)		203,0	190,6				35,5	32,6		
	VAT gap (% of VAT total tax liability, VTTL) (**)		17,5	13,7				6,6	7,0		

(1) Forward-looking effective tax rate (KPMG).
(2) A higher value indicates a stronger redistributive impact of taxation.
(*) EU-27 simple average.
(**) For more details on the VAT gap, see European Commission, Directorate-General for Taxation and Customs Union, VAT gap in the EU - 2024 report, https://data.europa.eu/doi/10.2778/2476549
For more data on tax revenues as well as the methodology applied, see the Data on Taxation webpage, https://ec.europa.eu/taxation_customs/taxation-1/economic-analysis-taxation/data-taxation_en.
Source: European Commission, OECD

increase the mandatory acceptance of electronic payments; (ii) put in place new reporting requirements on data sent to the tax administration enabling the use of this data for VAT and income-tax purposes; and (iii) put in place a deemed minimum income for the self-employed based on criteria such as the minimum wage, a comparison with annual sectoral revenues, etc. The deemed minimum income can be rebutted at the request of the taxpayer. The increase of personal-income-tax revenues in 2023 (from 5.5% of GDP in 2022 to 5.9%) can be attributed partly to these reforms. Finally, Greece also introduced several tax reductions in 2025 to boost disposable income, including by reducing the compulsory social-security contributions by an additional percentage point. This has resulted in a cumulative reduction in social-security contributions (employer and employee combined) of 5.4 percentage points since 2019 (from 40.56% to 35.16%).

Graph A2.1: **Tax revenue shares in 2023**



Source: Taxation Trends Data, DG TAXUD

There has been a strong reform momentum in business and the public administration, but challenges persist. In 2024, the statutory corporate income tax (CIT) rate was 22% after progressively declining over the last 30 years (the EU-27 average in 2024 was around 21%). Although Greece has historically had a large gap between the statutory and effective CIT rate, in part due to the complexity of the tax system, this is no longer the case. In fact, Greece is one of only three Member States

where the effective corporate-income-tax rate increased over the last two decades (2002-2022-from 17.5% to 21.1%). It decreased or remained stable in all other Member States (EU average 19.1%). This can be explained by reforms to the Greek tax system, that led to an increase in tax collection over the same period. As a result, the gap between the statutory and effective rates of CIT has narrowed significantly. Greece also enacted the Pillar 2 Directive in a timely manner (1st January 2024). The Commission will assess Greece's application of the CIT top-up tax on a case-by-case basis depending on the actual effective tax rate of the given group in Greece. Nevertheless, it is likely that the application of the top-up tax will not significantly affect Greek tax revenues.

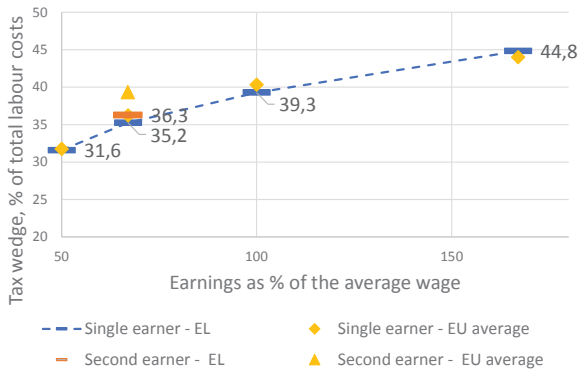
Greece maintains several tax Incentives related to the green transition, and has also introduced a specific venture-capital tax regime, applicable to Venture Capital Companies (EKES) and Closed – end Venture Capital Mutual Funds (AKES), respectively" 'Green' tax incentives in Greece include: (i) PIT income-tax exemptions for buying or using a zero-pollution or low-pollution vehicle (up to 50 g CO_2 per km); and (ii) increased CIT-deduction rates for the cost of leasing 'green' company passenger cars. Stock options granted to employees, shareholders or partners of a legal entity in Greece are exempt from employment-income tax under certain conditions.

Greece is working to improve the investment friendliness of its taxation system in response to RRP commitments. In 2024, Greece completed several reforms including: (i) codification of legislation on tax procedures; (ii) the replacement of stamp-duty with a new digital transaction tax; (iii) the simplification of tax legislation; (iii) further digitalisation of services; and (iv) specific incentives on innovation, transformation, and the scaling up of companies.

In line with other EU Member States, Greece does not have a wealth tax, and capital gains are taxed at a flat rate, while inheritance and gift taxes apply at progressive rates. Capital gains from the transfer of shares, whether traded publicly or not, are taxed in principle at a flat rate of 15%, with an additional 2% duty for gross sale proceeds of publicly traded shares. Inheritance tax applies to the current value of the property inherited, at a rate of between 1% and 40%. This inheritance tax is progressive and varies depending on the relationship between deceased and heir. There is a similar progressive system in place, which also varies depending on the relationship between deceased and heir, for donations and parental grants. Rental income is taxed progressively at a rate ranging between 15% and 45%. Dividends are currently subject to a withholding tax at a rate of 5%.

Greece has five preferential tax regimes to attract investors and highly qualified employees, two of which entered into force in 2025. The three regimes that were in force before 2025 are: (1) a regime under which investors not resident in Greece are subject to a yearly lump-sum tax of EUR 100 000 for up to 15 years; (2) a regime for pensioners living in Greece and receiving pension income from abroad that is taxed at only 7%; and (3) an alternative tax regime for employees relocated to Greece who can be exempt from income tax and special solidarity contributions for 50% of their employment or business income in Greece for seven years. In addition to these three regimes, Greece has introduced two new preferential tax regimes for individuals to promote investments in the country, especially in start-ups. These two new regimes will take effect from 2025.

Graph A2.2: **Tax wedge for single and second earners, % of total labour costs, 2024**



The tax wedge for second earners assumes a first earner at 100% of the average wage and no children. For the full methodology, see OECD, 2016, Taxing Wages 2014-2015.
Source: European Commission

Continued reforms on digitalisation, improving tax compliance, and combating tax evasion are starting to improve the performance of the Greek tax administration. At 191% of total net revenue collected, Greece's outstanding tax arrears, although slightly improved in comparison with 2021, remained the highest in the EU in 2022 (32.6% aggregate). VAT revenue in Greece grew by 22.8% in 2022, with growth in key macroeconomic indicators such as GDP, household final consumption and investment also increasing strongly in 2021 and 2022 ([54]). And the VAT compliance gap in Greece fell by 3.8 pps to 13.7% in 2022 but remained above the median EU-wide gap of 6%. This was a continuation of the downward trend that commenced in 2018 and is in line with most EU Member States. Similarly, on-time payment rates for VAT have continued to improve, and amounted to 90.2% of expected due payments in 2022. The rate of audits with adjustment of the tax obligation as a percentage of audits completed has improved (from 68.9% in 2022 to 88.5% in 2021 ([55])). On efficient tax collection, gross expenditure by the Greek authorities on information and communications technology doubled between 2021 and 2022 ([56]), and the rate of returns filed electronically was high for CIT, personal-income tax and VAT.

Finally, reforms in the area of tax compliance and collection continued: In December 2024, Greece adopted legislation that lays down: (i) fixed submission deadlines for tax returns; (ii) incentives for early payment of due taxes; and (iii) penalties for the public and private sectors for non-registration, late filing, or the filing of inaccurate data used to populate the pre-filled income tax returns.

([54]) European Commission: Directorate-General for Taxation and Customs Union, Bonch-Osmolovskiy, M., Poniatowski, G., Braniff, L., Harrison, G. et al., VAT gap in the EU – 2024 report, Poniatowski, G.(editor), Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2778/2476549.

([55]) https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-administration/tax-administration-series-country-snapshot-grc.pdf.

([56]) From EUR 11.1 million to EUR 22.093 million, OECD, Tax Administration 2024, Comparative Information on OECD and other Advanced and Emerging Economies, data tables available at https://data.rafit.org/regular.aspx?key=74180905.

Although Greece's science base shows a positive trend, the country still faces challenges to boost its innovative ecosystem. According to the 2024 European Innovation Scoreboard ([57]), Greece is ranked as a 'moderate innovator', performing at 77.5% of the EU average. Its performance is increasing at a rate higher than that of the EU (+10%). R&D intensity ([58]) has been steadily increasing over the last decade and reached 1.49% in 2023 but remains significantly below the European average (2.24%). Regional gaps in R&D intensity are persistent, with low innovation diffusion causing regional disparities ([59]). Despite progress in its science base, there must be a long-term commitment to R&D investment, while further improvements in research and innovation (R&I) governance could boost the effectiveness of investments. On the innovation side, Greece still exhibits weaknesses because of a lack of private investment in R&D, with a high share of small, low-productivity firms that are lagging behind in adopting new and innovative technologies.

Science and innovative ecosystems

Greece's science performance has improved in recent years, although more efforts can help close the innovation gap. Public expenditure on R&D as a percentage of GDP was slightly above the EU average in 2023 (0.75% vs 0.72%), while scientific production is stable, at a level similar to the EU average. This is illustrated by the international scientific co-publications as a percentage of total publications (52% vs an EU average of 55.9% in 2023) and scientific publications within the top 10% most cited scientific publications worldwide as a percentage of total scientific publications (8.9 vs an EU average of 9.6). Equally, the number of new doctorate graduates in science and engineering is 17.6% (EU average 17.5%, see Table A3.1). The public sector (government and higher education institutions) employs the highest level of researchers at 7.8 per thousand of the active population (EU average 4.1). The Greek recovery and resilience plan (RRP) contributes to a better science base by boosting R&D expenditure through investments in research centre infrastructure as well as basic and applied research programmes. These investments are complemented by the National Strategy for Research, Technological Development and Innovation and support to research careers and research organisations by the Hellenic Foundation for Research & Innovation. Nonetheless, Greece would benefit from a long-term strategy for investments post-RRP ([60]) beyond 2026 and thus ensure stability as well as predictability. This would help further boost the quality of research outputs and improve the effectiveness of R&D investment ([61]).

R&I governance in Greece is fragmented and requires better coordination as it faces challenges to optimise and reduce the administrative burden. The country's research policy management and funding sources have long been fragmented across several ministries, among others the General Secretariat for Research and Innovation, the Hellenic Foundation for Research and Innovation and the regional R&I authorities. In addition to frequent changes, coordination among these policy advisory and management bodies has

([57]) 2024 European Innovation Scoreboard Greece: provides a comparative analysis of innovation performance for EU countries, including the relative strengths and weaknesses of their national innovation systems.

([58]) Eurostat. R&D intensity is defined as gross domestic expenditure on R&D as a percentage of GDP.

([59]) 2023 Regional Innovation Scoreboard: Greece.

([60]) The RRP funding for R&I amounted over 90% of Greece's public R&D expenditure in 2020.

([61]) This has been described among others in the final report, (2020) Development Plan of the Greek Economy.

been inadequate ([62]). Moreover, the various bodies involved in the financing of research activities are characterised by high levels of bureaucracy. This is due to specific laws, regulations and provisions that hinder the R&D activities (e.g. excessive administrative requirements, slow evaluation procedures, perceived bureaucratic burden, etc.) ([63]). Despite the increased funding, the country would benefit from managing and coordinating its R&I ecosystem more efficiently and effectively in order to improve its innovative performance.

Business innovation

Greece's moderate innovation performance requires increased private investment, improved innovation diffusion to small and medium-sized enterprises (SMEs) and stronger R&I policies. Although it has been steadily increasing since 2017, business expenditure on R&D as a percentage of GDP reached 0.74% in 2023 and continues to remain some way below the EU average (1.49%). This is caused among others by overall low dynamism in the business sector, with many SMEs concentrated in low technology sectors such as tourism and agrifood ([64]), and weaknesses when it comes to value added in medium- to high technology manufacturing ([65]). This is also reflected in innovation outputs, with only 0.51% patent applications per billion of GDP compared to the EU average of 2.8% (see Table A3.1, and Section 2) ([66]). To tackle these challenges, Greece has set up the 'Research-Create-Innovate' programme to link R&I with entrepreneurship and improve the competitiveness, productivity and outward orientation of Greek businesses, along with Greek Elevate, a database registry intended to identify promising start-ups and help them grow. These actions seek to channel resources in order to promote private research activities in companies, especially SMEs, which could help boost R&D expenditure in SMEs in future ([67]). In terms of the country's innovation activity in the private sector, which is still lagging behind overall, it is of utmost importance to ensure continuity in support measures. Additionally, Greece would benefit from offers key advantages in promoting innovation participating in the unitary patent system as it and boosting competitiveness ([68]).

Public support for private R&D has increased markedly, but further improvements can help increase its effectiveness. Direct and indirect government support for business R&D showed substantial increases between 2017 and 2022. Business enterprise expenditure on R&D financed by the public sector (national and abroad) as a percentage of GDP reached 0.150% (EU average 0.100%). R&D tax incentives (foregone revenues as % of GDP) reached 0.022% in 2022, up from 0.007% in 2017, although they still lag significantly behind the EU average (0.102%) (see Table A3.1). While measures have been taken to boost SME participation in the tax incentive scheme ([69]), the take-up of these

([62]) EC 2023: Support to Greece in the implementation of PSF country recommendations and OECD Economic Surveys: Greece 2024.

([63]) EC 2023: Support to Greece in the implementation of PSF country recommendations and OECD (2024), OECD Economic Surveys: Greece 2024.

([64]) OECD (2024), OECD Economic Surveys: Greece 2024

([65]) The value added in medium- to high-tech manufacturing in Greece as a percentage of total value added stands at 1.36% compared to the EU average of 5.25%.

([66]) As measured in patent applications filed under the Patent Cooperation Treaty per billion of GDP (in purchasing power standards/PPS €).

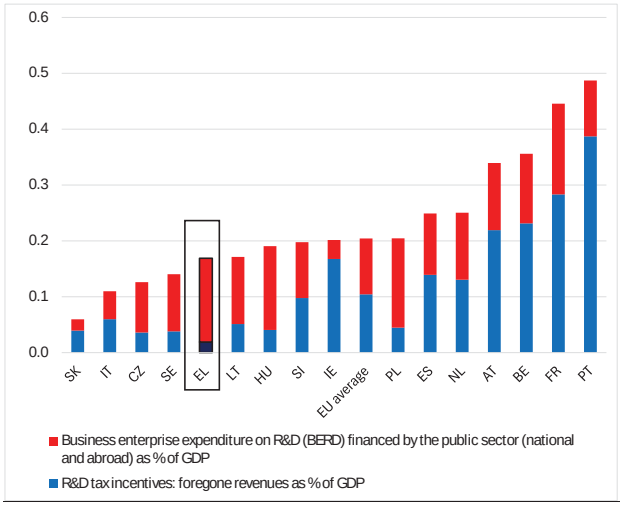
([67]) Business enterprise expenditure on R&D performed by SMEs as % of GDP: Greece 0.32% vs 0.40% for the EU (2022).

([68]) The country is expected to join by ratifying the Unified Patent Court Agreement, which it has already signed.

([69]) Greek Law No. 5162 (Dec 2024) tax reform includes improvements for R&D tax incentives for firms.

provisions has been low ([70]) (see Graph A3.1). Further improvements can help ensure easier access and increased awareness particularly for small businesses. An external assessment of the system could provide recommendations in order to strengthen the policy mix for the innovation ecosystem.

Graph A3.1: **Total public support to business R&D**



Source: Eurostat and OECD

Greek SMEs struggle to adopt digital and advanced technologies, with below-average performance in digitalisation compared to the EU. In 2024, only 53.4% of SMEs had at least a basic level of digital intensity, below the EU average (72.9%), although this result shows progress from 2022 (41.2% SME digital intensity). Firms in Greece also have a low level of take-up of advanced technologies such as AI, cloud and data analytics. Although recent figures show an acceleration in the adoption of AI in general in both the EU and in Greece, with an increase from 3.98% by firms in 2023 to 9.81% in 2024, this is still below the EU average of 13.48%. The adoption of data analytics and advanced cloud services are also far from the Digital Decade EU-level target of 75% by 2030. However, the dynamic start-up ecosystem is a positive sign of a digital ecosystem in development. To support the further adoption and development of digital technologies, the country is making use of the resources of its recovery and resilience plan. It is carrying out several initiatives, reforms and investments to upgrade its digital and research infrastructure, increase the digital maturity of SMEs by helping modernise their production, commercial and administrative functions, and purchase and use of digital products and services. However, strengthening the strategy and introducing additional measures can further contribute to the digital transformation of SMEs.

Science-business linkages have improved, but continuous efforts can help boost technology transfer and commercialisation of research. Despite Greece's solid research base, better science-business linkages have historically been held back by structural factors such as weak technology transfer offices or incentives for researchers to work in (or work with) the private sector. However, backed by dedicated support programmes that promote collaboration between academia and the business sector ([71]), the country's performance has improved, as seen in the number of public-private scientific co-publications as a percentage of total publications (9.2% vs the EU average of 7.7% in 2023). A recent report notes that progress is visible in the number of intermediary organisations, with accelerators and incubators flourishing ([72]), although there is scope for further support. Furthermore, Greece received Horizon Europe Policy Facility support to revise its 2021-2027 National Research Infrastructure Roadmap, boosting sustainability, scientific excellence and science-business collaboration. Full implementation of these recommendations ([73]) while ensuring that the support system for science-business

([70]) OECD (2024), OECD Economic Surveys: Greece 2024

([71]) For instance, the General Secretariat for Research and Innovation implemented the Research-Create-Innovate programme (2014-2020). This has been succeeded by the Research-Innovate 2021-2027 initiative.

([72]) '*Greeking Out 2.0 The Greek tech ecosystem is growing up.*' Sifted Reports, June 2024.

([73]) EC 2023: DG R&I Support to Greece in the implementation of PSF country recommendations – Final report.

collaboration, and commercialisation of research more specifically, is assessed and that intermediary structures such as tech transfer clusters are strengthened through continuous support, remain key.

Financing innovation

Venture capital in Greece has remained stagnant, and although measures have been introduced, access to finance remains limited. Venture capital in Greece is at 0.025, far below the EU average of 0.078 as a percentage of GDP. Nevertheless, there is access to finance for firms at initial stages, shown by 9.5% of venture capital for the seed stage (vs 7.3% for the EU) and 56.2% for the start-up stage (vs 44.0% for the EU) (see Table A3.1). While local private equity and the growth venture capital market are not developed, state-sponsored initiatives have had some success in mobilising investment. EquiFund (and EquiFund II in 2024) a fund-of-funds programme formed by a public-private partnership between the Greek government and the European Investment Fund, has made investments in Greek start-ups. In addition, the RRP Loan Facility is used for financing programmes to scale up small businesses (see Annex 5). Nonetheless, despite these measures Greece would benefit from additional sources and a post-RRP strategy to improve access to financing innovation.

Innovative talent

Human resources with innovative talent are insufficient, and more skilled workforce would be needed to support the Greek innovation ecosystem. The share of population aged 25-34 who have successfully completed tertiary education in 2024 reached 44.5% (EU average 44.2%), although graduates in the field of computing per thousand population aged 25-34 is at 2.8% (the EU of average of 3.6 in 2023). Also, the limited level of at least basic digital skills among the population (52.4% for Greece vs EU average 55.6%) is hindering the adoption of digital technologies (see Annex 12). The percentage of ICT specialists out of total employment is the lowest in the EU, at 2.4% ([74]). SMEs in Greece have stated that skills shortages are holding them back from adopting and/or using digital technologies (67%) ([75]). The development of entrepreneurship education in Greece is in its early stages, although in higher education, entrepreneurship education is

([74]) See DESI Indicators 2024.

([75]) Digital Decade 2024 Country Reports. Greece.

Table A3.1: **Key innovation indicators**

Greece	2012	2017	2020	2021	2022	2023	2024	EU average (1)	USA
Headline indicator									
R&D intensity (gross domestic expenditure on R&D as % of GDP)	0.72	1.15	1.49	1.43	1.48	1.49	:	2.24	3.45
Science and innovative ecosystems									
Public expenditure on R&D as % of GDP	0.47	0.58	0.79	0.75	0.75	0.75	:	0.72	0.64
Scientific publications of the country within the top 10% most cited publications worldwide as % of total publications of the country	8.81	8.93	8.79	8.91	:	:	:	9.64	12.29
Researchers (FTE) employed by public sector (Gov+HEI) per thousand active population	4.2	5.3	7.1	7.1	7.8	8.1	:	4.2	:
International co-publications as % of total number of publications	43.1	51.8	52.4	51.3	51.2	52.0	:	55.9	39.3
R&D investment & researchers employed in businesses									
Business enterprise expenditure on R&D (BERD) as % of GDP	0.25	0.56	0.69	0.67	0.72	0.74	:	1.49	2.70
Business enterprise expenditure on R&D (BERD) performed by SMEs as % of GDP	:	0.23	0.26	0.28	0.32	:	:	0.40	0.30
Researchers employed by business per thousand active population	0.9	2.1	2.7	2.9	3.3	:	:	5.7	:
Innovation outputs									
Patent applications filed under the Patent Cooperation Treaty per billion GDP (in PPS €)	0.6	0.6	0.6	0.7	0.5	:	:	2.8	:
Employment share of high-growth enterprises measured in employment (%)	:	:	:	:	:	:	:	12.51	
Digitalisation of businesses									
SMEs with at least a basic level of digital intensity % SMEs (EU Digital Decade target by 2030: 90%)	:	:	:	:	41.21	:	53.42	72.91	:
Data analytics adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	:	:	25	:	33.17	:
Cloud adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	15.22	:	18.07	:	38.86	:
Artificial intelligence adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	2.61	:	3.98	9.81	13.48	:
Academia-business collaboration									
Public-private scientific co-publications as % of total number of publications	6.1	7.5	8.6	8.5	8.9	9.2	:	7.7	8.9
Public expenditure on R&D financed by business enterprises (national) as % of GDP	0.032	0.041	0.041	0.046	0.043	:	:	0.050	0.020
Public support for business innovation									
Total public sector support for BERD as % of GDP	:	0.064	0.132	0.155	0.169	:	:	0.204	0.251
R&D tax incentives: foregone revenues as % of GDP	0.004	0.007	0.029	0.028	0.019	0.022	:	0.102	0.141
BERD financed by the public sector (national and abroad) as % of GDP	:	0.058	0.103	0.127	0.150	:	:	0.100	0.110
Financing innovation									
Venture capital (market statistics) as % of GDP, total (calculated as a 3-year moving average)	0.002	0.010	0.014	0.021	0.027	0.025	:	0.078	:
Seed capital (market statistics) as % of GDP	50.7	9.5	25.5	14.1	10.0	9.5	:	7.3	:
Start-up stage funding share (% of total venture capital)	47.3	34.0	41.4	79.8	54.7	56.2	:	44.0	:
Later stage funding share (% of total venture capital)	2.0	56.5	33.1	6.2	35.2	34.3	:	48.7	:
Innovative talent									
New graduates in science and engineering per thousand population aged 25-34	12.2	14.6	14.2	17.1	17.6	:	:	17.6	:
Graduates in the field of computing per thousand population aged 25-34	2.2	1.6	2.1	2.5	2.8	:	:	3.6	:

(1) EU average for the last available year or the year with the largest number of country data.

Source: Eurostat, DG JRC, OECD, Science-Metrix (Scopus database), Invest Europe, European Innovation Scoreboard

more widespread due to specific courses offered, innovation programmes and business incubators. However, limited resources and the absence of monitoring and evaluation of entrepreneurship education, coupled with no national strategy, are significant barriers to the development of entrepreneurship competences and skills. Greece has put in place support measures for PhD and postdoctoral students to increase innovative talent. Its RRP also includes a programme for upskilling and reskilling aimed at benefiting companies trying to recruit ICT specialists. However, further strengthening digital skills and promoting innovative talent capacity would help effectively support Greece's innovation ecosystem.

Despite significant recent improvements, Greece still faces serious competitiveness challenges. High regulatory barriers, a low investment share by the private sector, weak allocative efficiency and limited access to finance (especially for SMEs) remain important issues.

Economic framework conditions

Economic sentiment in 2024 was more positive among firms and overall than the long-term EU and Greek average, except for consumers. According to the 2024 business and consumer survey data, confidence increased substantially in the service sector (+40.3 points) as well as in retail (+12.6), construction (+7) and, to a lesser extent, industry (+1.8). These increases were much higher than the EU average (+6.4 points for services, -5 for retail, -7.6 for construction and -10.1 for industry). By contrast, Greek consumers were much more pessimistic (-46) than the EU average (-13) ([76]).

The investment-to-GDP ratio remains worryingly low and is impeding productivity growth. In 2023, Greece had the lowest level of total investment (15.2% as share of GDP) and business investment (7.7% of GDP) in the EU. Government investment is still being supported by the recovery and resilience plan (RRP) funds and the government's investment share to GDP (3.9%) is above the EU average (3.6%). However, Greek investment is focused on capital replacement (56% of firms) rather than capacity expansion (22% of firms) ([77]). Following the recent natural catastrophes, Greece had the highest share of firms investing in climate-resilience in response to the physical risk of climate change ([78]) in 2023.

Firms strongly perceive uncertainty, energy costs and business regulations as the main investment obstacles. According to the 2024 EIB Investment Survey, the three main obstacles to investment for more than 90% of Greek businesses are: uncertainty about the future, energy costs (see Annex 8) and business regulations. This is well above the EU average.

Greece's labour supply constraints and material supply constraints are increasing. The share of Greek businesses facing material supply constraints increased slightly from 7.3% in 2023 to 8.8% in 2024, but still remains lower than the overall EU 2024 average of 10% (See table A2.1). The share of businesses facing labour supply constraints increased (23.15% in 2024 vs 14.83% in 2023) and is higher than in the EU as a whole (20.16% EU average) (See table A2.1).

Greece has the second-lowest employment rate in the EU and women are especially under-represented. Greece's employment rate was 67.4% in 2023. The share of women in the labour market was 57.6% (also the second lowest in the EU). The female employment gap is one of the highest in the EU and labour productivity is below the EU average. The low employment rate of women may be related to a high tax wedge for second earners (usually women). Considering the adverse demographic projections for Greece, the Greek authorities could encourage return to work for women (e.g. via tax incentives).

Greek firms see transport infrastructure as an obstacle to investment despite Greece performing well in the world ranking index. According to the 2024 EIB Investment Survey ([79]), 72% of Greece's businesses think that transport infrastructure is an obstacle to investment (vs 45% in the EU). However, Greece

([76]) Business and consumer surveys - European Commission

([77]) EIB Investment Survey 2024 - European Union overview

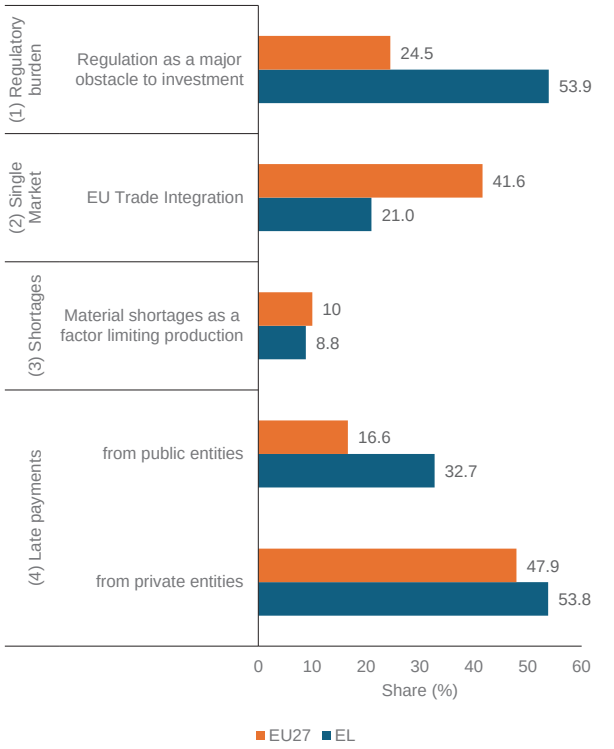
([78]) Physical risk as defined in the EIB Investment Survey is the impact of climate change on a company, such as losses due to extreme climate events (including droughts, flooding, wildfires or storms, or changes in weather patterns due to progressively increasing temperatures and rainfall).

([79]) EIB Investment Survey 2024 - European Union overview

ranks 24th in the world ranking of the 2024 Logistic Performance Index (LPI) and as the 11th EU Member State.

The digital landscape for Greek businesses is improving (including for cybersecurity), but progress is needed in very high-capacity network (VHCN) coverage. Only **53.4**% of SMEs had at least a basic level of digital intensity in 2024 – well below the EU average of **72.9**% (see the Annex 3). By contrast, the score for digital public services for businesses (86.2%) is slightly higher than the EU average (85.4%) (see the Annex 6). Greece's performance on connectivity infrastructures shows a need to substantially increase efforts in order to achieve the EU's 2030 targets and objectives. Digital infrastructure has recently improved but remains below the EU average in terms of gigabit connectivity. Greece is lagging behind on the deployment of fibre networks to provide gigabit connectivity for all. Only 38.4% of households have very high-capacity network (VHCN) coverage – still far fewer than the EU average of 78.8%. However, the 2021-2027 National Broadband Plan is starting to bear fruit and achieved a 10-percentage point increase in VHCN coverage over the last year. 60.7% of Greek households had access to a broadband speed above 100 Mbps in 2023. The 29.5% share of fixed broadband subscriptions to services of at least 100 Mbps was significantly below the EU average of 65.9%. No households had a broadband service providing a service of at least 1 Gbps.

Graph A4.1: **Making Business Easier: selected indicators.**



Share of (1) enterprises, (2) average intra-EU exports and imports in GDP, (3) firms, (4) SMEs.
Sources: (1) EIB IS, (2) Eurostat, (3) ECFIN BCS, (4) SAFE survey.

5G connectivity is well above the EU average. 5G coverage was 98.1% of populated areas in 2023 (the EU average was 89.3%). 58.8% of populated areas were covered by the 3.4-3.8 GHz band (above the EU average of 50.6%).

Cybersecurity awareness in enterprises remains a concern. The share of enterprises experiencing an ICT attack leading to unavailability of ICT services (e.g. a ransomware attack or a denial-of-service attack) increased from 5.61% in 2022 to 6.23% in 2024 (significantly above the EU average of 3.43%). Only 72% of enterprises deployed some ICT security measures – one of the lowest percentages in the EU and well below the EU average of 93%. Only 32% of enterprises made their employees aware of their obligations in issues related to ICT security (significantly below the EU average of 60%).

Late payments are disrupting SME cash flow. The share of SMEs experiencing late payments from public entities is the highest in the EU (32.2%) and almost twice as high as the 2024 EU average (16,6%) (Table A2.1). According to the 2024 SAFE survey, the delay in payments in the public sector was 18.9 days (vs 15.2 days for the EU). Late business-to-business payments have continued to increase since 2021. The average delay in payments by businesses is now 15.1 days (vs 15.5 days for the EU). However, the share of SMEs experiencing such delays (53.8%) is higher than the EU average (47,9%).

Availability of finance remains a significant obstacle to investment. According to the EIB Investment Survey ([80]), availability of finance is an obstacle to investment for 72% of Greek firms (well above the EU average of 45%) (see Annex 5). 75% of Greek firms' investment needs are covered by internal funding (the EU average is 66%). Greece scores lowest in the EU on the five-year average for EIF loans access to finance index, but scores better on equity (Greece has a small but lively equity sector).

Greece is increasingly perceived as an attractive investment destination. The 2024 EY Attractiveness Survey Greece ([81]) recorded 50 foreign direct investment (FDI) projects in 2023. This was Greece's strongest performance since 2000 and placed Greece 19th out of the 45 countries surveyed. However, investment in Greece represents only 0.9% of the total number of investments in the EU. Current growth rate needs to be maintained and even intensified. The qualitative composition of investments has improved, with a significant percentage being directed towards knowledge-based activities. 51% of respondents perceived Greece as a location where their company might establish or develop activities. However, the level of investment remains lower than in other EU countries.

([80]) EIB Investment Survey 2024 - European Union overview

([81]) EY Attractiveness Survey Greece 2024,

Regulatory and administrative barriers

The Greek business environment is becoming more friendly. However, firms still see business regulations as one of the main obstacles to their investing (including investing in innovation). Business entry requirements are among the lowest in the EU and simplified business registrations are offered in international trade and utility services. Greece provides traders with extensive facilities and equipment at the main seaports and land border crossings. Tax legislation is currently being codified in the context of Greece's recovery and resilience plan (RRP). Nonetheless, the 88% share of Greek exporters reporting that they must comply with different standards and consumer protection was well above the EU average of 60% in 2024. Judicial proceedings are still extremely long, despite recent efforts to reduce them, and companies' confidence in the effectiveness of investment protection by the law and courts is the lowest of the EU. Greece scores lowest in business insolvency, taxation and business location ([82]).

The business location framework meets international standards, but interaction with public services is still inefficient. It is important for entrepreneurs to be able to choose the location to set up their company. The regulatory framework seems to comply with international standards, but availability and reliability of public services (particularly digital interfaces and interoperability) show serious dysfunctions. Operational efficiency is low and proceedings regarding the transfer of land property are very long([83]).

Greece has made substantial efforts to align its insolvency framework with the OECD's best practices, but challenges persist.

([82]) Greece | Economy Profile | Business Ready 2024

([83]) Greece | Economy Profile | Business Ready 2024

According to the OECD([84]), Greece is among the countries that made the strongest progress between 2016 and 2022 in reforming their insolvency framework. Greece has transposed the EU Directive on Preventive Restructuring Frameworks. However, electronic case management systems in insolvency proceedings have not been implemented.

The Greek economy's allocative efficiency is weak. This is reflected in the high dispersal of marginal revenues from capital and labour. This is particularly true in the wholesale and retail trade sector but also visible in manufacturing. Greece's large number of micro-firms is (in conjunction with regulatory burden and rigidity) blocking the efficient reallocation of labour resources from one firm to another. Improving the business regulatory environment further (particularly product market regulations) and helping Greek firms to grow could help increase their productivity.

Single market

Greece ranks low in the 2024 Single Market Scoreboard for intra-EU integration in trade in goods and services as a whole. However, integration of travel services is above the EU average. Transport data show less integration in the single market. Greece has one of the three biggest commercial fleets in the world and therefore has many extra-EU trade partners.

Greece scores well in single market transposition and conformity deficits, but the SOLVIT resolution rate is the lowest in the EU. Greece had a transposition deficit of 0.5% in 2024 and ranked 5th out of 27 Member States (the EU average was 0.8%). Its overall performance improved by more than 70% in three years. In 2024, it ranked 6th on conformity, with 0.5% of single market directives being wrongly transposed (the EU average was 0.9%). However, Greece had the second-highest number of single market infringement proceedings in 2024 (41 – so well above the EU average of 24). Due to a systemic issue related to pensions, Greece resolved only 26.3% of the SOLVIT cases it handled as the lead centre in 2024 (the EU average was 84.9%). However, Greece resolved more than 90% of its cases if these pension-related cases are not taken into account.

Long delays with awarding Greek pensions cause serious problems to many EU citizens who worked in Greece. There are significant delays of several years on average with decisions on awarding pensions to mobile workers who worked in Greece. Similarly, the long delays of the Greek social security institution e-EFKA to communicate periods of contributions of mobile citizens in Greece to the institutions in other Member States mean that many citizens face problems in accessing any old-age pension when they reach their retirement age. This situation has been ongoing for more than a decade, seriously impacting the rights of thousands of workers who have enjoyed their right of free movement and creating a barrier in the Single Market in the form of a deterrent for potential mobile workers from taking employment in Greece.

Greece remains one of the OECD countries with the highest barriers in the service sector. According to the latest OECD product market regulation index (PMR), Greece has the highest barriers to entry and to conducting business in the services sector in the EU. It also scores badly on barriers to trade facilitation, assessment of impact on competition and public ownership. Regarding networks, Greece has recently opened up but remains restrictive for road communications and fixed e-communications. According to the OECD's PMR, impact assessments for proposed legislation could improve. Written guidance is available on how to assess the impact of primary laws and/or secondary regulations on

([84]) OECD, Enhancing insolvency frameworks to support economic renewal, 8/12/2022.

competition, but not on how to assess the impact of new primary laws. Regulators are not required to include such guidance in their assessments. There is a requirement to conduct a regulatory impact assessment to inform the development of new subordinate regulations, but this requirement is subject to exemptions. There is an observatory for monitoring the impact of administrative burden imposed on businesses/citizens. It conducted several measurements on specific processes (publicly available). However, it seems that the tools developed by the observatory are not linked to the impact assessment framework.

The 2023-2024 OECD PMR evaluates Greece as one of the most restrictive countries in the EU for retail and access to professional services. Regulatory barriers to entry are still high (particularly regarding establishment of a retail trade business). Barriers to competition include restrictions on shops' opening hours and differing regulations in different regions. The retail sale of medicines in pharmacies is strictly regulated and so are online sales. Entry requirements for regulated professions remain high and all professions (except accountancy) are subject to higher regulatory requirements than the OECD average. Access to legal, architectural and engineering professions is only allowed via a single academic pathway. It is not possible to access the activity through proven professional experience. Passing a professional examination and professional body membership are prerequisites for exercising these activities. Reserved activities are high for architects and engineers. Legal form restrictions are high for lawyers.

Public procurement

Reforms have been undertaken to improve public procurement, but further measures can still be taken. While the share of not awarded contracts decreased from 17% to 14% between 2023 and 2024, the share of single bids has steadily increased since 2021 and is well above the average in the European Union (Greece 55% vs EU 32% in 2024) knowing however that regarding 2024 data some additional data is missing. I Another factor that hinders competition is the low use of quality-based criteria, with 85% of contracts being awarded on the basis of the lowest price. The award-decision-making period decreased slightly in 2023 on the previous year but has not greatly improved and is still the highest in the EU([85]). The RRP proposes some measures to improve and streamline public procurement – not only by enhancing digital tools, but also by improving staff capacities and the regulatory framework.

([85]) Access to public procurement | Single Market and Competitiveness Scoreboard

Table A4.1: **Making Business Easier: indicators.**

Greece							
POLICY AREA	**INDICATOR NAME**	**2020**	**2021**	**2022**	**2023**	**2024**	**EU-27 average**
Investment climate							
Shortages	Material shortage, firms facing constraints, %[1]	4.8	9.3	12.3	7.3	8.8	10.0
	Labour shortage, firms facing constraints, %[1]	4.3	6.2	8.8	14.8	23.2	20.2
	Vacancy rate, vacant posts as a % of all available ones (vacant + occupied)[2]	0.5	0.7	1.3	2.2	2.4	2.3
Infrastructure	Transport infrastructure as an obstacle to investment, % of firms reporting it as a major obstacle[3]	18.9	22.0	24.0	24.1	24.1	13.4
	VHCN coverage, %[4]	-	19.8	27.8	38.4	-	78.8
	FTTP coverage, %[4]	-	19.8	27.8	38.4	-	64.0
	5G coverage, %[4]	-	66.1	85.7	98.1	-	89.3
Reduction of regulatory and administrative barriers							
Regulatory environment	Impact of regulation on long-term investment, % firms reporting business regulation as a major obstacle[3]	59.2	58.4	51.9	42.9	53.9	24.5
Late payments	Payment gap - corporates B2B, difference in days between offered and actual payment[5]	16.1	12.8	13.0	14.8	15.1	15.6
	Payment gap - public sector, difference in days between offered and actual payment[5]	15.1	11.9	13.0	12.8	18.9	15.1
	Share of SMEs experiencing late payments, %*[6] — from public or private entities in the last 6 months	63.6	54.9	52.3	57.0	-	-
	Share of SMEs experiencing late payments, %*[6] — from private entities in the previous or current quarter	-	-	-	-	53.8	47.9
	Share of SMEs experiencing late payments, %*[6] — from public entities in the previous or current quarter	-	-	-	-	32.7	16.6
Single Market							
Integration	EU trade integration, % (Average intra-EU imports + average intra EU exports)/GDP[2]	16.2	19.9	22.9	21.9	21.0	41.6
	EEA Services Trade Restrictiveness Index[7]	0.047	0.046	0.046	0.045	0.050	0.050
Compliance	Transposition deficit, % of all directives not transposed[8]	1.0	1.8	0.4	0.3	0.5	0.8
	Conformity deficit, % of all directives transposed incorrectly[8]	1.1	1.5	1.3	0.9	0.5	0.9
	SOLVIT, % resolution rate per country[8]	90.4	15.4	44.1	59.0	26.3	84.9
	Number of pending infringement proceedings[8]	49.0	46.0	45.0	44.0	41.0	24.4
Public procurement							
Competition and transparency in public procurement	Single bids, % of total contractors**[8]	42	40	48	49	55	-
	Direct awards, %**[8]	1	1	1	1	1	7.0

*Change in methodology in 2024: reporting late payments from public and private entities separately.
**Data on single bids for 2024 is provisional and subject to revision. Please note that approximately 30% of the total data is currently missing, which may impact the accuracy and completeness of the information. Due to missing data, the EU average of direct awards data is calculated without Romania.
Sources: (1) ECFIN BCS, (2) Eurostat, (3) EIB IS, (4) Digital Decade Country reports, (5) Intrum Payment Report, (6) SAFE survey, (7) OECD, (8) up to 2023: Single Market and Competitiveness Scoreboard, 2024: Public procurement data space (PPDS).

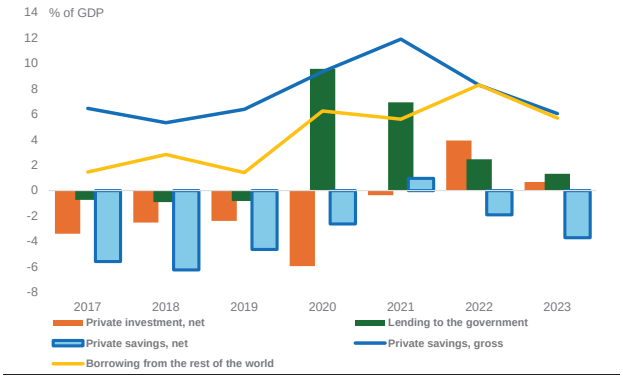
ANNEX 5: CAPITAL MARKETS, FINANCIAL STABILITY AND ACCESS TO FINANCE

Against the backdrop of negative net private savings and investment over the last decade, the Greek economy has become increasingly reliant on borrowing from abroad. The underdeveloped capital markets do not play a material role in financing companies, which rely primarily on internal funding and bank lending. Having strengthened significantly their balance sheets and resilience to risks since the financial crisis starting in 2009, banks improved their capacity to fund the economy, as reflected in the very strong credit growth to non-financial companies (NFCs) since 2020. Subsidised financing provided by the Greek recovery and resilience plan and by the Cohesion Fund also serves as an abundant source of cheaper financing and will continue to support NFCs for the duration of the plan. Public support also exists for SMEs and startups via the EquiFund. Institutional investors are at a very early stage of development and do not have a material relevance for the financing of businesses. Direct retail participation in capital markets is very low, due to both the negative net private savings and a high preference for liquid and safer assets. Greece's under-developed capital markets also reduce the exit options for private-equity and venture-capital investors. This contributes to a less-developed domestic market for venture and growth capital, further compounding the lack of funding sources for innovation, which is a key element for competitiveness.

Availability and use of domestic savings

The negative net private savings and investment balance in Greece over the last decade, and government deficits between 2020-2023 led to increasing borrowing from the rest of the world. In 2023, the private savings ratio, net of fixed capital consumption, remained negative at -3.7% of GDP, very close to its ten-year average of -3.3% of GDP (see Graph A5.1). The net private investment ratio, which measures the net contribution of the private sector to capital accumulation in the country, turned positive in 2022 for the first time since 2010, but fell markedly to 0.7% of GDP in 2023. Over the last decade, net private investment, which was negative from 2011 to 2021, averaged the equivalent of -2.8% of GDP per year. The return to government budget deficits since the Covid crisis explains why lending to the government increased sizeably in the later years and averaged 2.7% of GDP in the last decade. Together, the negative balance between net private savings and net investment, and the positive average lending to the government implied that for the last ten years the Greek economy borrowed each year, on average, the equivalent of 3.3% of GDP from the rest of the world.

Graph A5.1: **Net savings-investment balance**

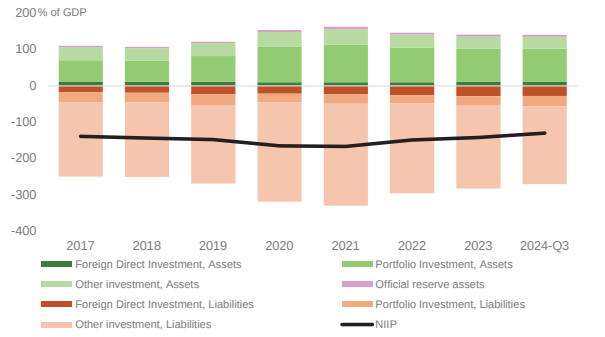


Source: AMECO.

Despite a structural net borrowing from abroad, a major increase in privately held foreign investments helped the Greek economy improve its (negative) net international investment position. As of Q3 2024, total assets on foreigners reached 141% of GDP, up from 110% in 2017, while liabilities to foreigners stood at 271% of GDP, up from 250% in 2017 (see Graph A5.2). As a result, the negative net international investment position (NIIP) came down from -140% of GDP in 2017 to -130% of GDP as of Q3 2024, showing that the Greek economy remains a major net borrower from the rest of the world. While direct and other investments abroad have been broadly stable relative to GDP, Greeks' gross

portfolio investments abroad increased significantly by 33 percentage points of GDP between 2017 and Q3 2024 and reached the equivalent of 91% of GDP. During the same period, the stock of gross foreign direct investments (FDI) in Greece increased by 10 percentage points up to 28% of GDP, while other dues to foreigners (primarily loans) rose by 11 percentage points up to 215% of GDP. Thus, overall, despite a net increase in FDI in the country, and given its negative net savings, the Greek economy remains involved in international capital flows primarily as a significant financial borrower.

Graph A5.2: **International investment position**



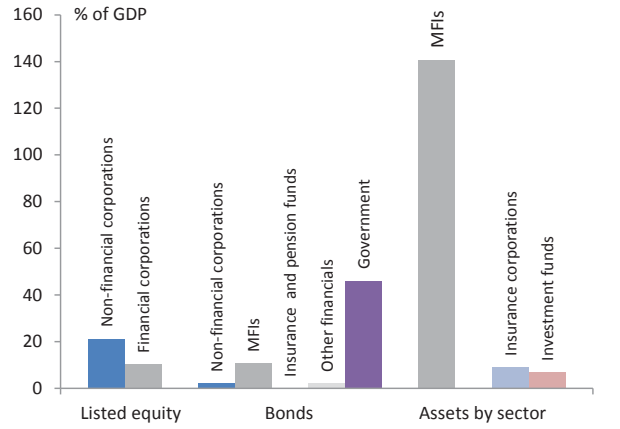
Source: ECB.

Structure of the capital markets and size of the financial sector

Capital markets remain relatively underdeveloped in Greece. The market capitalisation of listed equity reached the equivalent of 31.3% of GDP at end-2023, which is much below the EU average of 67% (see Graph A5.3). Trading volumes on the Athens Stock Exchange are low and much concentrated, with the top five most traded stocks accounting for 53.8% of the total trading volume in 2023 (an EU average of 33.4%). Non-financial corporations accounted for three quarters of that capitalisation. The outstanding volume of debt securities reached the equivalent of 61% of GDP at end-2023, which is also significantly below the EU average of 137% of GDP. General government bonds accounted for 76% of the outstanding amounts. The remainder was distributed between banks (17%), non-financial corporations (4%) and other financial intermediaries (3%). Thus, the contribution of capital markets in Greece to the financing of the domestic economy appears to be rather limited. In April 2025, Greece passed a law incorporating a set of incentives in order to enhance its capital market, including facilitating SME's listings on the stock exchange.

While banks remain the dominant actor in the financial sector in Greece, their relative size has decreased substantially lately. The size of the banking sector declined by 60 basis points of GDP since 2020 and reached the equivalent of 141% of GDP in 2023. Foreign banks control only about 2% of the sector's assets. Concentration, which was already higher even before the major financial crisis that started in 2009, has increased substantially since 2013 due to bank consolidation. Thus, the five largest banks in Greece controlled 96% of bank assets as of end-2023, which much higher than the EU average of 54%. Insurance corporations, with total assets that declined from the equivalent of 12% of GDP at end-2020 to 9 % of GDP at end-2023, stay much behind the EU average of 55%. Pension funds are practically non-existent. From all non-bank financial intermediaries, only investment funds grew marginally, reaching the modest equivalent of 6.8% of GDP at end-2023, up from 4.6% at end-2020.

Graph A5.3: **Capital markets and financial intermediaries**



Source: ECB, EIOPA, AMECO.

Resilience of the banking sector

Despite significantly improving its resilience to risks over the last years, the Greek banking sector still has room for further progress. The aggregate total capital adequacy ratio, which grew from 17.1% in 2017 to 19.4% as of Q3 2024, remained nevertheless below the EU average of 20.1% (see Table A5.1). The improvement in the sector's aggregate capitalisation by 0.6 percentage points in the first three quarters of 2024 was due to a mechanical reduction in the provisions for expected losses. This accounting operation resulted in a significant decline in the coverage ratio of non-performing loans by provisions from 45.6% at end-2023 to 38.1% as of Q3 2024, falling below the EU average of 42.1%. At the same time, the common equity tier 1 ratio declined from 17% in 2017 to 15.6% as of Q3 2024, which is one percentage point below the EU average. As of end-2023, Greek banks' aggregate Minimum Requirement for Own Funds and Eligible Liabilities (MREL) rate stood at 24.2% of risk-weighted assets, which implied an MREL shortfall of 5.2 percentage points. This suggests that investors still demand a high premium for subscribing to Greek banks' long-term debt.

Over the last years Greek banks managed to markedly strengthen the quality of their assets and returned to profitability. The overall aggregate ratio of non-performing loans (NPL), which stood at 45% of in 2017, fell to 3.4% as of Q3 2024. Even though this is still above the EU average of 1.9%, the reduction is impressive. The NPL ratio for loans to non-financial corporations (3.8%) was only marginally higher than the EU average (3.5%). The main driver for the decrease were securitisations using Hellenic Asset Protection Scheme, with state guarantees given on senior notes. Even though the NPL reduction was impressive, credit standards going forward need to be monitored closely, given the significant expansion in credit to non-financial corporations (NFCs) over the last five years. Indeed, the annual growth rate of bank credit to NFCs averaged 8.1% since 2020 and reached 9.2% as of Q3 2024, which is much above the EU average of 0.8%. Further progress is needed as regards non-performing loans to households, which stood at 7.7% as of Q3 2024, as opposed to only 2.2% at the EU level. The overall improvement in asset quality came hand in hand with a return to stable profitability since 2022. As of Q3 2024, the return on assets reached 1.2%, markedly above the EU average of 0.7%. Profitability is expected to remain high going forward, and to support banks' aggregate capitalisation, given the major compression in the cost-to-income ratio, which declined from 52.7% in 2017 to 35.4% as of Q3 2024 (EU average of 52.6%).

Greek banks successfully lowered their liquidity risk and keep strong liquidity positions. The banking sector is exposed to low liquidity funding risk and shows an improving and satisfactory term adequacy between assets and liabilities. Greek banks managed to decrease their aggregate loan-to-deposit ratio from 83.5% in 2017 to 63.8% as of Q3 2024, thereby strengthening the coverage of deposits by marketable and more liquid assets. As a result, the liquidity coverage ratio, which has been increasing over the years, reached 214% at end-2024, more than 40 basis

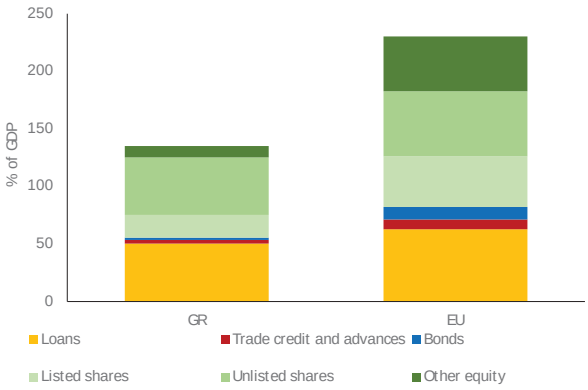
points above the EU average. The net stable funding ratio has also been increasing, from 124% at end-2021 to 139.8% as of Q3 2024, again above the EU average of 128.8%.

Sources of business funding and the role of banks

Greek firms rely more on bank funding and less on capital markets compared to the EU average. More specifically, at the end of 2023 bank finance through loans constituted 37.3% of all funding sources for Greek NFCs, while listed shares and bonds represented only 16.1% of funding sources (see Graph A5.4). The equivalent figures for the EU average are 27.2% and 23.8%. Expressed as a share of GDP, Greek NFCs also rely less on bank finance than the EU average (bank finance through loans for Greek NFCs is equivalent to 49% of GDP against an EU average of 60% of GDP) and less on listed shares and bonds than the EU average (listed shares and bonds of Greek NFCs are equivalent to 20% of GDP against an EU average of 40% of GDP). However, this is because overall levels of funding of NFCs are lower in Greece than the EU average (as the overall level of NFC funding was 135% in Greece and 230.3% of GDP for the EU average). Further, a sizeable part of NFCs is effectively excluded from capital markets as their non-performing loans were transferred from banks to credit servicers (EUR 25.5 billion or 34.1% or of total NPLs in servicers' accounts in December 2024). A recent study([86]) found a strong positive correlation between NPLs and the prevalence of "zombie" companies in the Greek economy and revealed that a high concentration of capital in zombie firms hinders investment by healthy firms and prevents the reallocation of capital to more productive uses. As regards Greek SMEs, their use of equity is low, despite 17% of SMEs indicating in the 2024 SAFE survey that equity is relevant for them, compared with an EU average of 11.7% ([87]).

As a result, businesses in Greece depend more on internal financing than their European peers. According to the 2024 EIB Investment Survey, 75% of Greek firms' investment needs are covered by internal funding, compared with an EU average of 66%. In this survey, 72% of Greek firms declared that they believed their investment activities over the last three years were at about the right amount (EU average: 80%), while 14% believed they invested too much (EU average: 6%). This suggests that there is no material financing gap relative to investment demand in Greece. However, this may not be the case for firms with no or limited capacity for internal funding, such as innovative start-up firms (see below section on venture and growth capital).

Graph A5.4: **Composition of NFC liabilities as a % of GDP**



Source: Eurostat and FISMA E2 calculations.

The improved balance sheets of banks and their strengthened capacity to finance the economy have resulted in a notable acceleration of the lending to non-financial corporations. The growth rate of bank credit to NFCs, which peaked at 12% in 2022, reached 9.2% as of Q3 2024. However, net lending to

([86]) See "Benefits for the Greek economy from resolving bad loans and zombie firms" published on the Economic Bulletin of Bank of Greece, July 2024 (https://www.bankofgreece.gr/Publications/oikodelt20240 7.pdf)

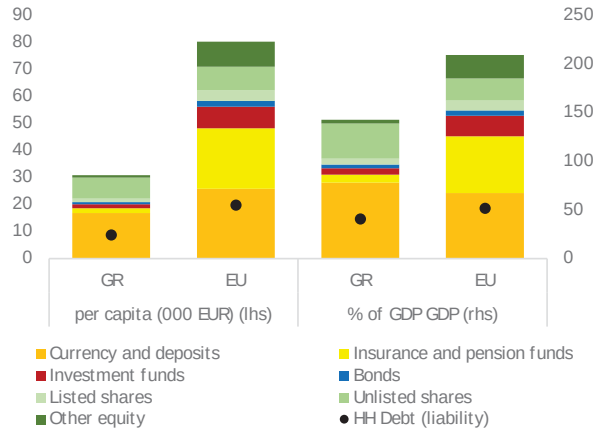
([87]) Data and surveys - SAFE - European Commission, 2024, Results by country, T27.

households, which averaged -2.2% per year between 2017 and 2023, remained negative at -0.7% as of Q3 2024. While consumer credit growth picked up, net mortgage lending to households remained negative. Although the monthly average gross flow of mortgage loans increased in 2024, the overall stock of mortgage loans declined due to high amounts of capital repayments from mortgages with older vintages. Overall, the outstanding mortgages decreased by 7.0% in 2024. According to the latest results of the Bank Lending Survey published by the Bank of Greece, credit standards on loans to households and NFCs 'remained basically unchanged' in the third quarter of 2024.

Retail investment in capital markets

Given the degree of underdevelopment of capital markets in Greece, authorities adopted a national strategy for strengthening the capital market in February 2023. The strategy was developed with EU support and technical assistance from the European Bank for Reconstruction and Development. Its aim is to: (i) re-establish developed-market status for Greece; (ii) create more competitive and dynamic capital markets; and (iii) successfully support the development of the domestic economy. The national strategy for strengthening the capital market is built on the following six pillars, each of which is dedicated to a specific area of improvement: (i) strengthening the regulatory and supervisory framework; (ii) expanding investment opportunities and developing the ecosystem for FinTech companies and the issuance of securities meeting economic, social and governance (ESG) criteria; (iii) putting in place a fair and transparent taxation framework; (iv) improving the operating framework of the Greek capital markets; (v) encouraging demand for investing in capital markets; and (vi) accelerating and deepening efforts to promote financial literacy. Regarding the first pillar, Greece has adopted the law L. 5193/2025 setting incentives, including facilitating SME's listings on the stock exchange. The new law also strengthens the roles of the supervisors i.e., the Hellenic Capital Market Commission and the Bank of Greece to closely monitor the operation of Greek capital market.

Graph A5.5: **Composition of households' financial assets per capita and as a % of GDP**



Source: Eurostat and FISMA E2 calculations.

Greek households own fewer financial assets than households in other EU Member States, both in absolute and relative terms. As of end-2023, an average Greek household held financial assets of EUR 31 000 (as opposed to an EU average of EUR 80 000). Total financial assets held by households represented the equivalent of 143% of GDP, versus an EU average of 210% (see Graph A5.5). Moreover, Greek households held a significantly higher share of their financial assets in cash and deposits (55%) than the average EU household (32%). This outcome reflects a conservative approach to managing wealth, with a strong preference for more liquid and safer assets.

There is some scope to increase the level of direct or indirect retail investment in Greek capital markets. Greek households had negative saving rates over the last decade, a direct consequence of the Greek government-debt crisis and the subsequent reduction in household disposable income. For many Greeks, household income over the past decade was barely sufficient for basic needs and debt repayments. More advanced financial

products are available on the Greek market for retail investors. However, only a small part of the population shows an interest, including because of the severe impact of the Greek crisis on the retail investors. Regaining clients' trust is therefore challenging, and general interest in retail investment remains low as of today.

The role of domestic institutional investors

The small size of institutional investors in Greece is a limiting factor in their support in financing the economy. The financial sector in Greece remains heavily dominated by banks (see discussion above). As of end-2023, institutional investors altogether represented, in terms of total assets, slightly above 10% of the financial sector. As of Q3 2024, based on EIOPA data, insurance corporations held their total assets of EUR 19.6 bn in government bonds (39%), investment funds (31%), corporate bonds (17%), equity (5%) and other assets (8%). Thus, their direct contribution to financing the private economy is very limited.

Investment funds are experiencing rapid growth in Greece albeit from a very low base. Their so-far limited market penetration can be attributed to several factors, including the strong preference of Greek retail investors for bank deposits and a low savings rate in the last decade. Pension funds (voluntary schemes) are practically inexistent, as Greeks traditionally rely on the pay-as-you-go 'pillar 1' pension system for their retirement. Encouraging the build-up of universal funded supplementary pension schemes would positively contribute to (i) the sustainability and adequacy of pension benefits; (ii) investment in equity; (iii) access to finance; (iv) growth; and (v) innovation.

The depth of venture and growth capital

The local Greek private-equity and venture-capital markets are undeveloped. The combined value of annual private-equity and venture-capital investment relative to nominal GDP in Greece was 0.19% and 0.01% respectively in 2023, much lower than the equivalent EU averages (0.41% and 0.05%). Private-equity and venture-capital investment have decreased since their peak in 2021 at 0.41% and 0.04% of GDP. This under-developed market for venture and growth capital points to a financing gap for early-stage innovative firms in need of capital (See Annex 3).

State-sponsored initiatives to facilitate non-bank financing have had some success in mobilising private investment. The Greek start-up scene received a significant boost with the establishment of EquiFund ([88]), a fund-of-funds programme formed in 2023 by a public-private partnership between the Greek government and the European Investment Fund (EIF). EquiFund spurred the initiation of Greek venture-capital firms, and EquiFund-supported venture-capital investors have made 139 investments in Greek start-ups with a total of EUR 366 million invested since 2023. In 2024, a new EquiFund II initiative was allocated an additional EUR 200 million, co-financed by the Cohesion Policy Funds and national resources managed by the EIF. In addition, one pillar of the EUR 17.7 billion loan facility of the Greek recovery and resilience plan will be used to help small businesses to scale up.

Financing the green transition

The financing needs for the green transition in Greece are predominantly supported by

([88]) For more details, see EquiFund.

various public schemes. Of the EUR 35.95 bn Greek recovery and resilience plan, 38.1% is allocated to the green transition. In addition, Greece will benefit from grants amounting to EUR 1.38 billion from the Just Transition Fund, the main aim of which is to alleviate the impact of the energy and climate transition on the local economy and society.

The issuance in Greece of bonds with ESG objectives remains well below levels in peer EU countries ([89]). The Greek government has not yet issued any type of ESG bond, as it prioritises regular bond issuances to boost liquidity and increase the tradeable share of its portfolio of bonds. By January 2025, there were only five ESG bonds traded on the Athens Stock Exchange.

Financial literacy

Financial literacy in Greece is below the EU average, although the government has developed plans to address this problem. Although Greece's overall financial-literacy indicator of 45 is close to an EU average score of 45.5 ([90]), the Eurobarometer survey ([91]) on financial knowledge shows that only 19% of Greeks achieved the highest score, while 52% achieved a medium score, and the remaining 29% a low score. This compares with an EU average of 26% for the highest score, 50% for the medium score, and 24% for the low score. Greece has the lowest score on using digital financial services (such as online banking or mobile payments), where only 63% are 'very comfortable' or 'somewhat comfortable' in using them, compared with the highest score of 95% in Finland and 77% in the EU overall. Financial literacy is crucial for both promoting retail-investor participation in capital markets and familiarising SMEs with alternatives to bank financing. To enhance financial literacy, authorities have adopted a national strategy, based on the findings of OECD financial literacy survey. A set of new initiatives are being implemented, which are targeting both underaged groups and adults.

([89]) Source: AFME CMU Key Performance Indicators, Seventh Edition, November 2024.

([90]) See Indicator 27(c) Average Score of Commission staff working document: Monitoring progress towards a capital markets union: a toolkit of indicators - 2024.

([91]) Source: Monitoring the level of financial literacy in the EU - July 2023 - Eurobarometer survey.

Table A5.1: **Financial sector indicators**

		2017	2018	2019	2020	2021	2022	2023	2024-Q3	EU
Banking sector	Total assets of MFIs (% of GDP)	169.9	162.0	167.2	200.6	177.9	157.6	140.8	134.2	248.4
	Common Equity Tier 1 ratio	17.0	15.3	16.2	15.0	13.6	14.4	15.5	15.6	16.6
	Total capital adequacy ratio	17.1	16.0	17.3	16.7	16.2	17.4	18.8	19.4	20.1
	Overall NPL ratio (% of all loans)	45.0	41.6	35.5	26.5	8.6	6.2	5.0	3.4	1.9
	NPL (% loans to NFC-Non financial corporations)	51.4	46.1	38.2	31.0	15.2	9.3	7.0	3.8	3.5
	NPL (% loans to HH-Households)	47.1	46.5	43.5	37.4	12.0	11.1	8.3	7.7	2.2
	NPL-Non performing loans coverage ratio	46.7	48.0	44.5	44.9	42.7	46.6	45.6	38.1	42.1
	Return on Equity[1]	-1.3	-0.4	0.7	-7.9	-20.1	12.7	12.0	12.5	10.0
	Loans to NFCs (% of GDP)	46.2	42.2	36.3	39.6	31.2	30.4	29.5	29.1	30.0
	Loans to HHs (% of GDP)	53.4	48.3	43.1	40.8	25.6	20.8	18.5	16.8	44.5
	NFC credit annual % growth	0.3	0.3	1.8	10.2	3.2	12.0	6.0	9.2	0.8
	HH credit annual % growth	-2.0	-2.2	-2.7	-2.0	-2.1	-2.3	-1.9	-0.7	0.7
Non-banks sector	Stock market capitalisation (% of GDP)	22.9	17.5	24.5	23.4	26.9	25.0	31.3	32.7	69.3
	Initial public offerings (% of GDP)	0.00	0.00	0.00	0.00	0.00	0.18	0.00	-	0.05
	Market funding ratio	21.5	23.2	25.6	25.9	32.2	30.2	29.6	-	49.6
	Private equity (% of GDP)	0.05	0.04	0.05	0.11	0.41	0.08	0.19	-	0.41
	Venture capital (% of GDP)	0.00	0.02	0.01	0.01	0.04	0.03	0.01	-	0.05
	Financial literacy (composite)	-	-	-	-	-	-	45.0	-	45.5
	Bonds (as % of HH financial assets)	1.2	1.3	1.3	1.2	1.5	1.6	2.8	-	2.7
	Listed shares (as % of HH financial assets)	2.4	2.5	2.9	2.9	3.4	3.3	4.1	-	4.8
	Investment funds (as % of HH financial assets)	3.0	2.7	2.9	2.9	3.7	3.3	4.5	-	10.0
	Insurance/pension funds (as % of HH financial assets)	5.7	6.3	6.4	6.8	6.6	5.9	5.8	-	27.8
	Total assets of all insurers (% of GDP)	9.5	9.4	10.2	11.9	11.2	9.0	9.1	8.8	54.8
	Pension funds assets (% of GDP)	-	-	0.9	1.0	1.0	0.9	1.0	1.0	23.4

1-3 | 4-10 | 11-17 | 18-24 | 25-27 — Colours indicate performance ranking among 27 EU Member States.

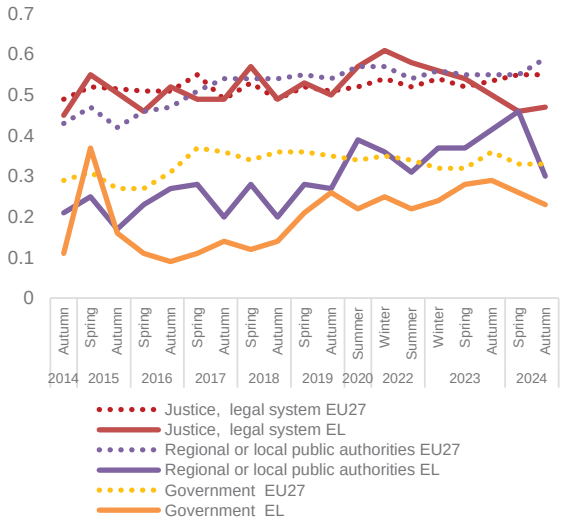
(1) Annualised data. Credit growth and pension funds EU data refers to the EA average.

Source: ECB, ESTAT, EIOPA, DG FISMA CMU dashboard, AMECO.

Greece's institutional framework influences its competitiveness. Trust in Greece's public institutions, particularly in its justice system and the government, is low. Greece has made substantial progress in the provision of digital public services for businesses but still lags in providing such services to citizens. Greece also has significant scope to improve transparency and regulatory practices, minimise administrative burdens and simplify legislation. Although Greece has been extensively reforming its civil service to boost productivity, it still faces key challenges in embedding a culture of life-long learning in the public administration. The justice system also continues to face serious challenges affecting its overall efficiency, in particular regarding the length of proceedings.

Public perceptions

Graph A6.1: **Trust in justice, regional / local authorities and in government**



EU27 from 2019; EU28 before
Source: Standard Eurobarometer surveys

Trust in public institutions is below the EU average. The widest gap in trust across Greece's national institutions is between trust in the judiciary and trust in central government (Graph A6.1). When asked about improvements that can increase trust in Greece's public administration, 63% of citizens pointed to less bureaucracy (EU: 52%), 44% to more transparency about decisions and the use of public money (same as in the EU), and 44% to better skilled civil servants (EU: 30%) ([92]). The perceived quality of government has seen improvements in most regions, although it remains below the EU average ([93]). The government is aiming to simplify the legal framework for regional and local administration ([94]) and increase their accountability through open data.

Quality of legislation and regulatory simplification

Performance in developing and evaluating legislation remains below the EU average. It is generally stronger for primary laws than for subordinate regulations and for public consultation. Performance in ex post evaluation of legislation shows a visible gap with the EU average, with weaker methodology, systematic adoption, transparency, oversight and quality controls for both primary and subordinate legislation. There is also scope to improve the above-mentioned rules governing regulatory impact assessments, especially for subordinate regulations (Graph A6.2).

([92]) Understanding Europeans' views on reform needs - April 2023 - Eurobarometer survey. Country Fact Sheet.

([93]) Inforegio - European Quality of Government Index.

([94]) Law 5013/2023. link.

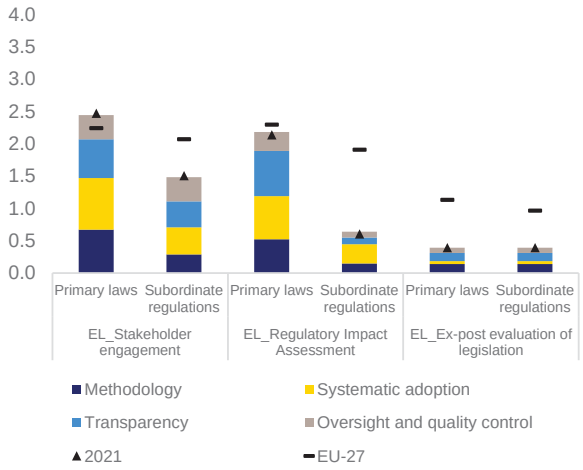
Table A6.1: **Selected indicators on administrative burden reduction and simplification**

	Ex ante impact assessment of legislation		Ex post evaluation of legislation	
When developing new legislation, regulators are required to …	Identify and assess the impacts of the baseline or 'do nothing' option.	○	Is required to consider the consistency of regulations and address areas of duplication.	◔
	Identify and assess the impacts of alternative non-regulatory options.	○	Is required to contain an assessment of administrative burdens.	○
	Quantify administrative burdens of new regulations.	○	Is required to contain an assessment of substantive compliance costs.	○
	Quantify substantial costs of compliance of new regulations.	○	Compares the impact of the existing regulation to alternative options.	○
	Assess macroeconomic costs of new regulations.	○	Periodic ex post evaluation of existing regulations is mandatory.	○
	Assess the level of compliance.	○	Government uses stock-flow linkage rules when introducing new regulations (e.g., one-in one-out).	○
	Identify and assess potential enforcement mechanisms.	○	A standing body has published an in-depth review of specific regulatory areas in the last 3 years.	●
			In the last 5 years, public stocktakes have invited businesses and citizens to assess the effectiveness, efficiency, and burdens of legislation.	○

● Yes / For all primary laws ◕ For major primary laws ◑ For some primary laws ○ No / Never

(1) This table presents a subset of iREG indicators focusing on regulatory costs. The indicators refer to primary legislation.
Source: OECD (2025), Regulatory Policy Outlook 2025 [https://doi.org/10.1787/56b60e39-en] and Better Regulation across the European Union 2025 (forthcoming).

Graph A6.2: **Indicators of Regulatory Policy and Governance (iREG)**



Source: OECD (2025), Regulatory Policy Outlook 2025 and Better Regulation across the European Union 2025 (forthcoming).

The quality of legislation is negatively impacted by the very short time for adopting laws (Graph A6.3), the incorporation of last-minute amendments and the addition of issues unrelated to the subject-matter of draft legislation, as reported by stakeholders ([95]).

Recent simplification efforts aim at codifying and setting up complaints portals. In 2024, the Secretariat-General of Legal and Parliamentary Affairs, a unit of the Presidency of Government, produced a manual on legal codification ([96]). Moreover, a national codification portal was established ([97]). In addition, the government has established a procedure for filing complaints regarding citizen and consumer services. It has launched a digital complaints portal for this purpose, however not all public services are covered ([98]). However, there remains visible scope for Greece to further strengthen its mechanisms for simplifying regulation and identifying

([95]) See the 2024 country-specific chapter for Greece of the Rule of Law Report, pp. 25-26.

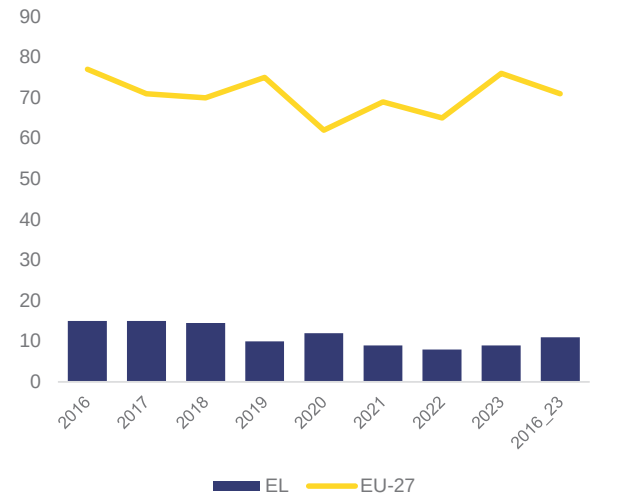
([96]) https://gslegal.gov.gr/egcheiridio-methodologias-gia-tin-kodi/

([97]) https://gslegal.gov.gr/ethniki-pyli-kodikopoiisis/

([98]) https://www.gov.gr/ipiresies/polites-kai-kathemerinoteta/kataggelies

administrative burdens (table A6.1). Efforts are ongoing for systematic updates of the National Registry of Administrative Procedures "MITOS".

Graph A6.3: **Median time for law adoption in parliament (days)**



Source: European Commission based on national parliament's websites

Social dialogue

The lack of an institutionalised setting for social dialogue in Greece weighs on the involvement of social partners in designing and implementing policies. Social partners rely on existing bodies or on ad-hoc consultation processes for their involvement in shaping policy initiatives. Social partners report that this form of consultation is superficial and not effective, and that their proposals are rarely seriously considered in the formulation of policies. Challenges also exist in the information exchange between the authorities and social partners on the implementation of policies ([99]).

Proper and systematic involvement of social partners (including regional and sectoral ones) and building capacity is key for the successful implementation of economic, labour market and social policies. For the period 2021-2027, Greece allocated over EUR 44 million from the European Social Fund+ to support capacity building of social partners.

Efficiency of selected administrative procedures

Selected indicators point to Greece's public administration taking longer to complete administrative procedures compared to the EU average. While Greece has made progress in reducing the burden involved in obtaining licences and permits (see also Annex 4), certain administrative procedures still take a long time. For example, the mean time for decision-making by public buyers, measured as the time between the deadline for receiving offers and the date of the contract award, is well above the EU average (212 days in Greece compared to an EU average of 99 days), thus contributing to uncertainty for companies. Moreover, the B-READY indicators ([100]) show considerable potential for cutting the time it takes to obtain a property transfer or building permit, receive a VAT refund, or be paid under a government contract. Lastly, although the OECD product market regulation indicators show that Greece has adopted some of the best practices to reduce the burden involved in obtaining licences and permits, there is still scope for Greece's licensing system to be further aligned with best practices, e.g. by regularly assessing whether such licences and permits are still required or should be withdrawn.

([99]) For an analysis of the involvement of Greece's social partners at national level in the European Semester and the Recovery and Resilience Facility, see Eurofound (2025), National-level social governance of the European Semester and the Recovery and Resilience Facility.

([100]) World Bank. 2024. Business Ready 2024. Washington, DC: World Bank. doi:10.1596/978-1-4648-2021-2.

Table A6.2: **Key Digital Decade targets monitored through the Digital Economy and Society Index**

		Greece			EU-27	Digital Decade target by 2030
		2022	2023	2024	2024	EU-27
Digitalisation of public services						
1	**Digital public services for citizens**	**52**	**65**	**76**	**79**	**100**
	Score (0 to 100)	2021	2022	2023	2023	2030
2	**Digital public services for businesses**	**48**	**74**	**86**	**85**	**100**
	Score (0 to 100)	2021	2022	2023	2023	2030
3	**Access to e-health records**	**na**	**61**	**74**	**79**	**100**
	Score (0 to 100)	2021	2022	2023	2023	2030

Source: State of the Digital Decade report 2024

Digital public services

Greece has made significant progress in moving public services online. Digital public services for businesses scored 86.2, above the EU average of 85.4, presenting a recent annual growth of 17.0%, while the EU average growth is 2.0%. Services for citizens scored 75.9, which is below the EU average of 79.4 (Table A6.2), but they are also demonstrating a very strong progress, with an annual growth of 17.5%, compared to 3.1% in the EU. As part of its recovery and resilience plan, Greece is working on a major project to help public sector organisations exchange data for use in services more easily.

The rate of digital service use in Greece is quite high. In 2024, 76.3% of people used e-government services, above the EU average of 74.7%, however room for improvement still exists. The number of eID users in Greece, at 66.4%, also exceeds the EU average (40.7%) ([101]). This may be because a high degree of support and mobile-friendly options are provided to e-government users in Greece. A digital assistant chatbot called mAIgov also helps people interact with public services. Nevertheless, access to e-health records could be improved, despite significant progress by Greece which achieved 21.6%, compared to an EU average of 10.6%.

Greece is also working to make its digital services accessible from other EU countries. It is introducing a new ID card for Greek citizens, which will help with the roll out of the national eID scheme. Tests with other EU countries are currently underway. However, Greece has not yet set up and notified eID schemes for legal persons under the eIDAS Regulation ([102]). This means that Greek businesses cannot authenticate themselves to access public services provided by other Member States, including those enabled by the Once-Only Technical System ([103]), part of the EU Single Digital Gateway.

Greece is making good progress towards seamless, automated exchange of authentic documents and data across the EU. It has already successfully tested its first transactions through the Once-Only Technical System([104]). Greece is in the process of connecting the first authorities.

([101]) European Commission. Digital Decade 2024: Country reports.

([102]) European Commission, eIDAS Dashboard.

([103]) European Commission, The Once Only Principle System: A breakthrough for the EU's Digital Single Market

([104]) European Commission, Once-Only Technical System Acceleratormeter

Civil service

Greece has been extensively reforming its civil service to boost the productivity of its public administration. Its reforms cover the streamlining of recruitment, professional development plans for civil servants and new upskilling programmes. Moreover, Greece has introduced new job profiles, such as policy analyst, law-making expert, digital policy officer. With support from the recovery and resilience plan, the National Centre for Public Administration and Local Government (EKDDA) has prepared and regularly runs a wide range of training courses for civil servants including training in digital skills ([105]). However, there remains a significant gap with the EU-27 in the rate of participation of public administration employees in lifelong learning (EL 5%, EU-27 18.9%) ([106]).

In 2024, under the recovery and resilience plan, the government put in place new remuneration and performance management systems. It is working to advance competency-based and data-informed staff management. To address the rapidly ageing public sector workforce, the government has launched recruitment competitions based on a 'one-out-one-in' or 'one-to-one' principle. These recruitment competitions have, however, suffered major delays.

Integrity

A far higher percentage of companies than the EU average consider corruption to be widespread and a problem when doing business. In Greece, 97% of companies consider that corruption is widespread (EU average 64%), while 70% consider that corruption is a problem when doing business (EU average 36%) ([107]). Moreover, only 13% of companies believe that people and businesses caught for bribing a senior official are appropriately punished (EU average 31%) ([108]). Few high-level corruption cases result in prosecutions and final judgments ([109]). Moreover, no convictions involving sanctions have been brought for foreign bribery up to 2024 ([110]). According to the prosecution services, there are still challenges in relation to obtaining evidence through judicial or administrative assistance, the length of preliminary investigations in complex cases, and risks of confidential information being leaked to the media ([111]).

The government is developing an integrated risk management system to increase transparency and integrity in public procurement, which is still considered as a high-risk area in Greece. 54% of companies (EU average 27%) think that corruption has prevented them from winning a public tender or a public procurement contract in practice in the last three years ([112]). Other high-risk areas appear to be healthcare, education and civil protection, according to the Hellenic Single Public Procurement Authority. Greece is developing an integrated risk management system to increase transparency and integrity in public procurement ([113]). Furthermore,

([105]) https://www.ekdd.gr/images/seminaria/katalogos_programmaton_epimorfosis.pdf)

([106]) Eurostat, 2025, EU Labour Force Survey.

([107]) Flash Eurobarometer 543 on businesses' attitudes towards corruption in the EU (2024).

([108]) Ibid.

([109]) See the 2024 country-specific chapter for Greece of the Rule of Law Report, pp. 11-12.

([110]) OECD (2024), Phase 4 Two-Year Written Follow-Up Report, pp. 4- 5. See also the 2024 country-specific chapter for Greece of the Rule of Law Report, p. 12.

([111]) See the 2024 country-specific chapter for Greece of the Rule of Law Report, pp. 11-12.

([112]) Flash Eurobarometer 543 on businesses' attitudes towards corruption in the EU (2024).

([113]) Ibid., pp. 18-19.

Greece has planned an ex-post evaluation of the National Strategic Anti-Corruption Action Plan 2022-2025 including the National Integrity System (NIS). An Information System for the Management of Audits and Inspections is also under development. In addition, to enhance integrity in the public sector, Greece is currently revising and modernizing its Disciplinary Law for Civil Servants to simplify and accelerate disciplinary procedures. The existing "e-peitharxika" platform, an electronic database for registration and follow-up of disciplinary cases in the public sector, will also be upgraded.

As with most Member States, Greece is implementing lobbying rules, however the number of entries in its lobbying register remains low. Greece's lobbying register has been in operation since December 2022. It was made publicly accessible in July 2024, at which time it had only 20 registrations, a slight increase from 17 entries in December 2023 ([114]).

Justice

The justice system continues to face serious challenges as regards its overall efficiency, **in particular regarding the length of proceedings.** The disposition time in civil and commercial cases at first instance courts has further increased (771 days in 2023 compared to 746 in 2022) and remains among the longest in the EU. Administrative justice is also faced with delays, despite some improvements in the ordinary administrative courts (439 days in 2023 compared to 464 in 2022). Efforts have been made to reduce the length of proceedings, including as part of Greece's recovery and resilience plan. Efforts to improve the quality of the justice system are ongoing, including the level of digitalisation which increases progressively. The courts continue to make only limited use of digital tools and still have very few electronic communication tools available to them, while judges and clerks are being trained in new technologies. No procedural rules are in place for incorporating digital technologies into administrative justice ([115]). As regards judicial independence, no systemic deficiencies have been reported. ([116])

([114])Ibid. pp. 16-17.

([115])See the upcoming 2025 Justice Scoreboard.

([116])For more detailed analysis of the performance of the justice system in Greece, see the upcoming 2025 EU Justice Scoreboard and the 2024 Rule of Law Report.

Greece faces significant challenges regarding its clean industry transformation and climate mitigation: it has limited manufacturing capacity in net-zero technologies and a lack of policy framework to support domestic production. Although Greece possesses mining potential for critical raw materials, achieving the EU's self-sufficiency targets requires substantial investment and support. On climate mitigation, while there has been progress in reducing emissions intensity, further efforts are needed in decarbonizing energy-intensive industries. Additionally, Greece's transition to a circular economy lags behind, with low waste recycling rates and an urgent need for increased investments in circular economy initiatives. This annex reviews the areas in need of urgent attention regarding the clean industry transition and climate mitigation in Greece, looking at different dimensions.

Strategic autonomy and technology for the green transition

Net zero industry

Greece manufacturing capacity across all net-zero technologies remains modest ([117]). Greece's manufacturing capacity amounts to between 5.3 and 11 GWh/y (2-5% of total EU capacity) for battery and storage technologies and between 500 and 550 MW/y (1% of EU capacity) for wind turbine towers. For grid technologies, Greece's capacity is expected to grow as Hellenic Cables, a leading cable manufacturer, has invested over EUR 280 million over the past decade to build cutting-edge production and storage facilities for submarine cable systems. The cable industry could also benefit from the promising market outlook with high demand across both onshore and offshore projects. Greece lacks clean tech production facilities, with no production of solar panels, heat pumps or electrolysers.

Greece has not developed yet a policy framework nor investment incentives to support its net-zero technologies manufacturing. Greece could boost its role in some tech domains where it has production facilities. The Greek recovery and resilience plan also includes flagship projects in GRID connection via submarine cables, and there is a promising market outlook which the cable industry could take advantage of.

Transformation of the car industry

Greece does not have a significant car industry and petrol-powered cars still make the bulk of the cars circulating in the country. The automotive industry in Greece is relatively small and not a major contributor to the national economy compared to other European countries. Greece is among the EU Member States with the highest share of petrol-powered cars, which correlates with the low availability of charging points for electrified vehicles. In 2023, 77.7% of new car registrations were of petrol-powered cars (including hybrids). This was at least partially a consequence of the very low availability of electric charging points in Greece ([118]).

Critical raw materials

Greece is a mining country and shows a moderate degree of import concentration. In 2023, Greece scored 0.22 on the import concentration index, in line with the EU average

([117]) European Commission: Directorate-General for Energy, The net-zero manufacturing industry landscape across the Member 2025, https://data.europa.eu/doi/10.2833/2181110

([118]) Interactive map – Correlation between electric car sales and charging point availability (2023 data) - ACEA - European Automobile Manufacturers' Association

([119]). The Mining Contribution Index ranks Greece 75th out of 183 countries, with Greece being a leading producer of aluminium, nickel, perlite, pumice, bentonite and chromium.

The revised 2024 national energy and climate plan proposes a roadmap for critical raw materials. More than 15 raw materials included in the List of Strategic and Critical Raw Materials have been identified, with potential for more exploitation ([120]). The roadmap under preparation focuses on mining exploration/mining research as well as on the exploitation of Greece's mining potential.

Mining research is both public and private. The Hellenic Authority for Economic and Mining Research plans and implements research programmes and mining exploration. For private mining research, Greek authorities are considering the possibility of granting more exploration licences.

Greece plans to grow its mining industry by over 400% within the next 6-7 years to help the EU increase self-sufficiency in critical raw materials to 10% by 2030. The Ministry of Environment and Energy will launch annual international tenders for exploration and exploitation rights, with a focus on critical mineral metals. Over 120 potential mining projects are being assessed, with the evaluation process accelerated to meet the 10% target. Greece states that these mining projects need EU funding and estimates that 8 to 10 years are needed to bring a mining project from exploration to production.

One of the 47 strategic projects approved by the European Commission under the Critical Raw Materials Act (CRMA) is Greek. On 25 March 2025, the European Commission officially recognised a new industrial investment in Greece for the development of an integrated production line for bauxite/alumina/aluminium and gallium as a strategic project.

Energy-intensive industries are suffering due to high energy prices, but production only decreased for chemical and paper products. In 2022, energy-intensive industries accounted for 3.9% of Greece's gross value added, well above the EU average, and represented a large part of electricity consumption. Production in these industries has increased by 5% on average since 2021.

Reducing CO_2 emissions from industrial processes will be challenging, but measures are being implemented to facilitate this. CO_2 emissions from industrial processes (2/3 of which come from the production of building materials) will be reduced in the medium term through the capture of emitted CO_2, its use to produce synthetic fuels, and through geological storage. However, the complete elimination of these emissions by 2050 seems difficult to achieve. The Greek recovery and resilience plan contains measures aimed at developing the grid to support increased electricity production, from solar and wind, and some pilot projects for carbon capture and storage. There are currently 80 biogas power plants in operation, but no biomethane production in the country.

Climate mitigation

Industry decarbonisation

Manufacturing in Greece emits relatively large amounts of greenhouse gases per unit produced. 22 % of Greece's total greenhouse gas emissions come from manufacturing ([121]).

([119])The concentration index measures how much a country relies on a number of partner countries for a basket of critical raw materials. Higher values indicate higher import dependency: a value of 0.25 indicates a high dependency; 0.15-0.25 indicates a moderate degree of dependency; and values under 0.15 indicate low import dependency.

([120]) National energy and climate plans

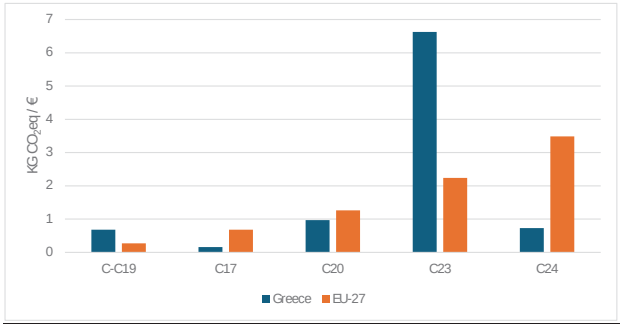
([121])In 2023. Manufacturing includes all divisions of the "C" section of the NACE Rev. 2 statistical classification of economic activities. In the remainder of this section, unless indicated otherwise, data on manufacturing refer to

Its manufacturing sector is the fourth most emissions intensive industry in the EU, with 680 g CO2eq of greenhouse gases per euro of gross value added (GVA), 2.5 times the EU average. Between 2017 and 2022, the greenhouse emissions intensity of Greece's industry declined by 44 %, more than twice than in the EU overall. Two thirds of Greece's manufacturing greenhouse emissions come from industrial processes and product use, and the rest are energy related. In the EU, these shares are 42% and 58%.

Manufacturing in Greece is benefiting from energy efficiency improvements, but the effects of cleaner energy supply are yet to materialise. Between 2017 and 2022, the greenhouse gas emissions intensity of Greece's manufacturing industry improved by about 42% both for energy-related and industry process and product use-related emissions, significantly more than the EU average, 16% and 23% respectively ([122]). In the same period, the share of electricity and renewables in final energy consumption recorded minor improvements only, increasing by 3.3 percentage points to 45.3 %. The energy intensity of manufacturing in Greece decreased by 22%, from 2.1 to 1.7 GWh per euro of GVA.

Energy-intensive industries have expanded production. In Greece, they accounted for 24% of total manufacturing GVA in 2022 ([123]), the highest share in the EU. The manufacture of non-metallic mineral products recorded a relatively high greenhouse gas emissions intensity, with 6.6 kg CO2eq/€ of GVA, three times the EU average of 2.2 kg. While in several EU countries production in energy-intensive industries decreased in the early 2020s, between 2021 and 2024 Greece experienced relatively stable production in the paper and chemical sectors, and an increase of production of about 15-20% in the manufacture of basic metals, non-metallic mineral products and pharmaceutical products. The combination of relatively low energy prices([124]), significant investments in industry, and the economic recovery may all have contributed to Greece's ability to maintain or increase production in these sectors, unlike other EU countries.

Graph A7.1: **GHG emission intensity of manufacturing and energy-intensive sectors, 2022**



Source: Eurostat.

Greece has begun putting in place policies to support the decarbonisation of industry, but more is needed to achieve a decisive decoupling of economic growth from emissions. The country has adopted policies

the divisions of the NACE section C excluding division C19 (manufacture of coke and refined petroleum products), and the year 2022. The source of all data in this section is Eurostat; data following the UNFCCC Common Reporting Framework (CRF) are from the European Environment Agency (EEA), republished by Eurostat.

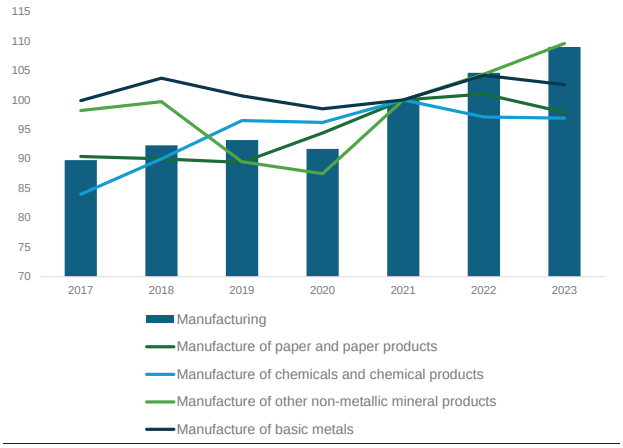
([122]) For the GHG emissions intensity of GVA related to energy use and industrial processes and product use respectively, GHG emissions are from inventory data in line with the UNFCCC Common Reporting Format (CRF), notably referring to the source sectors CRF1.A.2 – fuel combustion in manufacturing industries and construction and CRF2 – industrial processes and product use. The CRF1.A.2 data broadly correspond to the NACE C and E sectors, excluding C-19. GVA data (in the denominator for both intensities) are aligned with this sectoral coverage. Therefore, they are not fully consistent with the data referred to in other part of this section.

([123]) Notably, the manufacture of paper and paper products (NACE division C17), of chemicals and chemical products (C20), "other" non-metallic mineral products (C23; this division includes manufacturing activities related to a single substance of mineral origin, such as glass, ceramic products, tiles, and cement and plaster), and basic metals (C24). To date, these industries are energy-intensive – i.e. consuming much energy both on site and/or in the form of purchased electricity – and greenhouse gas emissions intensive, in various combinations.

([124]) For a detailed analysis of energy prices, see Annex 8 on the affordable energy transition.

on renewables and energy storage and measures to improve energy efficiency and implemented pilot projects on renewable hydrogen. However, further efforts are needed to support the decarbonisation of manufacturing, particularly in energy-intensive sectors. This includes support for the development of new low-carbon technologies (e.g. under the Innovation Fund and the Modernisation Fund); accelerating the deployment of renewable energy sources; the scaling up of existing solutions such as energy-efficient technologies; and the promotion of sustainable supply chains and circular economy practices.

Graph A7.2: **Manufacturing industry production: total and selected sectors, index (2021 = 100), 2017-2023**

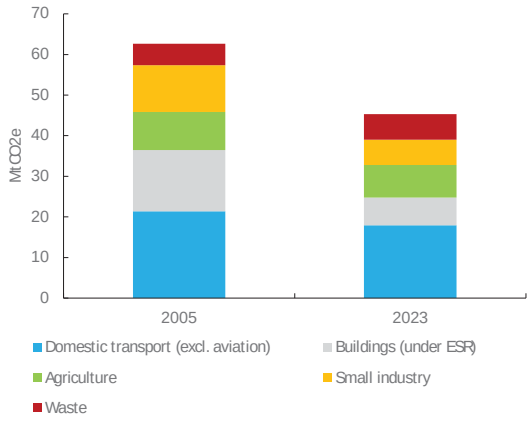


Source: Eurostat.

Reduction of emissions in the effort sharing sectors

Greece is projected to reach its 2030 target for the effort sharing sectors with the climate mitigation policies currently in place ([125]). GHG emissions from Greece's effort sharing sectors in 2023 are expected to have been 28% below the level of 2005. By 2030, current policies are projected to reduce them by 35.5% relative to 2005 levels, additional policies being considered by Greece are expected to achieve a further reduction of 7.7 percentage points. Consequently, Greece is projected to overachieve its effort sharing target of 22.7% reductions by 20.5 percentage points ([126]), ([127]).

Graph A7.3: **Greenhouse gas emissions in the effort sharing sectors, 2005 and 2023**



Source: European Environment Agency

Sustainable industry

Circular economy transition

Greece's circular transition is progressing slowly, but with some encouraging signs. Its circular use of materials increased until 2020, peaking at 6.3%, then declined to to 5.2% in

([125])The national greenhouse gas emission reduction target is set out in Regulation (EU) 2023/857 (the Effort Sharing Regulation). It applies jointly to buildings (heating and cooling); road transport, agriculture; waste; and small industry (known as the effort sharing sectors).

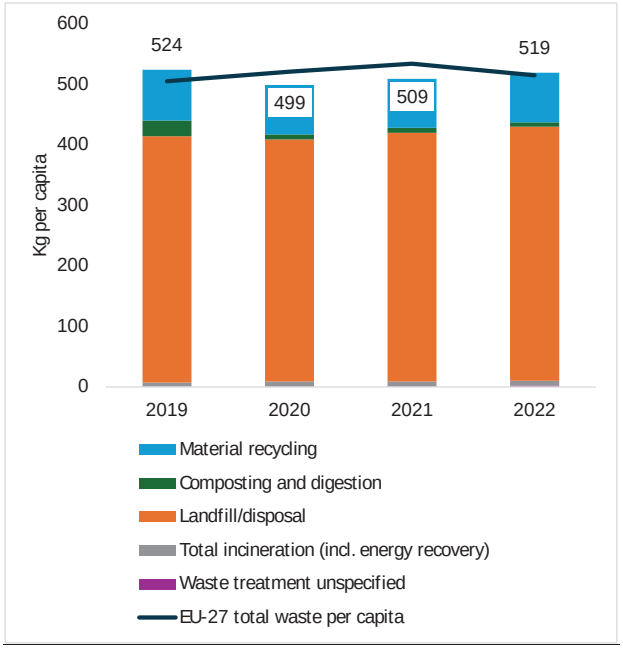
([126])The emissions from effort sharing sectors for 2022 are based on approximated inventory data. The final data will be established in 2027 after comprehensive review. Projections on the impact of current policies ("with existing measures", WEM) are based on Greece's final updated national energy and climate plan and additional policies ("with additional measures", WAM) on the 2024 Biennial Transparency Report Greece submitted to UNFCCC.

([127])The emissions from effort sharing sectors for 2023 are based on approximated inventory data. The final data will be established in 2027 after a comprehensive review. Projections on the impact of current policies ('with existing measures', WEM) and additional policies ('with additional measures', WAM) as per Bulgaria's final updated national energy and climate plan.

2023, below the EU average of 11.8%. With EUR 1.71 generated per kg of material consumed in 2022, resource productivity was slightly below the EU average of EUR 2.22 per kg. However, the steady increase in Greece's resource productivity over the last decade is encouraging. In 2022, Greece adopted a new national action plan for circular economy for 2021-2025, following the limited results of the 2018 circular economy strategy. Key initiatives, focusing on waste, are being implemented, and include revised local waste management plans; a food-waste prevention programme; and actions in lignite-dependent regions. New infrastructure for waste separation, recycling and recovery is to be financed. Economic incentives such as extended producer responsibility schemes for various waste streams and a deposit refund system for beverage bottles are also provided.

Greece's waste management performance is still lagging significantly. Municipal waste generation stagnated between 2010 and 2022. In 2022, the country generated 519 kg per capita of municipal waste, close to the estimated EU average of 534 kg per capita. In 2022, Greece recycled 17% of municipal waste, significantly below the EU average of 49%. The rate of composting and anaerobic digestion also remains very low and stagnating, at 2% in 2021. Landfilling remains the dominant treatment method for municipal waste, at a very high level of 80%. In 2021 and 2022, Greece recycled 54% and 43% of its total packaging waste respectively. Greece is at risk of missing both the municipal waste and the packaging waste targets and may not meet the 2035 target of a maximum of 10% of municipal waste landfilled. The preparing for re-use and recycling rate of mineral construction and demolition waste in Greece in 2022 was 99.6% compared to the EU average of 79.8%.

Graph A7.4: **Municipal waste treatment**



Source: Eurostat

To meet its circular economy and waste objectives Greece needs to increase circular economy investments by an estimated EUR 310 million per year, with an additional EUR 69 million for waste management action, not part of circular economy ([128]). This totals EUR 379 million per year, or 0.18% of Greece's GDP. To close the investment gap, EUR 81 million is needed for initiatives, like eco-design for sustainable products; packaging and packaging waste; labelling and digital tools; critical raw materials recycling; and measures proposed under the Waste Framework Directive amendment. Another EUR 229 million is needed to unlock Greece's circular economy potential.

Zero pollution industry

Air quality in some parts of Greece remains a concern, particularly in the urban centres of Attica and Thessaloniki. Emissions of several air pollutants have decreased significantly since 2005, while GDP growth has continued. In 2024, Greece met its emission

([128]) European Commission, DG Environment, Environmental investment needs & gaps assessment programme, 2025 update. Expressed in 2022 prices.

reduction commitments for 2020-2029 for air pollutants NOx, non-methane volatile organic compounds (NMVOC), sulphur dioxide (SO_2), ammonia (NH_3) and $PM_{2.5}$. Greece is projected to meet its emission reduction commitments for 2030 onwards for NOx, NMVOC, SO_2, NH_3 and $PM_{2.5}$.

Greece's industry releases relatively high amounts of air and water pollutants. The country has a relatively high level of damage from air pollution, and its emissions intensity is above the EU average, primary due to the energy sector's contributions. The costs of pollution are higher than investments in prevention and control, leading to thousands of deaths annually. To meet its environmental objectives and achieve pollution prevention and control, Greece needs to provide an additional EUR 349 million per year, with the national climate and energy plan playing a significant role in addressing these challenges.

Table A7.1: **Key clean industry and climate mitigation indicators: Greece**

Strategic autonomy and technology for the green transition				Greece					EU-27	
Net zero industry										
Operational manufacturing capacity 2023										
- Solar PV (c: cell, w: wafer, m: module), MW	-			- Electrolyzer, MW		-				
- Wind (b: blade, t: turbine, n: nacelle), MW	500-550 (t)			- battery, MWh		5300-11000				
Automotive industry transformation	2017	2018	2019	2020	2021	2022	2023		2018	2021
Motorisation rate (passenger cars per 1000 inhabitants), %	487	493	504	514	536	550	565	↗	539	561
New zero-emission vehicles, electricity motor, %	0.04	0.07	0.16	0.85	2.17	2.69	4.74	↗	1.03	8.96
Critical raw materials	2017	2018	2019	2020	2021	2022	2023		2018	2021
Material import dependency, %		35.5	36.3	39.2	40.6	40.1	39.4	↘	24.2	22.6

Climate mitigation				Greece				Trend	EU-27	
Industry decarbonisation	2017	2018	2019	2020	2021	2022	2023		2017	2022
GHG emissions intensity of manufacturing production, kg/€	1.22	1.07	0.97	0.87	0.78	0.68	0.78	↘	0.34	0.27
Share of energy-related emissions in industrial GHG emissions	69.3	68.2	70.1	71.1	69.5	67.4	68.2	↘	44.8	42.5
Energy-related GHG emissions intensity of manufacturing and construction, kg/€	387.3	313.9	275.0	269.9	252.5	225.6	-	↘	158.4	132.9
Share of electricity and renewables in final energy consumption in manufacturing, %	48.6	49.6	50.5	48.6	47.1	45.3	46.2	↘	43.3	44.2
Energy intensity of manufacturing, GWh/€	2.13	1.96	1.85	1.89	1.71	1.66	1.50	↘	1.29	1.09
Share of energy-intensive industries in manufacturing production						23.7				7.3
GHG emissions intensity of production in sector [...], kg/€										
- paper and paper products (NACE C-17)	0.19	0.22	0.22	0.21	0.17	0.16	0.19	-	0.73	0.68
- chemicals and chemical products (NACE C20)	1.40	1.75	1.62	1.58	1.23	0.97	0.85	-	1.25	1.26
- other non-metallic mineral products (NACE C23)	10.69	9.41	8.08	7.48	7.32	6.63	9.22	-	2.53	2.24
- basic metals (NACE C24)	1.77	1.18	1.21	0.98	1.00	0.73	1.07	-	2.79	3.49
Reduction of effort sharing emissions		2018	2019	2020	2021	2022	2023		2018	2023
GHG emission reductions relative to base year, %					-29.5	-26.6	-28.0			
- domestic road transport		-20.4	-18.6	-29.5	-23.3	-18.0	-16.2	↗	1.4	5.2
- buildings		-63.7	-60.2	-54.9	-60.2	-55.2	-54.7	↗	21.4	32.9
	2005				2021	2022	2023	Target	WEM	WAM
Effort sharing: GHG emissions, Mt; target, gap, %	63.0				44.4	46.3	45.3	-22.7	0	20.5

Sustainable industry				Greece				Trend	EU-27	
Circular economy transition		2018	2019	2020	2021	2022	2023		2018	2021
Material footprint, tonnes per person		12.2	12.3	11.1	11.0	11.7	11.7	↗	14.7	15.0
Circular material use rate, %		3.0	3.3	4.2	5.3	6.3	5.2	↗	11.6	11.1
Resource productivity, €/kg		1.4	1.5	1.5	1.6	1.8	1.9	↗	2.1	2.3
Zero pollution industry										
Years of life lost due to PM2.5, per 100,000 inhabitants		1,068	872	796	972	1,258	-	↗	702	571
Air pollution damage cost intensity, per thousand € of GVA					72.6					27.5
Water pollution intensity, kg weighted by human factors per bn € GVA						0.5				0.9

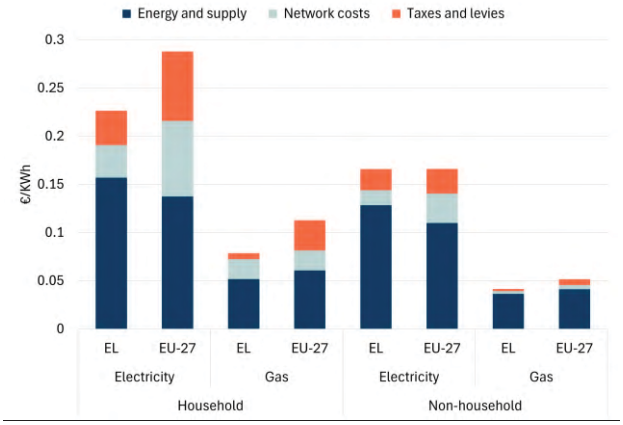
Source: **Net zero industry:** European Commission: The net-zero manufacturing industry landscape across Member States: final report, 2025. **Automotive industry transformation:** Eurostat. **Critical raw materials:** Eurostat. **Climate mitigation:** See footnotes in the "climate mitigation" section; reduction of effort sharing emissions: EEA greenhouse gases data viewer; European Commission, Climate Action Progress Report, 2024. **Sustainable industry:** Years of life lost due to PM2.5: Eurostat and EEA, Harm to human health from air pollution in Europe: burden of disease status, 2024. Air pollution damage: EEA, EU large industry air pollution damage costs intensity, 2024. Emissions covered: As, benzene, Cd, Cr, Hg, NH3, Ni, NMVOC, NOX, Pb, dioxins, PM10, PAH, SOX. Water pollution intensity: EEA, EU large industry water pollution intensity, 2024. Releases into water covered from cadmium, lead, mercury, nickel. Other indicators: Eurostat.

This annex outlines the progress made and the ongoing challenges faced in improving energy competitiveness and affordability while advancing the transition to net zero. It examines the measures and targets proposed in the final (draft) updates to the national energy and climate plans (NECPs) for 2030.

Greece has shown significant progress in accelerating installation of renewable energy, implemented a series of energy efficiency measures and strengthen its security of supply and that of the broader region. However, important challenges remain including regarding the flexibility of the energy system.

Energy prices and costs

Graph A8.1: **Retail energy price components for household and non-household consumers, 2024**



(i) For household consumers, consumption band is DC for electricity and D2 for gas. Taxes and levies are shown including VAT.
(ii) For non-household consumers, consumption band is ID for electricity and I4 for gas. Taxes and levies are shown excluding VAT and recoverable charges, as these are typically recovered by businesses.
Source: Eurostat

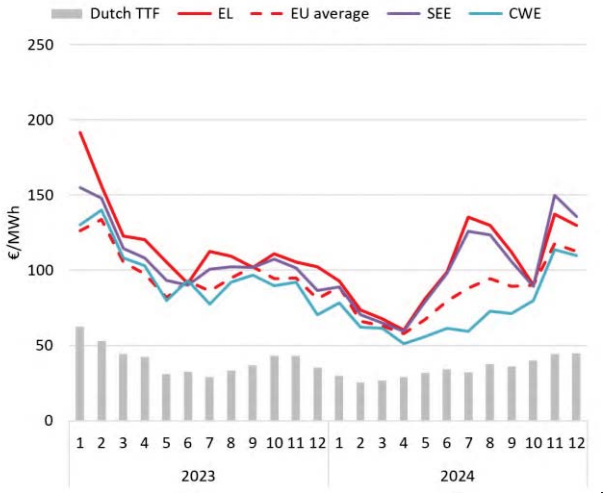
Greece's retail energy prices decreased considerably in 2024, remaining below EU average for a second consecutive year, both for household and non-household consumers. Retail price developments were also influenced by government interventions and especially the broad-based support to households. The share of taxes and levies on final electricity and gas prices for households were considerably lower than the EU average (15.8% and 7.9% for an EU average of 25% and 27.8% respectively). While electricity network costs were below the EU average, gas network costs for households were aligned with EU average. Overall, Greece ranked seventeenth in the EU on electricity and gas prices for households. The downward trend continued in 2024 also for non-household consumers for both electricity and gas with taxes and levies and network costs in the final prices remaining below EU average.

With an average of 100.7 EUR/MWh in 2024 ([129]), Greece had the EU's sixth-highest wholesale electricity prices (the EU average was 84.7 EUR/MWh) and, while prices declined early in the year amid falling natural gas costs, prices picked up in the summer and were high also in the winter. There were multiple drivers behind these price spikes, including a structural shortage of flexible solutions which are needed to meet peak demand in the region. Greece relied on costly natural gas for electricity generation in peak demand. Greece has the fourth-largest share in the EU with 37.5% of the electricity mix in 2024. Prolonged and more intense heatwaves as well as a colder winter led to higher consumption (+6% in 2024). Reduced hydropower (-19% in 2024) due to the meteorological conditions, limited non-fossil flexibility and a strained net-importing position further exacerbated the supply-demand gap. This gap was mainly covered by ramped up and expensive natural gas-fired generation (+35% in 2024), especially during peak demand hours in the summer and throughout the entire day during the winter. Consequently, and more than in 2023, these conditions drove concentrated price spikes in evening hours (18h-21h), when solar output declined and demand remained high (especially during the summer). Despite these trends, Greece's

([129]) Fraunhofer (ENTSO-E data).

average electricity price over the year was still lower (at 119 €/MWh) than in 2023, driven by lower average hourly prices (especially in daytime hours) ([130]). This was probably driven by the uptake in solar output, both in Greece (+39% in 2024) and in neighbouring markets ([131]).

Graph A8.2: **Monthly average day-ahead wholesale electricity prices and European bencmark natural gas prices (Dutch TTF)**



(i) The TTF is a virtual trading point for natural gas that serves as the primary benchmark for European natural gas prices.
(ii) CWE and SEE respectively provide average prices in the central-western (BE, FR, DE, LU, NL, AT) and south-eastern (BG, EL, HR) European markets.
Source: S&P Platts and ENTSO-E

Flexibility and electricity grids

The widening price gap between the South-East Europe ([132]) and CORE ([133]) capacity calculation regions (CCRs) observed during the summer also highlighted insufficient cross-border capacity available for trade. Greece is in the South-East Europe and Greece-Italy CCRs for market-coupling. In this part of Europe, electricity flows are heavily influenced by exchanges in nearby bidding zone borders, including with the Western Balkan countries ([134]). Member States are required to ensure that a minimum of 70% of technical cross-border capacity is available for trading. To achieve this target in Member States heavily influenced by exchanges in neighbouring countries, work at regional level (particularly with their regional coordination centre) is necessary. For the Greece-Italy border, trade levels were consistently high in 2023, whereas certain limitations were observed on the Greece – Bulgarian border.

Further action to expand Greece's cross-border interconnection capacity and strengthen its national grid will enable it to meet rising energy demand, integrate renewable energy production more effectively and improve grid flexibility. The new interconnector between Greece and Bulgaria became operational in June 2023. Several of the projects planned are included in the first project of common interest (PCI) and project of mutual interest (PMI) list (e.g. the electricity interconnectors with Cyprus and with Egypt). Based on the final updated NECP, Greece should achieve the 15% interconnection target until 2030 due to implementation of interconnection projects on its borders. Greece is carrying out (including under its recovery and resilience plan (RRP)), a number of projects to strengthen the national grid. These include modernisation of the distribution grid in the most congested areas, as well as projects to

([130]) Average hourly prices were lower than in 2023, except between 19h and 21h. The largest delta in daytime hours was between 9h and 15h (when solar output is at its highest). This decrease averaged -29%. For the other hours of the day, it averaged at -15%. Average hourly prices only increased at 19h and 20h (+9 and +6%, respectively).

([131]) Yearly electricity data, Ember (consumption and generation data throughout the paragraph).

([132]) A capacity calculation region (CCR) is a group of countries that calculate cross-border electricity trade flows together. Bulgaria, Greece and Romania are the three countries in the South-East Europe CCR.

([133]) Core is the CCR which covers Belgium, Czechia, Germany, France, Croatia, Hungary, the Netherlands, Austria, Poland, Romania, Slovenia and Slovakia (and, once connected, Ireland).

([134]) The Western Balkan countries are currently in the process of integrating into the EU's single market via market-coupling.

connect mainland Greece with its islands. Lengthy permitting procedures for grid infrastructure are still one of the major bottlenecks delaying the further development of renewable energy sources. To tackle this, Greece has asked for support from the Technical Support Instrument to identify how processes could be simplified and accelerated.

The constraints of the electricity system and networks in Greece have caused curtailments of renewable electricity (i.e. reduction of power production) to significantly increase in the last few years. A total of 528 GWh of renewable electricity was curtailed between January and July 2024 (3.5% of total renewable electricity production). The amount of renewable electricity curtailed in 2024 is expected to be four times higher than in 2023, indicating a rapid acceleration of curtailment ([135]).

Greece has taken steps to support non-fossil flexibility but important challenges remain. The operational electricity storage capacity reported in Greece's final updated NECP is around 699 MW (only pumped hydro). In its final updated NECP, Greece has reported that the operational electricity storage capacity will reach 1928 MW of pumped hydro and 4325 MW of batteries by 2030 (6,2 GW total). Greece has already taken steps to promote the installation of electricity storage (the first auctions for small storage – under a State-aid scheme approved in 2022 – have already taken place). Several big storage projects are being developed in Greece, with two of them listed on the first PCI/PMI list adopted in 2023: a battery energy storage system in Ptolemaida and a hydro-pumped storage system in Amfilochia. However, Greece's regulatory framework still hinders flexibility because it does not fully allow batteries to access the wholesale energy markets and does not enable demand response to access the day-ahead and intraday markets. To overcome flexibility challenges, Greece is developing a comprehensive framework for electricity storage that is also supported by the RRP ([136]).

Greece is progressing with measures to empower consumers in demand response, energy communities, dynamic pricing and smart grids. From 2025 onward, dynamic pricing will be introduced for businesses and large consumers with smart meters. A nationwide roll-out of 7.3 million electricity smart meters by 2030 (supported by the Greek RRP) is key to enabling broader consumer participation in dynamic consumption. It could also help to significantly reduce non-technical losses. Only 660 000 smart meters had been installed by October 2024 (i.e. a penetration of just over 6%) ([137]), but annual investments in digitalising the distribution network of over EUR 500 million are intended to achieve 1.5 million dynamic pricing participants by 2025.

The number of energy communities is steadily increasing, with 1 742 active energy communities recorded in September 2024. This includes 40 renewable energy communities and 17 citizen energy communities created under the new institutional framework (Law 5037/2023) adopted in March 2023. The Greek RRP also supports energy communities and self-consumption (particularly for vulnerable households) through the 2024 Apollon programme. This promotes the creation of citizen energy communities, focusing on solar self-production and virtual net-billing to reduce energy poverty.

([135]) Greek Ministry, 2025 Technical Support Instrument support request.

([136]) Investments: 'Support of the installation of storage systems to enhance RES penetration' (measure ID: 16926) and its scale-up in the REPowerEU chapter (measure ID: 16996). Reform: 'Grid and storage capacity – fostering of storage investments' (measure ID: 16990).

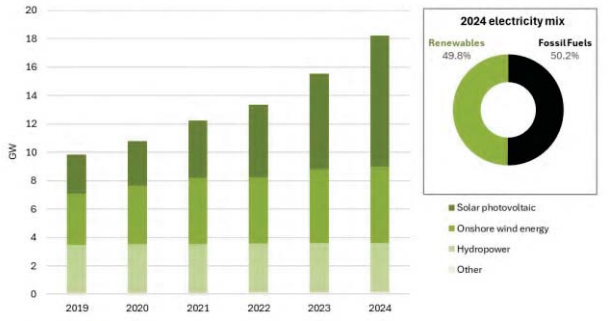
([137]) ACER/CEER Market Monitoring Report 'Energy retail - Active consumer participation is key to driving the energy transition: how can it happen?', 30 September 2024.

Electricity accounted for 26.3% of Greece's final energy consumption in 2023 (slightly above the EU average of 22.9%, but this share has remained largely stagnant in the last decade ([138]) partly due to an unfavourable electricity-to-gas price ratio that disincentivizes electrification and cost-effective decarbonization. When it comes to households, electricity accounted for 34.5% of final energy consumption, while in industry it represented 39.9% (see also Annex 6). For the transport sector, this share remained negligible at 0.3%. In 2024's second semester, household and industrial electricity prices in Greece were below the EU average due to government support. However, the electricity-to-gas price ratio was high for both. For households, electricity cost 2.2 times more per unit than gas before taxes and 2.4 times more after. For energy-intensive industries, this ratio was 4.1 before and 4.4 after taxes, among the highest in the EU. Taxes and levies accounted for ~16,8% of household electricity prices (vs. ~11,9% for gas) and ~12% for industrial electricity (vs. ~5,8% for gas) ([139]).

Renewables and long-term markets

In 2024, renewable energy sources (RES) remained at 50% of the Greek electricity mix (compared with the EU's overall RES share of 47% ([140]). Installed renewables capacity grew by 17.5%, reaching 18 231 MW. Regarding solar deployment, the total installed capacity in 2024 was 9 269 MW (+2 580 MW, an increase of 38.5% compared to 2023), while installed onshore wind capacity only increased by 125 MW, reaching 5 357 MW.

Graph A8.3: **Greece's installed renewable capacity (left) and electricity generation mix (right)**



"Other" includes renewable municipal waste, solid biofuels, liquid biofuels, and biogas.
Source: IRENA, Ember

Greece has made some progress in speeding up RES permitting, but further steps are needed. In its final updated NECP, Greece mentions its intention to further streamline RES permitting via several measures on spatial planning, digitalization and even mentions plans to create a framework on decommissioning. Law 5037/2023 has already designated renewables acceleration areas (RAAs) in Greece. The first designated RAAs were reserved for offshore wind (up to 600 MW) in northern Greece. Under the REPowerEU chapter of the RRP, Greece has undertaken to update parts of its spatial plan, which has not been updated since 2008. The adoption of the new version of the RES spatial plan has been subject to very long delays.

Greece has set more ambitious targets for renewables in its updated NECP (43% of RES in gross final energy consumption for 2030 and 95,8% for 2050 and 75,7% of RES in the gross final electricity consumption for 2030). Greece aims to have a total of installed capacity of 27.5 GW across all forms of renewables, by 2030. Specifically, Greece has made a commitment (as part of the wind pledges under the European Wind Power

([138])The CAGR (compound annual growth rate) was -0.8% between 2013 and 2023. The minimum/maximum shares were 26.3% and 29.5% respectively.

([139])Analysis based on Eurostat data for the second semester of 2024. For household consumers, consumption band is DC for electricity and D2 for gas, which refer to medium-sized consumers and provide an insight into affordability. For non-household consumers, consumption band is ID for electricity and I4 for gas, referring to large-sized consumers, providing an insight into international competitiveness (price used for the calculation excludes VAT and other recoverable taxes/levies/fees as non-household consumers are usually able to recover VAT and some other taxes).

([140]) Yearly electricity data, Ember.

Action Plan) to have 7.6 GW of installed onshore wind capacity and 1.9 GW of installed offshore wind capacity by 2030, which is also confirmed in the final updated NECP. No new schedule for the expected allocation of support for renewables had been released on the Union Renewables Development Platform at the end of 2024, since the Greek authorities are considering phasing out the aid support schemes for new RES projects.

Interest in power purchase agreements (PPAs) in Greece is growing significantly ([141]), with numerous (disclosed and non-disclosed) deals concluded in 2023 and many more under way (90% of them based on solar power production). The first PPA was signed in Greece in February 2021: a corporate PPA for 200 MW and one of the largest deals in the EU. Until 2025, this PPA scheme is expected to auction another 4.2 GW of installed capacity ([142]). Already by March 2025, the TSO has approved connection terms for projects up to 800 MW for corporate PPAs, which have priority for connecting to the system. Also in 2021, Greece introduced a contract for difference (CfD) for renewable energy. n 2022, Greece obtained State-aid approval to support electricity storage with CfDs alongside investment grants ([143]). More than 400 MW of production capacity had been awarded CfDs under this scheme by 2023 ([144]). CfDs will continue to play a crucial role in Greece's renewable energy support.

([141])European PPA Market Outlook 2024, Pexapark.

([142]) Contracts-for-Difference to support renewable energy technologies: Considerations for design and implementation, EUI Research Report, March 2024

([143])https://ec.europa.eu/competition/state_aid/cases1/202240/SA_64736_400E7A83-0000-C599-B417-2392BF680950_60_1.pdf

([144]) Contracts-for-Difference to support renewable energy technologies: Considerations for design and implementation, EUI Research Report, March 2024

Energy efficiency

Energy efficiency gains have slowed in Greece, but there is still untapped energy-efficiency potential. Primary energy consumption (PEC) decreased by 5.1% to 19.88 Mtoe in 2023. Final energy consumption (FEC) decreased by 2.4% to 15.73 Mtoe. Compared to 2022, FEC decreased in all main sectors (by 13.1% in residential, by 4;1% in industry and by 0.4% in services) but transport (increase by 4.4%). According to the recast Energy Efficiency Directive, Greece should try to achieve a PEC of 17.55 Mtoe and a FEC of 14.68 Mtoe by 2030.

In the residential sector, Greece needs to step up action to achieve the 2030 reduction target for energy consumption by buildings. In accordance with its most recent long-term renovation strategy, Greece intends to reduce building energy consumption by 8% in 2030 (compared with 2015). However, FEC in the residential sector declined by only 1% between 2015 and 2022.

Efforts are being made to electrify and green the heating and cooling of buildings by promoting the installation of more energy efficient heat pumps, often in combination with on-site renewables. Between 2010 and 2021, renewable heating and cooling increased from 50 PJ to 67.5 PJ and from 19% to 31.1% of total heating and cooling demand. This growth was mainly driven by increased use of heat pumps. Approximately 208 000 heat pumps were sold in 2022 (an increase of 112% on 2021), reaching a total stock of around 577 000 installed pumps in the residential sector. Solar thermal and biogas also increased (10 PJ to 12.7 PJ; and 0.1 PJ to 1.4 PJ respectively). Electricity is expected to cover 47% of energy demand in the residential sector in 2030, because the use of heat pumps is expected to increase significantly and because of building renovation.

Greece's national financing framework mobilising investments in energy efficiency

is mostly composed of grants and subsidies. In 2024, Greece continued to implement the planned energy efficiency financing schemes (especially under the Recovery and Resilience Facility and under the 'Save Energy at Home (EXOIKONOMO)' programmes, which are aimed at the residential sector). However, additional private funding needs to be leveraged, particularly by deploying dedicated financial instruments for energy efficiency and supporting the development of the energy services sector as a key market-enabler for energy efficiency improvements. In terms of sectors, energy-efficient appliances and equipment in buildings and businesses are covered by several funding programmes, and Greece has signalled that the necessary reforms are under way.

Security of supply and diversification

Greece has not yet phased out Russian gas, but it has made significant efforts to strengthen its security of supply and diversify its natural gas sources through major infrastructure investments to increase its import capacity for liquefied natural gas. In addition to the recent completion of projects such as the IGB pipeline, the commissioning of the liquefied natural gas terminal in Alexandroupolis in 2024 has further strengthened Greece's crucial role in the diversification of the broader region against the backdrop of the ending of Russian gas transit through Ukraine in 2025. Greece reduced its gas demand by only 8% between August 2022 and September 2024 – below the 15% voluntary demand reduction target recommended by the Council.

Fossil fuel subsidies

In 2023, environmentally harmful ([145]) fossil fuel subsidies without a planned phase-out before 2030 represented 0.79% ([146]) of Greece's GDP([147]), above the EU weighted average of 0.49%. Tax measures accounted for 53% of this volume, while income/price support and direct grants represented 32% and 15%, respectively. Fossil fuel subsidies without a planned phase-out before 2030 and which do not specifically address, in a targeted way, energy poverty nor genuine energy security concerns included an excise tax exemptions on petroleum products consumed in inland water navigation, kerosene consumed in domestic air traffic and for the use of coal and coke for industrial usages (e.g., chemical reduction, electrolyte metallurgical processes). Greece's 2023 Effective Carbon Rate([148]) averaged EUR 86.7 per tonne of CO_2, slightly above the EU weighted mean of EUR 84.80([149]).

([145]) Direct fossil fuel subsidies that incentivise maintaining or increasing in the availability of fossil fuels and/or use of fossil fuels.

([146]) Numerator is based on volumes cross-checked with the Greek authorities. For all Member States, it includes public R&D expenditures for fossil fuels as reported by the IEA (Energy Technology RD&D Budgets) and excludes, for methodological consistency, excise tax exemption on kerosene consumed in intra-EU27 air traffic.

([147]) 2023 Gross Domestic Product at market prices, Eurostat.

([148]) The Effective Carbon Rate is the sum of carbon taxes, ETS permit prices and fuel excise taxes, representing the aggregate effective carbon rate paid on emissions.

([149]) OECD (2024), Pricing Greenhouse Gas Emissions 2024

Table A8.1: **Key Energy Indicators**

	Greece				EU			
	2021	**2022**	**2023**	**2024**	**2021**	**2022**	**2023**	**2024**
Household consumer - Electricity retail price (EUR/KWh)	**0.1830**	**0.2427**	**0.2320**	**0.2265**	**0.2314**	**0.2649**	**0.2877**	**0.2879**
Energy & supply [%]	64.6%	140.0%	107.9%	69.4%	36.6%	54.3%	55.6%	47.8%
Network costs	14.5%	11.1%	14.4%	14.9%	26.7%	25.3%	24.8%	27.2%
Taxes and levies including VAT	20.9%	-51.1%	-22.4%	15.8%	36.7%	20.3%	19.6%	25.0%
VAT	5.6%	5.6%	5.6%	5.7%	14.5%	13.4%	13.8%	14.6%
Household consumer - Gas retail price	**0.0723**	**0.1059**	**0.1114**	**0.0787**	**0.0684**	**0.0948**	**0.1121**	**0.1128**
Energy & supply	61.3%	79.3%	75.2%	65.8%	43.7%	61.0%	64.5%	53.9%
Network costs	32.4%	14.4%	17.1%	26.3%	22.5%	17.3%	17.1%	18.3%
Taxes and levies including VAT	6.4%	6.2%	7.7%	7.9%	33.8%	21.7%	18.4%	27.8%
VAT	4.3%	4.3%	5.2%	5.3%	15.5%	11.6%	10.2%	13.6%
Non-household consumer - Electricity retail price	**0.1498**	**0.2235**	**0.1726**	**0.1658**	**0.1242**	**0.1895**	**0.1971**	**0.1661**
Energy & supply	77.6%	137.5%	81.0%	73.2%	43.0%	66.5%	63.0%	55.8%
Network costs	5.0%	3.9%	8.0%	8.8%	15.8%	10.7%	11.9%	15.5%
Taxes and levies excluding VAT	12.5%	-49.8%	5.7%	13.1%	30.4%	9.9%	11.2%	15.4%
Non-household consumer - Gas retail price	**0.0331**	**0.1161**	**0.0552**	**0.0415**	**0.0328**	**0.0722**	**0.0672**	**0.0517**
Energy & supply	83.7%	85.5%	85.9%	83.3%	66.2%	77.3%	77.3%	68.7%
Network costs	6.3%	8.1%	5.0%	6.6%	7.7%	3.8%	5.3%	7.1%
Taxes and levies excluding VAT	5.1%	2.3%	4.3%	5.1%	12.5%	6.1%	7.3%	11.6%
Wholesale electricity price (EUR/MWh)	116.0	279.4	119.3	100.7	111.0	233.2	99.1	84.7
Dutch TTF (EUR/MWh)	*n/a*	*n/a*	*n/a*	*n/a*	46.9	123.1	40.5	34.4

	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Gross Electricity Production (GWh)	**55,266**	**53,263**	**48,626**	**48,252**	**54,715**	**52,670**	**49,917**	-
Combustible Fuels	41,698	37,412	32,880	31,055	33,020	30,647	25,957	-
Nuclear	-	-	-	-	-	-	-	-
Hydro	4,040	5,760	4,051	3,440	5,961	4,000	4,044	-
Wind	5,537	6,300	7,266	9,310	10,483	10,883	11,022	-
Solar	3,991	3,791	4,429	4,447	5,251	7,140	8,894	-
Geothermal	-	-	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-	-	
Gross Electricity Production [%]								
Combustible Fuels	75.4%	70.2%	67.6%	64.4%	60.3%	58.2%	52.0%	-
Nuclear	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-
Hydro	7.3%	10.8%	8.3%	7.1%	10.9%	7.6%	8.1%	-
Wind	10.0%	11.8%	14.9%	19.3%	19.2%	20.7%	22.1%	-
Solar	7.2%	7.1%	9.1%	9.2%	9.6%	13.6%	17.8%	-
Geothermal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-
Other Sources	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-
Net Imports of Electricity (GWh)	**6,237**	**6,278**	**9,944**	**8,864**	**3,684**	**3,447**	**4,913**	-
As a % of electricity available for final consumption	11.2%	12.3%	19.2%	18.1%	7.2%	7.0%	10.2%	-
Electricity Interconnection [%]	**10.6%**	**9.7%**	**9.8%**	**9.9%**	**6.3%**	**6.3%**	**5.6%**	**4.8%**
Share of renewable energy consumption - by sector [%]								
Electricity	24.5%	26.0%	31.3%	35.9%	35.9%	42.4%	48.2%	-
Heating and cooling	28.2%	30.1%	30.0%	31.9%	31.1%	30.6%	35.5%	-
Transport	4.0%	4.1%	4.0%	5.3%	4.4%	4.1%	3.9%	-
Overall	17.3%	18.0%	19.6%	21.7%	22.0%	22.7%	25.3%	-

	2020	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2023**
Import Dependency [%]	**81.4%**	**73.8%**	**79.6%**	**75.6%**	**57.5%**	**55.5%**	**62.5%**	**58.3%**
of Solid fossil fuels	10.2%	9.6%	-0.7%	-9.5%	35.8%	37.2%	45.9%	40.8%
of Oil and petroleum products	106.4%	93.1%	101.8%	97.6%	96.8%	91.7%	97.8%	94.5%
of Natural Gas	100.7%	99.4%	101.6%	97.6%	83.6%	83.6%	97.6%	90.0%
Dependency from Russian Fossil Fuels [%]								
of Natural Gas	39.0%	40.5%	17.5%	43.8%	41.0%	40.9%	20.7%	9.3%
of Crude Oil	17.7%	13.1%	2.8%	0.0%	25.7%	25.2%	18.4%	3.0%
of Hard Coal	87.0%	95.9%	11.6%	0.0%	49.1%	47.4%	21.5%	1.0%

	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Gas Consumption (in bcm)	**4.9**	**4.8**	**5.2**	**5.8**	**6.4**	**5.2**	**4.7**
Gas Consumption year-on-year change [%]	21.3%	-1.9%	8.3%	11.5%	10.4%	-19.6%	-10.1%
Gas Imports - by type (in bcm)	**5.0**	**4.9**	**5.2**	**5.9**	**6.4**	**5.7**	**4.8**
Gas imports - pipeline	3.5	3.9	2.4	2.9	4.2	2.2	2.2
Gas imports - LNG	1.5	1.0	2.8	3.0	2.2	3.6	2.6
Gas Imports - by main source supplier [%]							
Russia	58.2%	65.9%	32.3%	39.0%	40.5%	17.5%	43.8%
United States	0.0%	2.1%	4.4%	25.0%	17.7%	32.5%	20.7%
Azerbaijan	0.0%	0.0%	0.0%	0.2%	19.0%	19.8%	13.9%
Egypt	0.0%	0.0%	4.9%	1.3%	1.6%	7.8%	6.5%

Source: Eurostat, ENTSO-E, S&P Platts

Greece has improved its preparedness to manage the impacts of climate change but additional action is required, including on insurance coverage against extreme events. Greece is particularly vulnerable to climate risks and extreme weather events. It is taking action to build resilience, including at regional level, but still faces challenges in implementing its adaptation strategies. Sustainable water management remains a major environmental issue, notably in terms of water efficiency. The state of nature and ecosystems remains a cause for concern too, creating significant risks to the economy and to competitiveness. Greece performs above the EU average in terms of organic farming practices. However, carbon removals fall short of the level needed to meet Greece's 2030 target for land use, land-use change and forestry (LULUCF).

Climate adaptation and preparedness

Greece is particularly vulnerable to multiple extreme weather events including floods, heatwaves, wildfires and droughts. Water scarcity is already having a significant impact on society and poses a severe risk to Greece and other Mediterranean countries ([150]). Between 2019 and 2023, an average of over 4 000 km^2 of the country's ecosystems were affected by drought each year. In 2023, storm Daniel brought 80 cm of rain in one day, causing large-scale flooding in central Greece and increasing the risk of waterborne diseases such as leptospirosis ([151]). The country also faces significant heat-related health impacts and has the highest mortality rate in Europe. If left unaddressed, heatwave-related deaths could increase 40-fold ([152]). In addition, Greece is prone to devastating wildfires. Between 2006 and 2024, an average of 0.38% of the country was burnt each year, the second-highest rate in the EU, with the 2023 Alexandroupolis fire the largest in EU history. The increasing frequency and severity of wildfires can overwhelm rescue operations and deplete emergency resources.

Climate risks have a direct effect on Greece's economy and society. Between 1980 and 2023, Greece recorded over EUR 16 billion in economic losses due to weather and climate-related extreme events ([153]). Only 5% of the economic damages over the same period were insured, leaving Greece with one of the lowest levels of insurance coverage against extreme events in the EU, especially for wildfires and windstorms. The overall protection gap score of 3 for wildfires indicates a significant estimated insurance protection gap ([154]). However, recently, Greece has taken steps to promote insurance awareness and uptake against disaster risks, notably through the introduction of Law 5116/2024 on Mandatory Insurance Coverage Against Natural Disasters and Other Provisions, which requires large companies to get mandatory insurance against forest fires, floods and earthquakes from 1 January 2025. In addition, the Government introduced a tax incentive scheme to encourage citizens to insure their properties against natural catastrophes ([155]).

In recent years, Greece has taken action to boost its preparedness to manage the impacts of climate change. It made progress in establishing robust national governance structures that integrate climate change adaptation into sectoral policies and strengthen monitoring mechanisms. Greece identified vulnerable sectors, such as health,

([150])EEA, 2024, *European Climate Risk Assessment*.

([151])EEA, 2024, *European Climate Risk Assessment*, p. 51.

([152])EEA, 2024, *European Climate Risk Assessment*, p. 343.

([153])EEA, 2024, *Economic losses from weather- and climate-related extremes in Europe*.

([154])Scale: 0 (no protection gap) – 4 (very high gap). EIOPA, 2024, Dashboard on insurance protection gap for natural catastrophes.

([155])Uniform Real Estate Property Tax (ENFIA) discount of up to 20% applies for properties with an objective property value of up to €500,000, and up to 10% for those with a value above €500,000 from 2024 onwards. This tax is an annual tax imposed on real estate property and was introduced in 2013 under Law 4223/2013.

tourism, agriculture and infrastructure, and created the National Adaptation Observatory to monitor climate-related risks. The national adaptation strategy outlines the country's adaptation objectives, while the national climate law mandates government departments to incorporate climate adaptation into their plans. However, despite these efforts, Greece still faces challenges in implementing its adaptation strategies due to insufficient human and financial resources. The creation of a climate crisis and civil protection ministry is a step in this direction. The Greek RRP supported preparedness through reforestation and fire prevention measures (AntiNERO programmes) as well as anti-erosion and flood protection works in areas affected by mega fires ([156]).

Climate adaptation is also tackled at sub-national level. The country has a well-structured system to support adaptation, with regional authorities playing a crucial role. It has also extended stakeholder engagement in climate adaptation action. Greek regions and local authorities are among the most active in the EU in developing local climate action plans. 73.5% of the Greek population live in municipalities that are signatories to the EU Covenant of Mayors.

Water resilience

Parts of Greece are subject to water stress, in particular due to demand from agriculture, a sector heavily dependent on water supply, with irrigation crucial in many rural areas. Greece's water productivity stood at EUR 21 per m^3 of abstracted water in 2022, showing a slightly increasing trend over a five-year period. The Water Exploitation Index Plus (WEI+) ([157]) reached 13.8 in 2022 for the whole year, much higher than the EU average of 5.8. Looking at seasonal data, however, the WEI+ value peaked (at 45) in the third quarter of 2021, after the peak of 36 in 2019. The main consumer of water is agriculture. Between 2018 and 2022, water abstraction in the agricultural sector fell slightly by 1.8 %, but the sector still consumes the most water, at 5 230 million m^3, i.e. 93% of total consumption in 2022, putting a significant strain on the country's water resources. The challenges remain significant, particularly in regions with high water stress.

The ecological and chemical status of surface and groundwater bodies cannot be assessed due to late and incomplete reporting. Greece did not submit the third river basin management plan (RBMP) or the second flood risk management plan (FRMP) by March 2022, as required under the Water Framework Directive and the Floods Directive. Greece finally reported all its third RBMPs by June 2024. The development of the second FRMPs is ongoing and due to be submitted shortly. As a result of this late and incomplete reporting (as at early 2025), the Commission has not been in a position to assess the plans and include an assessment in its report to the European Parliament and to the Council. According to data from the 2nd RBMP published in 2020, 63.8% of all surface water bodies in Greece are in a good ecological status (with 8.0% in an unknown status) and 88.6% are in a good chemical status (with 9.8% in an unknown status). 84.6% of groundwaters are in good chemical status and 15.7% are in a poor quantitative status.

Greece's wastewater treatment remains a cause for concern. Despite improvements in compliance over the years, in particular thanks to EU funding, Greece has experienced serious difficulties in implementing the Urban Wastewater Treatment Directive. This partial

([156]) National Reforestation Plan, restoration and prevention ("antiNERO"), antierosion and flood protection measures, Link.

([157]) The WEI+ measures total water consumption as a percentage of the renewable freshwater resources available for a given territory and period. Values above 20% are generally considered to be a sign of water scarcity, while values equal or greater than 40% indicate situations of severe water scarcity.

implementation has forced the European Commission to take legal action leading to rulings of the Court of Justice of the European Union (including, at a very advanced stage, i.e. where fines have been imposed). Overall, in Greece, the compliance rate was 98% in 2020. However, 31 agglomerations failed to meet the requirements of the Directive. Therefore, the country has scope to take additional measures and implement the projects needed to fully comply with the requirements of the Directive, drawing on the available EU funding, i.e. from the European Regional Development Fund and the Recovery and Resilience Facility. Greece has a substantial need for investment in water protection and water management, as shown in Graph A9.2. To meet the various environmental targets under the Water Framework Directive and the Floods Directive, Greece has a water investment gap of EUR 212 million per year (0.1% of GDP), with over half related to wastewater (EUR 122 million per year). Drinking water measures require an additional EUR 72 million per year and the other aspects of the Water Framework Directive around EUR 10 million per year over existing levels of financing.

Biodiversity and ecosystems

The state of nature and ecosystems remains a cause for concern in Greece. Greece is host to 89 habitat types and 296 species covered by the Habitats Directive ([158]). 48.3% of habitats were classified as having good conservation status in 2018. 35% of protected species were reported to have good conservation status in 2018. Both figures are above the EU average. Under the LIFE-IP 4 NATURA project ([159]), 12 action plans have been drawn up for habitats and species of community interest, whose conservation status is considered unsatisfactory and requires rapid improvement. The main forms of pressure and threats for habitats in Greece are related to agriculture, infrastructure development, development and operation of transport systems, alien and problematic species and natural processes ([160]). These are also the main forms of pressure affecting species, together with human-induced changes in water regimes, unknown pressure and pressure from outside the country. There seems to be a general lack of progress in maintaining or restoring the favourable conservation status of species and habitats protected under the Nature Directives.

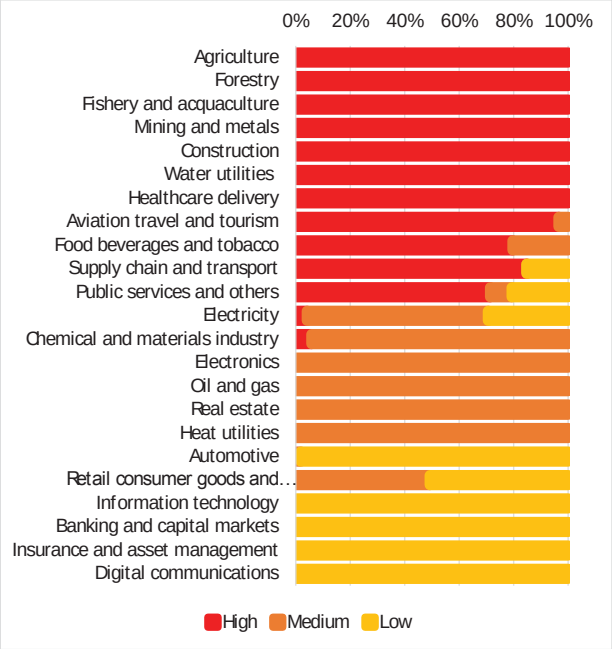
Nature degradation creates significant risks to the economy and to competitiveness. Greece has a particularly high degree of direct dependency on ecosystem services at 58% of gross value added. This is the second-highest level in the EU, driven by transport and public services. Several sectors such as agriculture, forestry, fisheries, construction and water utilities, mining and metals and healthcare delivery (see Graph A9.1) are particularly dependent on ecosystem services. 100% of the gross value added generated by these sectors is directly dependent on ecosystem services. This means that failure to maintain the capacity of ecosystems to deliver services could entail significant costs or even stop production in these sectors. Protecting and restoring key ecosystems would help maintain the long-term competitiveness of these sectors. Greece's supply chain dependency on ecosystem services is slightly above the EU average at 23% of gross value added, against the EU-27 average of 22%.

([158]) EEA, 2019, *Number of habitats and species per Member State*.

([159]) LIFE-IP 4 NATURA.

([160]) EEA, 2019, *Main pressures and threats*.

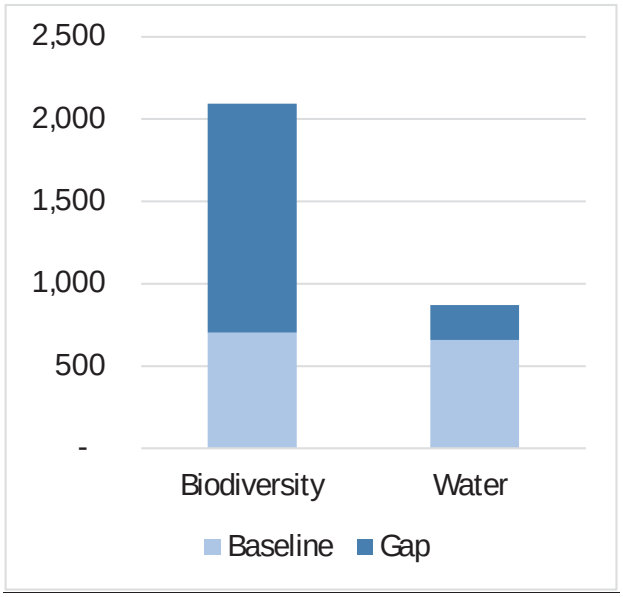
Graph A9.1: **Direct dependency(1) on ecosystem services(2) of the gross value added generated by economic sector in 2022**



(1) Dependency based on the sector's own operations, excluding value chain operations within countries and across international value chains. A high dependency indicates a high potential exposure to nature-related shocks or deteriorating trends, which means that the disruption of an ecosystem
service could cause production failure and severe financial loss.
(2) Ecosystem services are the contributions of ecosystems to the benefits that are used in economic and other human activity, including provisioning services (e.g. biomass provisioning or water supply), regulating and maintenance services (e.g. soil quality regulation or pollination), and cultural services (e.g. recreational activities).
Source: Hirschbuehl et al., 2025, *The EU economy's dependency on nature*, Link.

Targeted action is needed on nature protection and restoration. In 2022, 35% of land in Greece was in a protected area, a stable figure in recent years. The six-year deadline set under the Habitats Directive to establish appropriate conservation objectives and measures has expired for 239 sites and insufficient data has stalled progress on establishing site-specific conservation objectives and conservation measures. Greece has adopted site-specific conservation objectives for some habitats and species but not for all. The lack of data indicates the need for an annual permanent monitoring of the conservation status of species and habitats. Greece also needs to adopt conservation measures for already designated sites. The Ministry of Environment has commissioned 23 environmental studies and corresponding management plans for the Natura 2000 network, but only 3 out of 23 regional management plans have been approved so far. The investment needs for biodiversity and ecosystems are estimated to be EUR 2.1 billion per year (in 2022 prices) in Greece for the 2021-2027 period. The current level of biodiversity financing is estimated to be EUR 704 million per year (in 2022 prices) in the 2021-2027 period (see Graph A9.2). To meet the environmental objectives on the protection and restoration of biodiversity and ecosystems and other related measures, Greece's investment gap is estimated to be around EUR 1.4 billion per year, corresponding to 0.67% of its GDP.

Graph A9.2: **Investment needs and gaps in EUR million, in 2022 constant prices**



Source: European Commission, DG Environment, Environmental investment needs & gaps assessment programme, 2025 update.

Sustainable agriculture and land use

Greece's carbon removals are in line with its 2030 target for land use, land-use change

and forestry (LULUCF). Greece's LULUCF sector has seen a notable decline in removals since 2013. To meet its 2030 target, additional carbon removals of -1.2 million tonnes of CO_2 equivalent (CO_2eq) are needed ([161]). The latest available projections show a surplus compared to the target of -1.2 million tonnes of CO_2eq for 2030 ([162]). This indicates that Greece is on track to meet its 2030 target.

Greek agriculture is still a major source of greenhouse gas emissions, particularly from livestock farming. In 2022, agriculture generated 7.98 million tonnes of CO_2eq. This includes 5.09 million tonnes of CO_2eq from livestock. The utilised agricultural area in Greece remained relatively constant between 2018 and 2023, at 5.28 million hectares. The livestock density index was 0.7 in 2020, slightly below the EU average of 0.75. Ammonia emissions have been on a downward trend, falling 4% between 2018 and 2022. Between 2017-2022, pesticides at levels exceeding the thresholds were detected in 7% of Greece's surface water bodies.

Greece performs above the EU average in terms of organic farming practices. In 2022, a 7% share of agricultural land had non-productive landscape features, above the EU average of 5.6. Organic farming, which reduces the use of synthetic fertilisers and pesticides, made up 17.2% of Greece's agricultural land. This is one of the highest levels in the EU and well above the EU average of 10.50%. Greece makes an above-average contribution to the target to have 25% of the EU's agricultural land under organic farming by 2030. The bioeconomy, encompassing the production and processing of biological products, contributed EUR 11.7 billion of added value to the country's gross domestic product in 2021. Agriculture generated EUR 5.9 billion, while the food industry contributed EUR 2.9 billion. One major challenge in the food industry is the high volume of food waste, at 193 kg per capita in 2021 (EU average: 134 kg per capita). The highest share of food waste is at household level (45%) followed by primary production and processing (38%) ([163]). The national waste prevention programme for 2021-2030 has set a quantitative target to reduce food waste per capita by 30% from 2022 to 2030, at both retail and consumer level ([164]).

([161]) National LULUCF targets of the Member States in line with Regulation (EU) 2023/839.

([162]) Climate Action Progress Report 2024, COM/2024/498.

([163]) Eurostat, 2024, Food waste and food waste prevention – estimates.

([164]) EEA, 2023, *Waste prevention country profile – Greece*, Link.

Table A9.1: **Key indicators tracking progress on climate adaptation, resilience and environment**

Climate adaptation and preparedness:	Greece						EU-27	
	2018	2019	2020	2021	2022	2023	2018	2021
Drought impact on ecosystems *[area impacted by drought as % of total]*	2.63	0.54	1.29	6.67	5.64	1.53	6.77	2.76
Forest-fire burnt area (1) *[ha, annual average 2006-2023]*	50 783	50 783	50 783	50 783	50 783	50 783		
Economic losses from extreme events *[EUR million at constant 2022 prices]*	74	293	1 131	650	21	3 872	24 142	62 981
Insurance protection gap (2) *[composite score between 0 and 4]*	-	-	-	-	2.00	2.00		
Heat-related mortality (3) *[number of deaths per 100 000 inhabitants in 2013-2022]*	280	280	280	280	280			
Sub-national climate adaptation action *[% of population covered by the EU Covenant of Mayors for Climate & Energy]*	68	66	67	72	74	74	41	44

Water resilience:	Greece						EU-27	
	2018	2019	2020	2021	2022	2023	2018	2021
Water Exploitation Index Plus, WEI+ (4) *[total water consumption as % of renewable freshwater resources]*	10.8	12.0	13.5	9.1	13.8	-	4.5	4.6
Water consumption *[million m^3]*	5 754	5 723	5 691	5 660	5 660	-		
Ecological/quantitative status of water bodies (5) *[% of water bodies failing to achieve good status]*								
Surface water bodies	-	-	-	34%	-	-	-	59%
Groundwater bodies	-	-	-	14%	-	-	-	93%

Biodiversity and ecosystems:	Greece						EU-27	
	2018	2019	2020	2021	2022	2023	2018	2021
Conservation status of habitats (6) *[% of habitats having a good conservation status]*	48.3	-	-	-	-	-	14.7	-
Common farmland bird index *2000=100*	79.2	76.0	-	110.1	80.1	-	72.2	74.4
Protected areas *[% of protected land areas]*	-	-	-	35	35	-	-	26

Sustainable agriculture and land use:	Greece						EU-27	
	2018	2019	2020	2021	2022	2023	2018	2021
Bioeconomy's added value (7) *[EUR million]*	11 160	11 741	11 475	11 762			634 378	716 124
Landscape features *[% of agricultural land covered with landscape features]*	-	-	-	-	7	-		
Food waste *[kg per capita]*	-	-	191	193	-	-		
Area under organic farming *[% of total UAA]*	9.3	10.3	10.2	-	17.2		7.99	-
Nitrogen balance *[kg of nitrogen per ha of UAA]*	-	-	-	-	-	-		
Nitrates in groundwater (8) *[mgNO_3/l]*	-	-	-	-	-	-		
Net greenhouse gas removals from LULUCF (9) *[Kt CO_2-eq]*	- 4 684	- 5 140	- 5 203	- 5 013	- 5 391	-	- 256 077	- 240 984

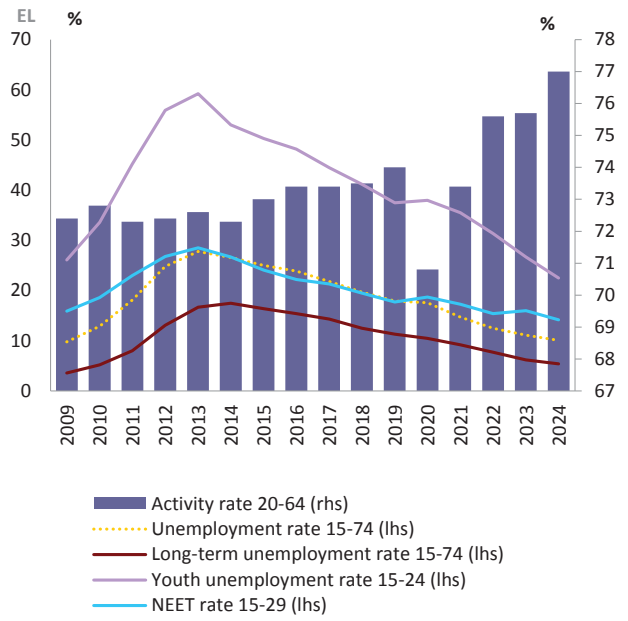
(1) The data show the average for the timespan 2006-2023 based on EFFIS - European Forest Fire Information System.
(2) Scale: 0 (no protection gap) – 4 (very high gap). EIOPA, 2024, Dashboard on insurance protection gap for natural catastrophes.
(3) van Daalen, K. R. et al., 2024, The 2024 Europe report of the Lancet Countdown on health and climate change: unprecedented warming demands unprecedented action, The Lancet Public Health.
(4) This indicator measures total water consumption as a percentage of the renewable freshwater resources available for a given territory and period. Values above 20% are generally considered to be a sign of water scarcity, while values equal or greater than 40% indicate situations of severe water scarcity.
(5) European Commission, 2024, 7th Implementation Report from the Commission to the Council and the European Parliament on the implementation of the Water Framework Directive (2000/60/EC) and the Floods Directive (2007/60/EC) (Third River Basin Management Plans and Second Flood Risk Management Plans).
(6) For this indicator, the EU average includes figures for the UK under the previous configuration, EU-28.
(7) European Commission, 2023, EU Bioeconomy Monitoring System dashboards.
(8) Nitrates can persist in groundwater for a long time and accumulate at a high level through inputs from anthropogenic sources (mainly agriculture). The EU drinking water standard sets a limit of 50 mg NO_3/L to avoid threats to human health.
(9) Net removals are expressed in negative figures, net emissions in positive figures. Reported data are from the 2024 greenhouse gas inventory submission. 2030 value of net greenhouse gas removals as in Regulation (EU) 2023/839 – Annex IIa.
Source: Eurostat, EEA.

ANNEX 10: LABOUR MARKET

The labour market in Greece has shown resilience and that incremental progress has been made in recent years, marked by improving labour market outcomes. However, the country still faces structural challenges that negatively affect its competitiveness and potential for economic growth, such as persistently low productivity, stark regional disparities, demographic change coupled with the emigration of talent, and the low labour market participation of some groups, especially women and young people. As Greece works towards meeting its 2030 employment rate target, key objectives to be fulfilled in order to achieve a more robust and inclusive labour market and a thriving economy are i) increasing the labour market participation of underrepresented groups, ii) addressing skills mismatches and labour shortages in services, and iii) improving job quality.

Greece's labour market has continued to improve, but structural challenges persist. The employment and activity rates rose to historically high levels, reaching 69.3% and 77.7% in 2024, respectively. However, both rates remain well below the EU averages (75.8% and 80.4%). At 71.1%, the country's 2030 employment rate target stands only 1.8 percentage points (pps) above current levels, indicating that at the current pace Greece could reach this target before 2030 **(see Social Scoreboard in Annex 13)**. The unemployment rate stood at 10.1% in 2024, marking significant progress made compared to its peak of 27.8% in 2013, but it remains above the EU average of 5.9%. The long-term unemployment rate reached 5.4%, still significantly above the EU average of 1.9% while the share of long-term unemployment in total unemployment is one of the highest in the EU. Regional disparities are particularly pronounced, with a significant difference in labour market performance between Attica and the other regions. Similar patterns are also observed for unemployment rates, including those for women and young people (see Annex 17). These deviations can be attributed to regional differences (combined effects of geographical, demographic and economic factors). While these aspects are taken into account in the planning of labour market strategies, the effectiveness of implementation varies significantly due to the diverse nature and complexity of local challenges. Looking ahead, labour force participation and employment growth are set to continue, albeit slowly.

Graph A10.1:**Key labour market indicators**

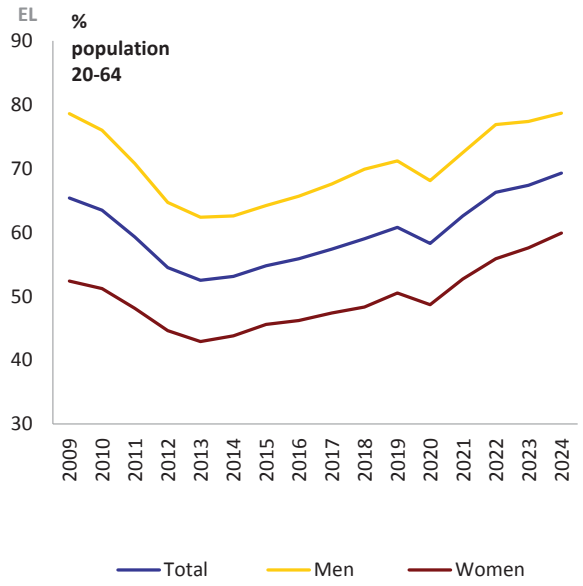


Source: Eurostat, LFS [lfsi_emp_a, une_rt_a, edat_lfse_20, une_ltu_a]

Women in Greece continue to face obstacles to their labour market integration compared to men. Greece's female employment rate, although improving, is among the lowest in the EU (59.9% vs EU: 70.8% in 2024). The situation is more striking for older women (aged 55-64), as only 46.7% were in employment in 2024 (compared to 69.2% of men in the same age group) due to the compound effect of the obstacles they face when entering and re-entering the labour market. The gender employment gap is nearly twice the EU average (18.8 pps vs 10.0 pps) and has shown no major improvement since 2013. In 2024, the unemployment rate for women is also significantly higher than the EU average (12.8%

vs 6.2%) and that of men in Greece (8.0%). In addition, women are more likely than men to remain unemployed, as the long-term unemployment rate for women (8.3%) is more than double compared to that for men (4.0%). Furthermore, women take up part-time work more than men (10.3% and 3.1%, respectively). The low labour market participation of women is a drag on economic growth and underlines significant challenges due to insufficient access to childcare and long-term care services, institutional barriers and limited work-life balance opportunities. The adoption of remote work, while now at a higher level than pre-pandemic levels, remains underdeveloped. The reported frequency of working from home among those in jobs for which remote work is possible is one of the lowest in the EU ([165]). Against this background, further actions could be explored to support women and carers, including increasing the availability of childcare and long-term care, increasing the number of all-day schools and promoting flexible working arrangements. Modernised labour legislation offering strengthened protection for working parents and balanced parental leave policies could redistribute care responsibilities and narrow the gender employment gap.

Graph A10.2:**Employment rate by sex (annual)**



Source: Eurostat, LFS [lfsi_emp_a]

Although improving, there is still room to strengthen the employment rates of young people. In 2024, only 44.6% of young people in Greece (15-29) participated in the labour market, significantly trailing their peers across the EU (55.9%). Among those participating, 19.1% were unemployed, almost three quarters higher the EU average of 11.3%, although on a downward trend. In addition, employment rates lagged, with only 36.1% of people in this age group employed against about half in the EU. The difficulties faced by young people in transitioning to quality employment are further underscored by the persistently high share of young people neither in employment nor in education and training in 2024 (14.2% vs 11.0% in the EU), which has slightly increased compared to 2023. Young people also face significant disparities between regions (see Annex 17). These trends reflect structural challenges such as limited job opportunities, inadequate support for transitions from education to work, the underuse of young people's potential, and low investments in targeted active labour market policies. The European Social Fund Plus supports access to employment for young people in Greece, mostly through the national human resources and social cohesion programme, with an

([165])Eurofound, Quality of life in the EU in 2024: Results from the Living and Working in the EU e-survey.

allocation of EUR 750 million for measures to promote the activation of young people.

Certain underrepresented groups continue to face barriers to labour market integration. Older people in Greece are more likely to remain unemployed, as they struggle to re-enter the labour market, with 61.7% of unemployed people aged above 55 being long-term unemployed (Q4-2024). To date, Greece has not set an employment target for persons with disabilities. The disability employment gap stood at 28.5 pps in 2024, 4.5 pps higher than the EU average. About 52% of persons with disabilities were active in the labour market compared to the EU average of 64% ([166]). 40% of young persons with disabilities in Greece are neither in employment, nor in education or training ([167]). Challenges persist also for third-country nationals (from non-EU countries), whose employment rate was at 63.8% in 2024, 5.5 pps lower than the national average. Marginalised sections of the population, such as the Roma community and homeless people, require specific attention to help bring them into and keep them in employment. The public employment services launched a new model office to serve special social groups in Athens, offering individualised services to enable their integration into the labour market. This is a promising example, but further efforts are needed to activate difficult-to-employ groups, particularly through better targeted actions delivered together with training and social support measures.

Persistent skills mismatches and labour shortages hinder potential productivity gains. Job vacancy rates remain prevalent across sectors, reaching 1.2% in Q4-2024 (EU: 2.3%), considerably above their pre-pandemic level (0.7%). Around two thirds of employers in construction and 23.1% of employers in industry reported unavailability of labour as a factor limiting production in Q4-2024. As the unemployment rate continued its downward trend, overall labour market slack, reflecting the unmet demand for labour, declined to 13.1% in Q4-2024 from 15.8% in Q4-2023. It remained above the EU average (10.8%), indicating significant untapped labour potential, especially for women and young people. Shortages are reported in accommodation and food service activities, professional, scientific and technical activities, administrative and support services, and education ([168]). Simultaneously, skills mismatches ([169]) in Greece remain a pressing challenge, standing at 20.9% in 2024, above the EU average (19.2%). Over-qualification remains a structural issue, with 33% of workers with post-secondary education qualifications employed in positions that do not require their level of education in 2024 (EU: 21.5%). High over-qualification rates may reflect a slow response on the part of the education and training system to evolving labour market needs and limited capacity among firms to effectively harness skilled labour.

Greece's ageing population and declining birth rates pose long-term challenges. While the pace of population decline has recently slowed, Greece has experienced a net loss of almost half a million residents since 2014. Birth rates have fallen to historic lows, with only 71 000 births in 2023 (compared to over 100 000 in 2012) and a fertility rate of 1.26 in 2023. Based on these trends, Greece's total population is projected to shrink by 25% between 2023 and 2070 – one of the most severe declines in the EU. The projected decline of the working-age population (-7.2% by 2030) risks exacerbating labour shortages and undermining the growth potential. As the population is increasingly ageing, the old-age

([166]) European comparative data on persons with disabilities - Publications Office of the EU.

([167]) Ibid.

([168]) Statistics | Eurostat

([169]) The macroeconomic skills mismatch indicator measures the dispersion of employment rates across skill groups (proxied by qualification levels, with ISCED 0-2 low; 3-4 medium and 5-7 high).

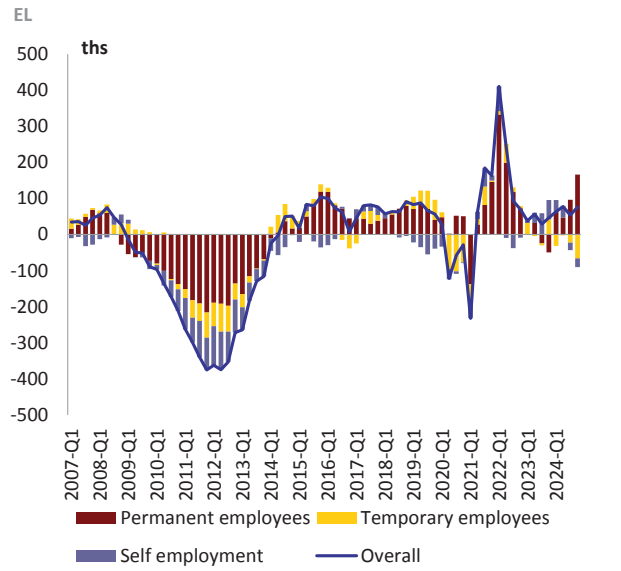
dependency ratio is projected to rise from 39% in 2022 to a peak of 66% in around 2070. These demographic shifts will exacerbate labour market tightness, underscoring the urgency to activate those outside the labour market and better integrate them into the labour market. Greece is developing a 10-year action plan for demography (, with measures to mitigate the impact of adverse demographic changes on fiscal sustainability, long-term competitiveness, prosperity and social cohesion. In addition to targeted active labour market policies combined with training, further incentives to attract talent may be needed to maintain adequate human capital in key sectors and bolster Greece's competitiveness. Furthermore, the ageing population will increase the need to provide long-term care services, an area which already faces persisting challenges (see Annex 11).

Amplifying these developments, many people, especially the young and the highly qualified, are searching for better job prospects abroad. Between 2008 and 2022, more than 1.3 million Greeks emigrated, half of them aged under 35. The outflow of talent has intensified among recent graduates, resulting in the graduate stock being lost without being replenished (. The Greek government has established a platform (to connect highly skilled Greeks working abroad with businesses operating in Greece. Measures that could help retain talent in the Greek labour market include: i) improving the quality of offers and outreach activities, including those for vulnerable young people under the reinforced European Youth Guarantee; ii) strengthening education and training in line with labour market needs; and iii) developing targeted employment measures.

Recent real wage increases only partly offset past losses, while structurally low labour productivity growth constrains wage growth looking forward. Nominal wage growth is expected to reach 6.0% in 2024 and 3.2% in 2025, after reaching 3.7% in 2023 ([170]). In turn, real wages, after a marked drop in 2022 by 6.3% and a slight increase in 2023 by 0.3%, are set to increase by 2.9% in 2024 and by 1.1% in 2025. This recovery in real wages reflects both lower inflation and higher nominal wage growth but it would not yet be sufficient to fully recoup the purchasing power losses experienced in 2022 and 2023. Meanwhile, statutory minimum wages increased more sizeably, by around 25% between January 2022 and January 2025, corresponding to an approximate 9.5% rise in real terms. Moderate wage growth over the past 10 years has allowed for some cost competitiveness gains, particularly within the euro area, as illustrated by raising export market shares and decreasing macroeconomic imbalances. Wage growth has also been well below what could be expected based on the underlying macroeconomic developments. Over recent years, unit labour costs (ULCs) in Greece increased less than in most euro area Member States. ULC growth is forecast to increase from 2.5% in 2023 to 4.9% in 2024, before softening again in 2025 (1.7%). At the same time, the structurally low productivity growth in Greece is a challenge, limiting the scope for further wage growth and weighting on competitiveness over time.

([170]) European Commission Autumn 2024 ecoomic forecast.

Graph A10.3:**Employment growth by contract type**



Source: Eurostat, LFS [lfsq_egaps, lfsq_etgaed]

The high prevalence of undeclared and atypical work negatively affect job quality. The prevalence of undeclared work in the private sector in Greece is higher than the EU average ([171]), which can be due to the relatively high level of self-employment and the large share of micro and small businesses. The scale of undeclared work is estimated to decline supported by recent tax measures, but it still remains high. To combat undeclared and underdeclared work, unpaid overtime, as well as tax evasion, Greece has been gradually implementing a digital work card ([172]) to accurately record working hours of employees in real time. Although part-time work (6.2%) is lower than the EU average, involuntary part-time employment stood disproportionately high at 41.2% in 2024, compared to just 18.8% in the EU, particularly among young people. The high prevalence of non-standard forms of work, including seasonal work, contributes to low work intensity. Labour transitions are also visible, with the share of population transitioning to a contract with less employment security than last year, decreasing to 16.2% in 2023, but still above the EU average (11.7%). These weaknesses heighten poverty risks and weigh on long-term productivity, competitiveness and social cohesion.

Greece's workforce is adapting to the green and digital transitions. In 2024, employment in the country's energy-intensive industries represented 1.4% of total employment, while jobs in the green economy are expanding. Between 2016 and 2021, employment in the environmental goods and services sector grew by 42.2%, reaching 2.1% of total employment, although under the EU average: 2.7%. The job vacancy rate in construction, a key sector for the green transition, is around the EU average (3.0% vs 3.1% in 2024). The greenhouse gas emission intensity of Greece's workforce has improved, decreasing from 21.1 tonnes per worker in 2015 to 13.3 in 2023 (EU: 12.3 tonnes). This reflects the progress made in decarbonising the economy. By contrast, the ICT sector is considerably underdeveloped, with ICT specialists accounting for only 2.5% of total employment in 2024, compared to 5.0% in the EU. Women represent 16.0% of ICT specialists (EU: 19.5%). While the share of working population (25-64) having at least basic digital skills stands at 66.5% (EU: 64.7%), broader digital skills among the population lag, with only 52.4% of the general population (age 16-74) meeting this threshold in 2023, lower than the EU average of 55.6%. To accommodate the extensive changes and needs of the labour market, there is a need for further targeted support of upskilling and reskilling in line with the Council Recommendation on ensuring a fair transition towards climate neutrality ([173]) (see Annex 8).

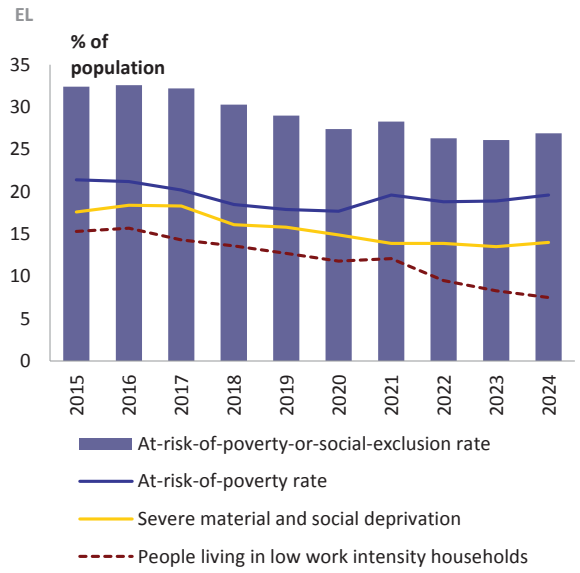
([171]) European Labour Authority, Factsheet on undeclared work – Greece, March 2023.

([172]) Law 4 808/2021 on Labour Protection .

([173]) Council Recommendation on ensuring a fair transition towards climate neutrality.

Social conditions in Greece have been improving, following an overall downward trend of the main indicators. However, this trend has recently slowed down. There are still significant challenges linked to poverty and social exclusion, particularly among households with children and vulnerable groups. The key contributing factors include limited economic opportunities, especially in areas outside the capital region. Income inequalities persist, due to the coverage gaps and low adequacy of the social benefit system to reduce poverty and spread more evenly the benefits of economic growth. The limited capacity of the social protection system also poses risks for a sustainable and inclusive growth in Greece. Addressing poverty and social exclusion challenges will contribute to inclusive growth and competitiveness.

Graph A11.1:**At-risk-of-poverty-or-social-exclusion (AROPE) rate and its components**



Source: Eurostat, EU-SILC [ilc_peps01n, ilc_li02, ilc_mdsd11, ilc_lvhl11n]

Although decreasing, poverty and social exclusion in Greece remain high. The share of people at risk of poverty or social exclusion (AROPE) stood at 26.9% in 2024, 5.7 pps lower than its level in 2016, but still 5.9. pps higher than the EU average (21%). The decline in the AROPE rate observed since 2016, has been driven by a decrease in the number of people that live in very low work intensity households (by 8.2 pps) and that suffer from severe material and social deprivation (by 4.9 pps). The poverty gap has fallen in recent years and is now around the EU average (23.3% in 2024 vs EU: 22.8%). These developments can be attributed to above EU average economic growth in 2022 and 2023 accompanied by strong employment growth, as well as a longer-term convergence process through structural reforms to support sustainable growth and tackle inequalities. The number of people at risk of poverty or social exclusion increased in 2024 but has fallen by 315 000 since 2019 (reaching 2.7 million in 2024). It appears possible to achieve the 2030 target of reducing the number of people at risk of poverty or social exclusion by at least 860 000 compared to 2019. However, poverty rates remained higher than the EU average in 2024, with severe material and social deprivation at 14% (EU: 6.4%) and the at-risk-of-poverty rate at 26.9% (EU: 21%). Furthermore, in 2023 67% of the population reported having difficulties in making ends meet (compared to 24.1% in the EU) ([174]). Between 2010 and 2023, the overall evolution of purchasing power was very low in Greece (-28.4%) ([175]), reflecting the impact of the financial crisis. There are also regional disparities in Greece's poverty levels (see Annex 17). In this context, continued efforts are needed to achieve the national poverty reduction target by 2030.

Employment status plays an important role in determining poverty risks, and in-work poverty is high. In 2024, quasi-jobless households experienced a very high poverty rate (67.2% vs EU: 64.8%), up from 66.5% in the previous year. Part-timers and the self-employed, especially in rural areas where job opportunities are scarce and subsistence farming is more predominant, had higher poverty risks compared to the general

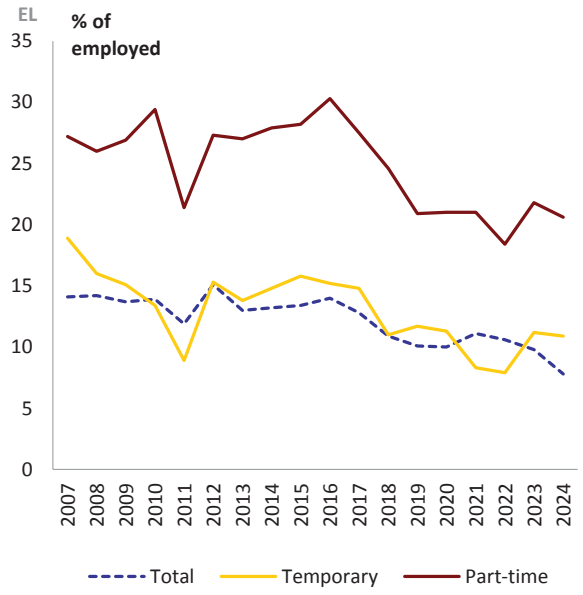
([174]) Subjective poverty statistics, Eurostat (Link).

([175]) Economic inequalities in the EU - Key trends and policies, p. 11 Publications catalogue - Employment, Social Affairs & Inclusion - European Commission.

population, with limited improvements in recent years. The AROPE rate for individuals with low educational attainment increased by 1.1 pps in 2024 reaching 39.3% (vs EU: 33.9%). In-work poverty is slightly higher than the EU average (10.7% vs EU: 8.2% in 2024).

Certain groups are particularly affected by poverty and social exclusion. In 2024, the AROPE rate for people born in non-EU countries, although declining, was one of the highest in the EU (47.1% vs EU: 38.2%) and the gap with native people was 21.8 pps (EU: 20.2 pps). The AROPE rate for persons with disabilities increased by 2.4 pps, reaching 33% in 2024 and remaining higher than the EU average (28.8%). The severe material and social deprivation rate for persons with disabilities also increased by 1.8 pps in 2024, standing at 18.5%. The EU cohesion policy funds and the Recovery and Resilience Facility (RRF) support active labour market policies for vulnerable groups and measures to promote the integration of third-country nationals and Roma in the labour market. The European Social Fund Plus (ESF+) allocates EUR 360 million for material and food aid to the most vulnerable. Complementary initiatives could further help to effectively address the challenges faced by vulnerable groups.

Graph A11.2:**In-work poverty rate**

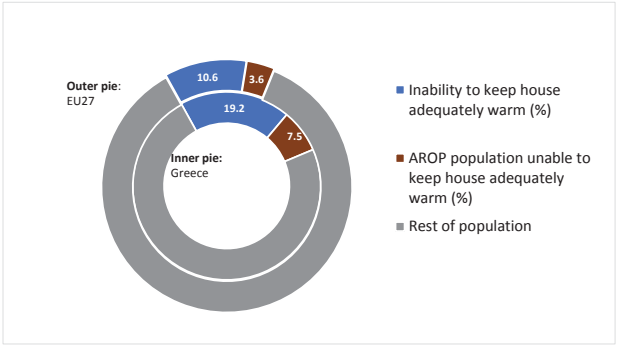


Source: Eurostat, EU-SILC [ilc_iw01, ilc_iw05, ilc_iw07]

The risk of poverty or social exclusion among children continues to be high. The AROPE rate for children remained stable at 27.9% in 2024, significantly higher than the EU average (24.2%). The share of children experiencing severe material and social deprivation stands at 13.9% (higher than the EU average of 7.9%), which may hinder children's access to education, social and healthcare services. By 2030, Greece aims to reduce the share of children experiencing poverty or social exclusion risks by 6.6 pps compared to the 2019 level of 31.2%. To mitigate the impact of poverty on children, Greece is implementing the European Child Guarantee (ECG) according to its 2022 action plan. The 2024 implementation report shows relative progress in some areas, such as early childhood education and care. At the same time, gaps remain in areas such as access to school meals. The implementation of the ECG is supported by EU cohesion policy funds and the RRF, including through expanding early childhood education services and creating new childcare facilities, promoting deinstitutionalisation, providing material assistance to the most deprived families and their children, and delivering local action plans to tackle child poverty.

Income inequalities remain relatively high. In 2024, the income of the richest 20% of the population was 5.3 times higher than that of the poorest 20% (S80/S20 income quintile ratio), which was above the EU average level (4.7). Some of the key factors influencing inequalities are a high share of low-wage earners and a low labour market participation, especially for women, young people, and vulnerable groups (see Annex 10). Furthermore, there is scope for improving the effects of taxes and social transfers on reducing inequalities. In 2024, social transfers (excluding pensions) reduced poverty by 16.6%, which is 17.8 pps below the EU average of 34.4%. Meanwhile, the inequality reducing effects of taxes and transfers (on S80/S20) is the lowest in the EU (21% vs EU: 48%). Another factor influencing income inequalities is a high share of low-wage earners (in-market income inequality), while the coverage of collective bargaining is low ([176]).

Graph A11.3:**Share of persons unable to keep house adequately warm (2023)**



Source: Eurostat, EU-SILC [ilc_mdes01]

Transport poverty has emerged as a challenge in Greece. In 2024, 8.4% of the population could not afford a car, standing well above the EU average of 5.6%. This share reaches 20.7% among those at risk of poverty (EU: 15.9%). 24.8% of persons at risk of poverty also face high expenditures on private transport (defined as twice the national median), compared to an EU average of 18.3%. Reliance on personal cars for inland transport has increased from 81.6% in 2011 to 84.6% in 2022, with a concurrent decline in the use of trains, motor coaches and trolleybuses (from 18.4% to 15.4%). This increasing reliance on private cars underscores the need for public transportation to meet individuals' needs more effectively.

House prices have increased significantly in recent years and are estimated to be overvalued. House prices have risen by around 50% since 2015 in nominal terms. They have been increasing significantly recently (+7.6% in 2021, +11.9% in 2022, +13.9% in 2023), including in 2024 (+8.7% in 2024). House prices are estimated to be overvalued by around 20%. House price growth has been driven by both reviving domestic and foreign demand, and limited supply due to years of subdued construction investment. During the economic crisis before, declining incomes and high mortgage rates had strongly impeded access to adequate housing, leaving almost one half of the population overburdened by housing costs, amid faltering housing construction. The normalization of wage growth and mortgage rates over 2015-2024 had been largely offset by 64% a house price increase, amid reviving foreign demand for holiday homes. While building permits for new dwellings have recovered somewhat from their 2013-2017 nadir, the new dwelling completions remain among the lowest per capita in the EU, and have been slow to respond to reinvigorated price dynamics. At the same time, accelerating construction activity (building permits grew by 31.5% in 2024) could moderate growth in house prices in the coming years.

Overall housing affordability has deteriorated over the past decade. House prices have dropped significantly compared to households' income and the standardised house price-to-income ratio has grown by 13% since 2015. House price levels compared to incomes remain among the highest in the EU. Considering the cost of mortgages, the borrowing capacity of households remained stable over the past decade, but stands as one

([176]) European Commission, Economic inequalities in the EU, 2024.

of the lowest in the EU. While the rental market is rather small, the ratio of new rents to incomes increased significantly over the last decade as well.

High housing costs negatively impact living standards, especially for low-income and single-person households. In 2023, the share of housing costs in disposable household income stood at 35.5%, standing 16.3 pps higher than the EU (19.2%). 28.9% of the population in Greece faced high housing costs above 40% of their total disposable household income, more than three times the EU average (8.2%). The housing cost overburden rate disproportionately affects people at risk of poverty (88.9% vs EU: 31.1%), as well as single households (65.1%). The percentage of households with arrears on key commitments (mortgage or rent, utility bills or hire purchase) reached 42.8% in 2023, almost five times the EU average (9.2%). In addition, 27% of people lived in an overcrowded household in Greece in 2024, significantly above the EU average of 16.9%. To improve housing affordability and availability, a new General Secretariat was created in 2023 under the Ministry of Social Cohesion and Family, which is solely responsible for the implementation of demographic and housing policy. Greece is investing in housing programmes to support young people and vulnerable groups, making use of the dormant housing stock. As part of its RRP, the Spiti Mou II ([177]) programme grants low-interest or interest-free loans for the acquisition of a first home by 20 000 young people and couples.

The social protection system in Greece faces major challenges related to coverage and efficiency. Improving access to social protection for persons in non-standard forms of employment and the solo self-employed is particularly important for Greece, especially since the latter make up to a fifth of the total population in employment (EU: 9.0%). Many self-employed are not covered by unemployment nor sickness benefits and some categories of self-employed need to opt in to access pensions and take-up of such options is low. There are issues in both effective access and in adequacy. In 2023, the share of those at risk of poverty (before social transfers) receiving any benefits was low for the self-employed (0.2% vs 12.7% in the EU) and for temporary contract workers (13.7% vs EU: 39.2%). At the same time, there was high material and social deprivation among the self-employed (21.9% vs EU: 8.0%), temporary contract workers (28.7% vs EU: 15.5%) and the unemployed (55.3% vs EU: 38.3%). In addition, long delays in reaching decisions on awarding pensions in Greece impact workers reaching retirement age. This issue also affects EU mobile workers, with important implications for the freedom of movement within the Single Market (see Annex 4). There is scope for further actions to strengthen access to social protection, in line with the related 2019 Council Recommendation.

The adequacy of the minimum income system in Greece is low. In 2022 the income of a minimum income benefit recipient only reached 53.9% of the poverty threshold (EU: 55.6%) and 25.6% of the income of a low-wage earner (EU: 46.1%). The benefit recipient rate for persons that are both at risk of poverty and living in quasi-jobless households is also below the EU average (64.6% vs EU: 83.5) ([178]). The RRP introduces a new method of payment for allowances and welfare benefits through a single prepaid payment card, with the aim of simplifying the payment of all types of benefits. Further steps to increase the adequacy of minimum income schemes would help secure adequate minimum income and ensure active inclusion as set out in the related Council Recommendation ([179]).

([177]) Ministry of Social Cohesion and Family.

([178]) Social Protection Committee benchmarking framework on minimum income.

([179]) Council adopts recommendation on adequate minimum income - European Commission

Meeting healthcare and long-term care needs remains a challenge. The share of people who self-reported unmet needs for healthcare increased from 11.6% in 2023 to 12.1% in 2024, significantly above the EU average of 2.5% (see Annex 14). The long-term care (LTC) system is underdeveloped and there are no comprehensive formal LTC services to ensure adequate coverage in a coordinated manner. The system is severely underfunded, with one of the lowest public expenditure levels in the EU (0.1% of GDP vs EU average of 1.7% in 2022). Greece has high self-reported LTC needs. Only 20.14% of people aged 65+, with severe level of difficulty with personal care or household activities,used home care services in the last twelve months in 2019 (vs EU average of 28.6%). Rural and remote communities often rely on scarce, undersized and low-quality services ([180]) with great regional disparities in place. The lack of qualified staff is also a limiting factor to adequate access to LTC (with 0.2 workers per 100 people 65+ vs EU average: 3.2 in 2023) ([181]). There is no legal definition of informal carers, on which the system relies, and the support provided to them is not sufficient to cater to their needs. The low availability and affordability of quality non-residential community-based care is delaying the deinstitutionalisation process and the transition to independent living of persons with disabilities. Greece is currently developing a strategic framework for LTC services with support from the Technical Support Instrument (TSI). In 2024, Greece adopted a new 2024-2030 strategy for the rights of persons with disabilities([182]), aiming to coordinate efforts to improve their social inclusion and protection. The accompanying action plan contains EU cohesion policy and RRP measures, such as the personal assistant scheme, the expansion of supported living houses and improving accessibility to public buildings.

Greece has adopted an ambitious strategic framework to address its social challenges. The National Strategy for Social Inclusion and Poverty Reduction (ESKE) ([183]), adopted in 2022, develops an integrated policy to prevent and combat social exclusion at national, regional, and local level. Implemented well, this strategy and its accompanying action plan could help increase the effectiveness and efficiency of social protection measures and the country's overall social policy. For the efficient implementation of this strategic framework, coordination between the public authorities will be instrumental, especially as regards the sustainability of services. In working with marginalised groups, such as the homeless and the Roma, public services would benefit from improved identification and effective outreach methods, in cooperation with the civil society.

([180]) Country Report on the implementation of the Council Recommendation on access to high quality and affordable long-term care: Greece

([181]) More than 20 hours per week.

([182]) National Strategy for the Rights of Persons with Disabilities 2024-2030.

([183]) National Strategy for Social Inclusion and Poverty Reduction (ESKE).

Skills shortages, low basic skills and low levels of adult learning limit Greece's competitiveness, innovation capacity and better labour market integration. Rapidly changing labour market needs, including those stemming from the green and digital transitions and other technological changes, together with Greece's shrinking workforce, put pressure on the education and training systems to better equip young people and adults with labour market relevant skills. Weaknesses in skills development start at an early age with low participation of disadvantaged children in quality early childhood education and care (ECEC). In addition, more than half of 15-year-olds are not meeting minimum standards in basic skills. Furthermore, strong inequalities in education leave 6 out of 10 disadvantaged pupils without basic skills, hindering their upskilling opportunities and employment prospects later in life. The share of adults engaged in learning activities remains low, and the acquisition of basic digital skills is stagnating.

Participation in ECEC remains low despite efforts to improve it. To address the overall low participation rate ([184]) from age three to the starting age for compulsory primary education, Greece has taken measures to improve access to quality ECEC ([185]). Mandatory preschooling from age four has been fully implemented since the 2021/2022 school year. In 2019, the participation rate from age three stood at 68.8% vs the EU average of 92.9% and the EU target for 2030 of 96% ([186]). Monitoring progress is still challenging due to a lack of recent data for Greece. The country is invited to increase the participation rate for children under the age of three by 13.3 percentage points (pps) from the average of 29.5% between 2017 and 2021 (based on the Barcelona target). In 2023, 29.5% of Greek children aged 0-2 years attended ECEC (EU 37.4%), with a lower participation rate of children at risk of poverty or social exclusion (19.8%). Participation is being supported by EU cohesion policy funds (notably ESF+) and the Recovery and Resilience Facility.

A large share of Greek students does not reach a minimum level of proficiency in basic skills. In the 2022 OECD Programme for International Student Assessment (PISA), 47.2% of 15-year-olds underperformed in mathematics, 37.6% in reading and 37.3% in sciences. These rates are among the highest in the EU (EU averages: 29.5% in mathematics, 26.2% in reading, 24.2% in science). Given the shrinking student population and substantial skills mismatches, these figures raise concerns about the adequacy of Greece's future labour and skills supply.

The low share of top performers in basic skills and creative thinking limits the pool of innovative talent. The share of top performing students in all three subjects tested by PISA is among the lowest in the EU. Only 2% of young Greeks demonstrated advanced skills in mathematics (EU: 7.9%), 2% in reading (EU: 6.5%) and 1.5% in sciences (EU: 6.9%). Furthermore, the top performance rate in creative thinking stood at 9.5%, the second weakest in the EU (vs EU-23: 25.1%). These major weaknesses in skills development and human capital formation hinder Greece's potential for research and innovation, productivity growth and competitiveness (see Annex 3 Innovation to Business) ([187]).

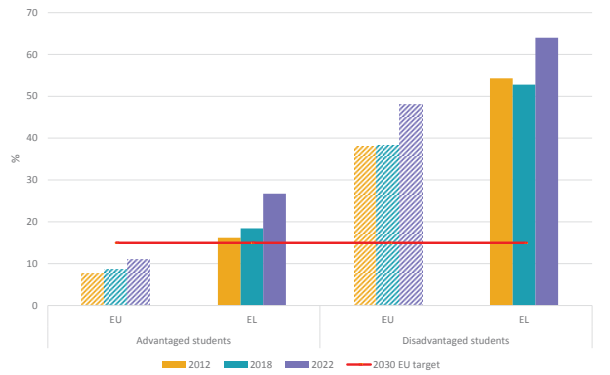
([184]) The most recent Eurostat data for Greece is from 2019.

([185]) European Commission: Directorate-General for Education, Youth, Sport and Culture, Education and training monitor 2024 – Greece, Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2766/516530.

([186]) The most recent Eurostat data for Greece is from 2019.

([187]) According to the 2023 European Research Area Country Report for Greece, attracting and retaining talent is a major challenge for Greece, with a negative impact on the country's competitiveness.

Graph A12.1:**Underachievement in mathematics by students' socio-economic status, PISA 2012, 2018 and 2022 (%)**



Source: OECD (2023)

The decline in basic skills since reflects major equity and quality challenges in the education and training system. While underachievement in mathematics has grown across all socio-economic levels since 2018, it has reached very high levels among disadvantaged students. In 2022, 6 out of 10 students from disadvantaged backgrounds (64%) did not reach a minimum level of proficiency in mathematics (vs 52.8% in 2018 and 48% in the EU). The rate has also significantly increased for the top quartile of the socio-economic distribution, more than the EU average (8.2 pps vs 2.2 pps in the EU), reaching 26.7%. This is nearly three times higher than the average rate in other EU countries (10.9%). The high share of low-achieving students among advantaged students, combined with the low share of top performing students, points to structural challenges in the quality and equity of education. These challenges may stem from factors such as underfunded education policies, limited school autonomy, difficulties in implementing competence-based teaching methods and the lack of an evaluation culture. In addition, existing public data on teachers hinder assessments of shortages in specific subjects, and teachers' career prospects remain constrained, further limiting the quality of education.

Challenges related to the labour market relevance of vocational education and training (VET) and the low attractiveness of dual VET negatively impact employability, productivity and competitiveness. The underperformance of VET in Greece stems from several challenges, such as fragmentation and a lack of coordination among VET providers as well as a limited relevance to labour market needs. For example, in 2023, only 15.0% of recent VET graduates in Greece had experienced work-based learning, which is below the EU average of 65.3%. These factors contribute to VET's low appeal and lead to lower employment rates for recent VET graduates aged 20-34 (65.7% in 2024), compared to the EU average (79.6% in 2024), and an overall lower employment rate for recent graduates in Greece (73.2%). In addition, at 30.9%, the enrolment rate in medium-level VET in science, technology, engineering and mathematics (STEM) fields was below the EU average of 36.3% in 2023. Meanwhile, employers struggle to find qualified workers among VET students as participation in VET remains low and outdated curricula, coupled with weak forecasting mechanisms for labour market skills, exacerbate skills mismatches. These challenges ultimately weigh on the productivity and competitiveness of the Greek economy. Strengthening the link between the VET system and the labour market, alongside a stronger role for social partners and other relevant local players (e.g. employers, trade unions, municipalities and NGOs), could boost labour market relevance and improve outcomes.

Greece has prioritised VET in its 2021-2030 strategic framework for education and training. The recovery and resilience plan (RRP) supports renovating and equipping VET schools. In addition, a monitoring mechanism for VET graduates has been implemented under the supervision of the public employment service to evaluate the quality of training modules and schools. As part of the modernisation process of the strategic framework, 376 laboratories and 19 model vocational lyceums will be renovated. In addition to the RRP, the European Social Fund

Plus (ESF+) supports VET in Greece under the 2021-2027 human resources and social cohesion programme. The programme is helping: (i) boost the quality and labour market relevance of the educational services provided; (ii) set up a better governance of the VET, lifelong learning and youth employment ecosystems; and (iii) support the development of a certification system for career and professional guidance counsellors. The success of these initiatives will also depend on the active involvement of all stakeholders at both local and national level.

There is room to strengthen students' knowledge of sustainability. Despite Greece's long tradition of including environmental topics in education, essential knowledge is lacking. Since the 1990s, Greece has integrated sustainability learning into curricula through an interdisciplinary approach, with environmental centres set up by law ([188]) to support schools. Transversal skills and life-science competencies – creative thinking, climate change, environmental consciousness, the circular economy, sustainable development – constitute an integral part of the innovative action in schools called the 'Skills Labs'. However, there is still a critical need to increase the share of top performers in creative thinking and tackle the challenge of shifting from knowledge-based to competence-based education. This shift could also focus on the integration of entrepreneurial, green, soft and transversal skills to improve competitiveness and stimulate economic growth for a robust post financial crisis recovery.

Skills development is essential for competitiveness, resilience and fairness in light of the shrinking labour force and skills shortages. Skills shortages are cited by 74% of small and medium-sized enterprises in Greece as hindering business activities. In addition, 86% of employers report that applicants do not meet the skills requirements for advertised positions. Skills intelligence in Greece includes activities such as regular forecasts by the public employment service (DYPA), skills assessments, employer surveys and privately funded sectoral studies. Nevertheless, turning skills intelligence into skills development is fragmented. A more robust evaluation of existing measures could help allocate funding to those activities with the highest returns on investment. Furthermore, better governance and coordination of skills policies would improve the response to these challenges and benefit from more stakeholder involvement and evidence-based policymaking. With support from the Technical Support Instrument (TSI), Greece has initiated implementing a national skills framework for learning pathways as set out in its legislation. Further TSI support is planned for carrying out digital reforms in the school system.

As part of the broader need for upskilling and reskilling the current workforce, the development of green skills is particularly critical for the green transition. Greece's national energy and climate plan highlights the need for developing green skills to support the country's transition to a low-carbon economy and new technologies. The country's economy is moderately energy-intensive and is undergoing restructuring to decrease the use of fossil fuels. The need to reskill the workforce, particularly in former lignite mining regions, has been identified as a priority and continued efforts are necessary to reduce unemployment in these areas, which are significantly affected by the green transition. In 2024, shortages were reported in several occupations requiring green skills, including agricultural and forestry production managers, construction supervisors, and environmental and occupational health and hygiene professionals ([189]). However, only 35% of the Greek population believe that they have the necessary skills to contribute to the green transition, which is significantly below

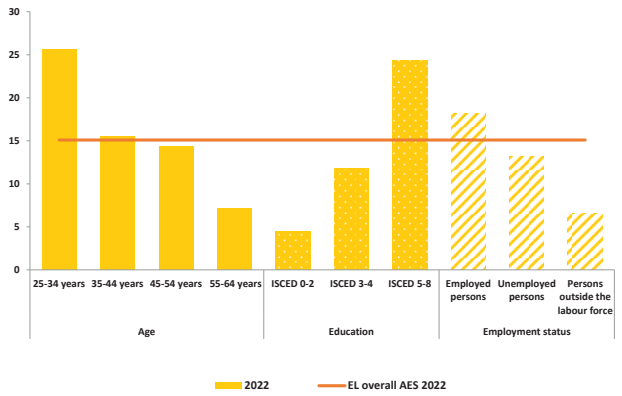
([188]) Law 1892/1990.

([189]) European Labour Authority, *EURES Report on labour shortages and surpluses 2024*, 2025.

the EU average of 54% and the lowest share across Member States.

Skills and labour shortages are exacerbated by the lack of progress in acquiring digital skills. In 2023, 52.4% of the population had at least a basic level of digital skills, almost unchanged compared to 2021, while the EU average increased by 1.6 pps to 55.6%. The RRP is funding digital education infrastructure in the vast majority of schools and aims to tackle gaps in digital skills by investing in an adult learning platform and training for digital skills. Together with measures financed by the ESF+, these initiatives are expected to help more than 150 000 people improve their digital skills.

Graph A12.2:**Adult participation in learning (excluding guided on-the-job training, %)**



Source: Eurostat, AES 2022.

Low participation in adult learning hinders the adaptability of the workforce, contributing to skills shortages and hampering competitiveness. The participation of adults in learning activities in Greece is limited. In 2022, only 15.1% of adults aged 25-64 participated in education and training over the previous 12 months, significantly below the country's 2030 target of 40% and the EU average of 39.5%([190]). Participation in adult learning is strongly influenced by factors such as age, level of educational attainment and employment status. Younger people are more likely to participate in learning activities, while older people and those with a lower educational background (ISCED 0-2) participate less. Unemployed people are also less likely to enrol in learning programmes than employed people. In 2024, the employment rate for those with tertiary education (ISCED 5-8) stands at 80.3%, compared to just 58.7% for people with primary and lower secondary education (ISCED 0-2). The low participation suggests adult learning is neither accessible nor attractive, particularly for those with lower skills and older people.

To meet the need for inclusive education and skills development, the human resource and social cohesion programme, supported by ESF+ actions, introduced new initiatives in 2024. These focus on expanding second-chance school programmes, promoting work-based learning and giving workers across various sectors access to training and certification opportunities. A total of 13 regional programmes aim to tackle long-term unemployment in parallel by boosting the skills and adaptability of unemployed people, particularly women and vulnerable groups. Despite these efforts, further measures may be needed in light of the low participation in adult learning, including facilitating training, getting social partners more involved and raising awareness of the benefits of lifelong learning. One proposed solution is introducing individual learning accounts at national level. This initiative has already been planned to be kick-started as a pilot with support from the Recovery and Resilience Facility and would empower people to take charge of their learning and development pathways.

([190]) Eurostat, special extraction, AES 2022 (excluding guided on-the-job training)

Table A13.1: **Social Scoreboard for Greece**

Social Scoreboard for Greece		
Equal opportunities and access to the labour market	Adult participation in learning (during the last 12 months, excl. guided on the job training, % of the population aged 25-64, 2022)	15,1
	Early leavers from education and training (% of the population aged 18-24, 2024)	3,0
	Share of individuals who have basic or above basic overall digital skills (% of the population aged 16-74, 2023)	52,4
	Young people not in employment, education or training (% of the population aged 15-29, 2024)	14,2
	Gender employment gap (percentage points, population aged 20-64, 2024)	18,8
	Income quintile ratio (S80/S20, 2024)	5,27
Dynamic labour markets and fair working conditions	Employment rate (% of the population aged 20-64, 2024)	69,3
	Unemployment rate (% of the active population aged 15-74, 2024)	10,1
	Long term unemployment (% of the active population aged 15-74, 2024)	5,4
	Gross disposable household income (GDHI) per capita growth (index, 2008=100, 2023)	81,6
Social protection and inclusion	At risk of poverty or social exclusion (AROPE) rate (% of the total population, 2024)	26,9
	At risk of poverty or social exclusion (AROPE) rate for children (% of the population aged 0-17, 2024)	27,9
	Impact of social transfers (other than pensions) on poverty reduction (% reduction of AROP, 2024)	16,6
	Disability employment gap (percentage points, population aged 20-64, 2024)	28,5
	Housing cost overburden (% of the total population, 2024)	28,9
	Children aged less than 3 years in formal childcare (% of the under 3-years-old population, 2024)	28,9
	Self-reported unmet need for medical care (% of the population aged 16+, 2024)	12,1

Critical situation | To watch | Weak but improving | Good but to monitor | On average | Better than average | Best performers

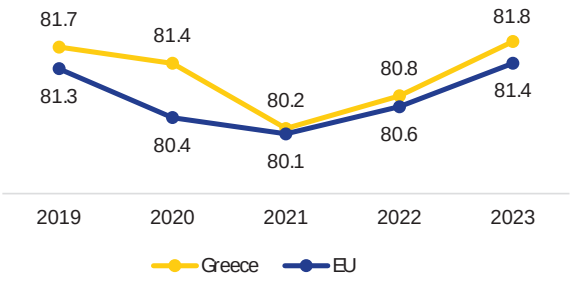
(1) Update of 5 May 2025. Members States are categorised based on the Social Scoreboard according to a methodology agreed with the EMCO and SPC Committees. Please consult the Annex of the Joint Employment Report 2025 for details on the methodology (https://employment-social-affairs.ec.europa.eu/joint-employment-report-2025-0).

Source: Eurostat

Greece's health system faces significant challenges. These need to be addressed if the country is to improve the health of its population and social fairness, while boosting the competitiveness of its economy. Challenges include: (i) limited and uneven access to healthcare; (ii) suboptimal funding and cost-effectiveness of the health system, with insufficient focus on disease prevention and outpatient care; and (iii) shortages of general practitioners and nurses.

Life expectancy at birth in Greece rebounded at its pre-COVID-19 level in 2023, reaching the EU average. In 2022, women could expect to live about five years longer than men, but they could only expect to live 1.6 year longer than men in good health. Treatable mortality was slightly below the EU average, having decreased very little over the last 10 years. This suggests that there is room for improvement in making the health system more effective. Diseases of the circulatory system ('cardiovascular diseases') and cancer remain the leading causes of death, with mortality rates from the former just slightly below the EU average. Standardised death rates from cancer were also close to the EU average, but they have barely improved since 2018.

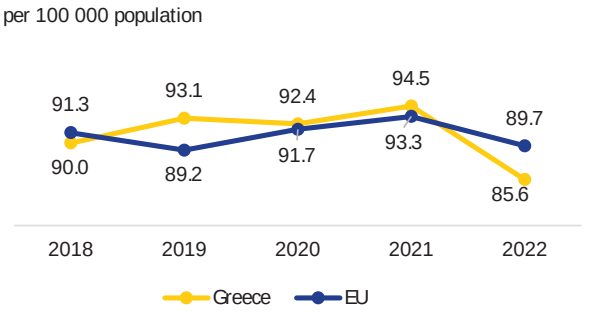
Graph A14.1:**Life expectancy at birth, years**



Source: Eurostat (demo_mlexpec)

Health expenditure in Greece is low, as is the share of health spending covered by public funds. In 2022, health spending per inhabitant in Greece (adjusted for differences in purchasing power) was half the EU average. The largest share of health expenditure (around 42%) went towards inpatient and hospital day care followed by medical goods (retail pharmaceuticals and therapeutic appliances, 29.5%), while the share for outpatient care was one of the lowest in the EU (21%), suggesting that the role of primary care is limited in Greece. However, the number of available hospital beds in Greece was also below the EU average, and Greece displays a trend of very low investment in the health sector ([191]), raising concerns about the continuity and quality of service delivery. Public spending as a proportion of total health expenditure was among the lowest in the EU in 2022. This translated into one of the highest proportions of out-of-pocket payments for healthcare in the EU (33.5% in 2022, more than twice the EU average). In 2022, retail medical goods accounted for 40.3% and inpatient care for 32% of all out-of-pocket payments ([192]). At the end of 2024, the Greek Parliament approved a measure to provide free medication to low-income pensioners starting from March 2025.

Graph A14.2:**Treatable mortality**



Age-standardised death rate **(mortality that could be avoided through optimal quality healthcare)**
Source: Eurostat (hlth_cd_apr)

The Greek recovery and resilience plan (RRP) allocates around EUR 1.5 billion to healthcare reforms and investments, with a significant share going towards the renovation and upgrade of public hospitals. The RRP also

([191])On capital formation, see Health at a Glance Europe 2018, 2020, 2022 and 2024.

([192]) OECD/European Commission (2024), Health at a Glance: Europe 2024 - State of Health in the EU Cycle, pp. 186-187.

Table A14.1: **Key health indicators**

	2019	2020	2021	2022	2023	EU average* (latest year)
Cancer mortality per 100 000 population	241.0	240.8	238.9	230.0	n.a.	234.7 (2022)
Mortality due to circulatory diseases per 100 000 population	327.6	335.1	339.5	324.6	n.a.	336.4 (2022)
Current expenditure on health, purchasing power standards, per capita	1 652	1 726	1 866	1 986	n.a.	3 684.6 (2022)
Public share of health expenditure, % of current health expenditure	61.5	61.8	62.1	62.0	n.a.	81.3 (2022)
Spending on prevention, % of current health expenditure	1.3	1.8	4.0	4.5	n.a.	5.5 (2022)
Available hospital beds per 100 000 population**	346	352	356	359	n.a.	444 (2022)
Doctors per 1 000 population*	6.2	6.2	6.4	6.6	n.a.	4.2 (2022)*
Nurses per 1 000 population*	2.0	2.1	2.2	2.2	n.a.	7.6 (2022)*
Mortality at working age (20-64 years), % of total mortality	12.5	12.2	12.9	11.6	11.8	14.3 (2023)
Number of patents (pharma / biotech / medical technology)	12	25	12	10	14	29 (2023)***
Total consumption of antibacterials for systemic use, daily defined dose per 1 000 inhabitants****	34.1	28.1	23.5	32.9	28.5	20.0 (2023)

*The EU average is weighted for all indicators except for doctors and nurses per 1 000 population, for which the EU simple average is used based on 2022 (or latest 2021) data except for Luxembourg (2017). Doctors' density data refer to practising doctors in all countries except Greece, Portugal (licensed to practise) and Slovakia (professionally active). Density of nurses: data refer to practising nurses (EU recognised qualification) in most countries except France and Slovakia (professionally active) and Greece (hospital only). **'Available hospital beds' covers somatic care, not psychiatric care. ***The EU median is used for patents.

Source: Eurostat database; European Patent Office; ****European Centre for Disease Prevention and Control (ECDC) for 2023.

aims to modernise primary healthcare infrastructure and rationalise pharmaceutical spending. Policies to keep public spending on pharmaceuticals under control are proving difficult in practice. The related RRP measure aims to build on the enforcement of structural efficiency measures, such as compulsory prescribing protocols and rational prescribing practices, to allow for a reduction in clawbacks, i.e. repayment orders issued to the industry when spending is over budget. Only the first step in this reduction has been taken so far (for the 2022 clawback).

As regards public health, investment in disease prevention could be increased. In 2022, the share of spending on prevention in Greece was lower than the EU average, with the biggest share being spent on immunisation, likely as a result of one-off spending in the context of COVID-19. Preventable mortality in Greece in 2022 was just below the EU average but had increased by 11% since 2013. The increase is still due to the impact of the COVID-19 pandemic but also to the persistent impact of cancer, in particular lung cancer. In April 2024, the Ministry of Health presented the national screening programme, 'Prolamvano', as part of the national prevention programme. The programme broadens access to and/or increases affordability of breast cancer, cervical cancer and colon cancer screening, as well as preventive examinations for cardiovascular diseases. Greece also participates in several EU4Health joint actions on non-communicable diseases, in particular cancer treatment and prevention, such as EUnetCCC (the European Comprehensive Cancer Centre Network), JANE-2 ([193]) and JA PreventNCD ([194]). Preventable mortality in Greece is partly linked to environmental factors (such as air pollution, see Annex 7) and to heavy smoking. Greece still has one of the highest shares of adults smoking daily in the EU, though the rate has declined over the last two decades ([195]).

Moreover, in 2023 the consumption of antibiotics was still well above the EU average, although it has significantly decreased since 2019 (by 16%, which is still well below the recommended national target of a 27% reduction by 2030 ([196])). This raises concerns about antimicrobial resistance, in particular among hospital patients with bloodstream infections in Greece – a group

([193]) JANE-2: Shaping the EU Networks of Expertise on cancer!

([194]) JA PreventNCD - Reducing Europe's cancer and NCD burden through coordinated strategies on health determinants.

([195]) See Health at a Glance: Europe 2024, Chapter 4.

([196]) National target set by the Council Recommendation on stepping up EU actions to combat antimicrobial resistance in a One Health approach, 2023/C 220/01.

with one of the highest rates of antibiotic-resistant bacteria in the EU ([197]).

There are significant challenges in accessing healthcare, with geographical, gender and income-related disparities. On top of the low share of public funding for outpatient care and the high out-of-pocket payments, access to care is also limited by the uneven distribution of healthcare resources. Despite a broad benefit package in 2024, the proportion of the Greek population reporting unmet needs for medical care was one of the highest in the EU, having further increased since 2023 (see Annexes 11 and 15).

Such unmet needs are mainly due to financial reasons, and to a lesser extent to waiting times. Distance to healthcare facilities is the third most frequently reported reason, yet it concerns a higher share of people than in the other EU countries. Lower income groups are affected the most, and the magnitude of differences between income groups in Greece is the highest in the EU. Furthermore, among people with self-reported medical needs, over 1 in 5 report that their needs are unmet. The gender gap in this area is among the highest in the EU, with forgone care reported by 23% of women and 20% of men. Higher unmet needs for medical examination are also reported in rural areas. They can be linked to people having to travel greater distances to healthcare facilities than the EU average in all areas (especially in rural ones) (see Annex 17).

A range of measures under the RRP and the cohesion policy aim to improve access to healthcare in Greece. Programmes under the EU cohesion policy for 2021–2027 earmark EUR 739 million for Greece's health system. There is also a strong emphasis on primary healthcare under the European Regional Development Fund (ERDF) and a focus on improved accessibility, specifically for vulnerable groups under the European Social Fund Plus (ESF+) (see Annex 16). The RRP includes a reform to strengthen the primary healthcare system, entailing the renovation of primary healthcare facilities and the registration of all eligible citizens with a personal doctor who will serve as a gatekeeper to accessing other health services. Greece also allocated RRF grants to fund the operational cost of 37,500 afternoon surgeries for patients that have been waiting longer than 4 months for their elective surgeries. The operation of these afternoon surgeries beyond regular working hours (which are paid by patients) were introduced in 2024 by Greece to help reduce long waiting lists for elective surgeries, partly a consequence of the COVID-19 pandemic.

Persistent shortages of nurses and general practitioners limit the availability of care in Greece. In 2022, the number of practising nurses per 1 000 population was among the lowest in the EU, well below the EU average, posing a significant challenge to the health system and more broadly, the care system (see Annex 11) ([198]). Looking ahead, Greece has a low number of nursing graduates in relation to its population. While Greece has a high number of licensed doctors, the number of new graduates has been below the EU average over recent years, and there is a shortage of doctors in the public system. Moreover, the share of GPs compared to specialists was the lowest in the EU in 2022. The reform of the primary healthcare system under the Greek RRP entails a measure which aims to address the shortages of doctors, in particular GPs. A family medicine module was added to the basic curriculum in all medical schools.

The potential of Greece's health system to drive innovation and foster industrial development in the EU medical sector is not being fully exploited. Greece reports a

([197]) ECDC & WHO Regional Office for Europe, 2023.

([198]) Note that under the newly adopted Eurostat definition of nurses (in line with Directive 2005/36/EC on the recognition of professional qualifications), nurse density numbers are significantly lower than those arrived at when using a broader definition, for example that used for OECD health statistics. However, under both definitions Greece has one of the lowest numbers.

moderate level of public spending on health research and development (R&D), and very low private investment in pharmaceutical R&D, as reported by members of the European Federation of Pharmaceutical Industries and Associations ([199]). Only 14 European patents were granted to Greek innovations in 2023: one for technologies and 13 for pharmaceuticals. Greece also lags behind other EU countries on clinical trials ([200]). As part of the effort to rationalise healthcare spending, the Greek RRP also includes investment in pharmaceuticals R&D by offsetting previous clawbacks.

The uptake of e-health and the overall digitalisation of the health system has improved, but it is uneven across the population. The shares of people accessing their personal health records online and of people using online health services (excluding phone) instead of in-person consultations increased significantly in Greece in 2024 compared to 2020, exceeding the EU average. This is despite general digital literacy being slightly below the EU average in 2023 (52.4% of individuals with at least basic digital skills vs an EU average of 55.6%) (see Annex 12) and delays in the technical deployment of electronic health records (see Annex 6). However, uptake varies widely depending on a patient's socio-economic background, in particular for patient use of online services instead of in-person consultations.

Significant investments to boost the digital transformation of healthcare in Greece are planned under the current cohesion policy (2021-2027) and the RRP. The latter includes measures such as the digital transformation of EOPYY (the National Organisation for the provision of Health Services), the roll out of the National Digital Health Record and the creation of a national digital infrastructure to support cancer patients. The RRP also supports home healthcare and hospital-at-home services that provide patients with telemedicine tools to monitor themselves at home. Greece also receives several direct grants under EU4Health, for example to expand MyHealth@EU cross-border health services ([201]).

([199]) See EFPIA.

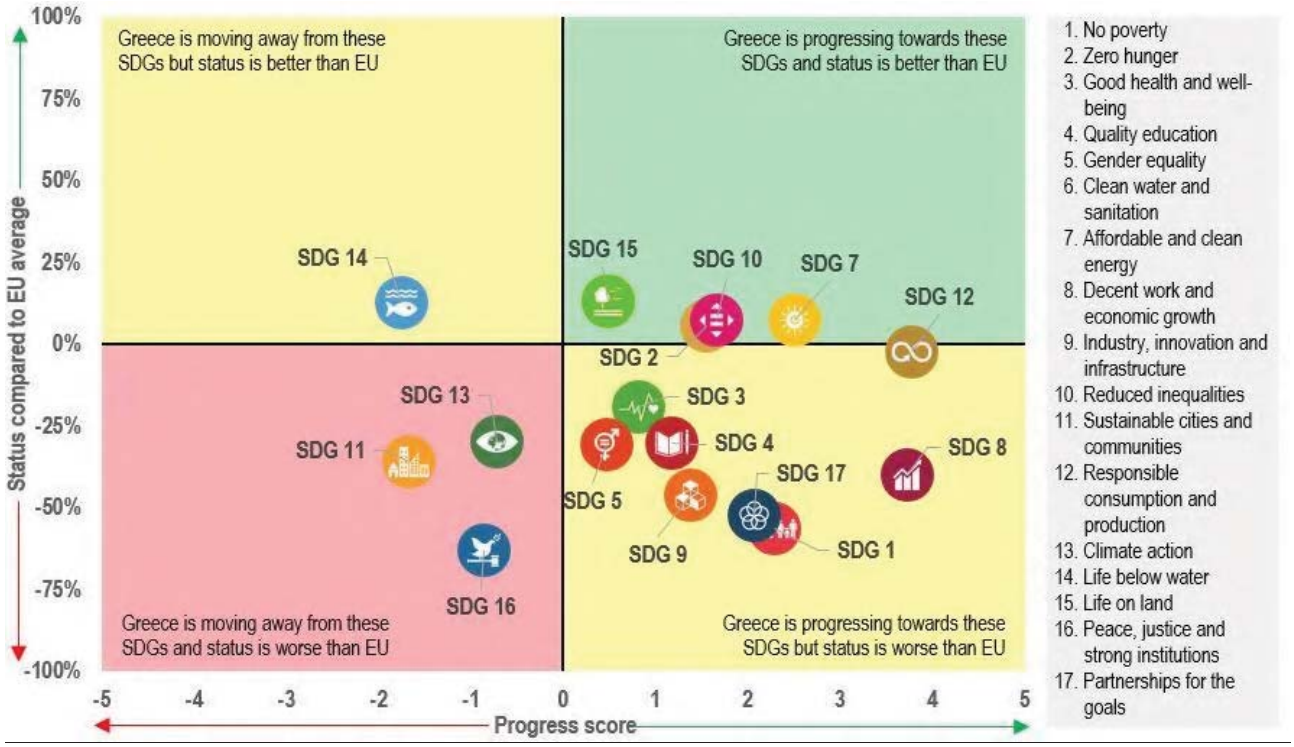
([200]) EMA (2024), Monitoring the European clinical trials environment, p. 9.

([201]) Electronic cross-border health services - European Commission.

This Annex assesses Greece's progress on the Sustainable Development Goals (SDGs) along the dimensions of competitiveness, sustainability, social fairness and macroeconomic stability. The 17 SDGs and their related indicators provide a policy framework under the UN's 2030 Agenda for Sustainable Development. The aim is to end all forms of poverty, fight inequalities and tackle climate change and the environmental crisis, while ensuring that no one is left behind. The EU and its Member States are committed to this historic global framework agreement and to playing an active role in maximising progress on the SDGs. The graph below is based on the EU SDG indicator set developed to monitor progress on the SDGs in the EU.

Greece is improving on SDGs related to *competitiveness* (SDGs 4, 8, 9), although it needs to catch up with the EU average. Greece's education and innovation performance (SDGs 4 and 9) is mixed, with better-than-EU average results in 2024 in early school leaving (3% vs 9.3%) and in tertiary educational attainment (44.5% vs 44.2%) but significant challenges in underachievement for 15-year-olds in basic skills (see Annex 12), adult learning participation (4.4% vs 13.3%) and R&D spending (1.49% of GDP vs 2.24% in 2023). Moreover, according to 2023 data, there is a persisting gap on basic digital skills for adults (52.4%, vs 55.6% EU average). Decent work and economic growth indicators (SDG 8) continue to improve but remained less positive than in other Member States in 2024, as reflected in the low employment rate (69.3%, vs 75.8% EU average), the falling, but still high share of

Graph A15.1:**Progress towards the SDGs in Greece**



For detailed datasets on the various SDGs, see the annual Eurostat report 'Sustainable development in the European Union'; for details on extensive country-specific data on the short-term progress of Member States: Key findings – Sustainable development indicators - Eurostat (europa.eu). A high status does not mean that a country is close to reaching a specific SDG, but signals that it is doing better than the EU on average. The progress score is an absolute measure based on the indicator trends over the past five years. The calculation does not take into account any target values, as most EU policy targets are only valid for the aggregate EU level. Depending on data availability for each goal, not all 17 SDGs are shown for each country.

Source: Eurostat, latest update of 28 April 2025. Data refer mainly to the period 2018-2023 or 2019-2024. Data on SDGs may vary across the report and its annexes due to different cut-off dates.

long-term unemployed (5.4%, vs 1.9% EU average), and the high percentage of young people not in employment, education or training (14.2%, vs 11% EU average). With support from the EU Recovery and Resilience Facility, Greece is expected to upskill a large part of its working population, modernise its public employment services and upgrade its university education and research system.

While Greece is improving on some SDGs related to *sustainability* (SDGs 2, 7, 9, 12, 15), it is moving away from others (SDGs 11, 13, 14), and it needs to catch up with the EU average on most of them. Greece's progress with respect to SDGs 12 and 13 (Responsible consumption and production and Climate action) between 2018 and 2023 is mixed. In particular, Greece's net greenhouse gas emissions fell by 20.7%, surpassing the EU average, while energy productivity increased by 23.6%. Further, by 2023, the share of renewable energy in gross final energy consumption in Greece exceeded EU average (25.3% vs 24.6%). Nonetheless, on waste generation and management, only 5.2% of materials were recycled and fed back into the economy for domestic use in 2023 (compared against 11.8% EU average). Meanwhile, despite substantial improvement, access to affordable and clean energy (SDG 7) remains challenging in some respects. In particular, in 2023, 19.2% of Greece's population were unable to keep their homes adequately warm (vs 10.6% EU average), while the country lagged significantly behind EU peers on energy import dependency, with 75.6% of imports in gross available energy (EU average: 58.3%). Further, Greece is moving away from SDG 11 (Sustainable cities and communities), as 6.9% of Greece's population was faced with severe housing deprivation in 2023 (vs 4% EU average). The EU Recovery and Resilience Facility will support a series of measures to promote environmental sustainability and the fight against energy poverty, including through investments in renewable energy sources, sustainable means of transport and energy efficiency infrastructures.

While Greece is improving on SDGs related to *social fairness* (SDGs 1, 3, 4, 5, 7, 8, 10), it needs to catch up with the EU average on most of them. On SDGs 1 and 3 (No poverty and Good health and well-being), despite some improvements, Greece underperformed compared to the EU average in 2023 across several domains: 26.1% of the population were at risk of poverty and social exclusion (vs 21.3%); 13.5% were materially and socially deprived (vs 6.8%); 11.6% of the population aged 16 or over reported unmet needs for medical care (vs 2.4%). In addition, 28.5% of Greece's population was overburdened with housing costs (vs 8.8% for EU peers). Greece continues to improve on certain aspects of equality (SDGs 5 and 10), but these remain less positive overall than in the EU as a whole. In 2024, the employment rate of women was 18.8% lower than that of men (against 10% in the EU), while women held only 27.2% of senior management positions and 23.3% of political positions (against 32.6% and 33.4% respectively in the EU). Further, people in rural areas in Greece still face a disproportionally higher risk of poverty or social inclusion compared to those living in cities than the EU average (6.3 percentage point difference vs 0.2% in 2023). When adjusted for purchasing power, GDP per capita in Greece was just 70% of the EU average in 2024. On health (SDG 3), while more people report being healthy in 2023 than their EU counterparts (78.3% vs 67.9%), the total consumption of antibiotics in Greece was 42.5% higher than the EU average. Further, 36% of Greece's population aged 15 or over are smokers, compared to 24% EU average. Up until 2026, the EU Recovery and Resilience Facility will support a wide range of measures to promote employment, including among women, the long-term unemployed and people with disabilities, and upgrade the national healthcare system.

With the exception of SDG 16, Greece is improving on SDGs related to *macroeconomic stability* (SDGs 8 and 17), although it needs to catch up with the EU average on all of them. Greece continues to

underperform in terms of real GDP per capita in 2024 (SDG 8), which corresponded to 57.01% of the EU average. Further, despite improvements, the investment gap persists: 15.2% of GDP in 2023 vs 21.7% in the EU in 2024, while some 9.9% of Greece's working population was at risk of poverty in 2023, compared to 8.3% in the EU. On SDG 16 (Peace, justice and strong institutions), Greece is moving away from the goal and continues to be worse off than EU peers. This is evidenced by the lower score in the Corruption Perceptions Index in 2024 (49 vs 62 EU average) and the higher share of the population reporting crime, violence or vandalism in their area in 2023 (20.9% vs 10% EU average). The EU Recovery and Resilience Facility is expected to help bridge a large part of Greece's investment gap and support broad-based structural reforms, including in the areas of justice, public administration and the business environment, which are expected to improve the functioning of the economy at large.

As the SDGs form an overarching framework, any links to relevant SDGs are either explained or depicted with icons in the other annexes.

Greece faces structural challenges in a wide range of policy areas, as identified in the country-specific recommendations (CSRs) addressed to the country as part of the European Semester. They refer, among other things, to taxation policy and tax administration, financial services and financial stability, the business environment, skills and education, healthcare, social protection, the public administration including the capacity to manage EU funds, climate adaptation, transport and energy.

The Commission has assessed the 2019-2024 CSRs considering the policy action taken by Greece to date and the commitments in its recovery and resilience plan (RRP). At this stage, Greece has made at least 'some progress' on 78% of the CSRs ([202]), and 'limited progress' on 19% (Table A16.2).

EU funding instruments provide considerable resources to Greece by supporting investments and structural reforms to increase competitiveness, environmental sustainability and social fairness, while helping to address challenges identified in the CSRs. In addition to the EUR 35.9 billion funding from the Recovery and Resilience Facility (RRF) in 2021-2026, EU cohesion policy funds ([203]) are providing EUR 20.5 billion to Greece (amounting to EUR 25.7 billion with national co-financing) for 2021-2027 ([204]) to boost regional competitiveness and growth. Support from these instruments combined represents around 25.1 % of 2024 GDP ([205]). The contribution of these instruments to different policy objectives is outlined in Graphs A16.1 and A16.2. This substantial support from the EU comes on top of financing provided to Greece under the 2014-2020 multiannual financial framework, which financed projects until 2023 and has had significant benefits for the Greek economy and society. Project selection under the 2021-2027 cohesion policy programmes is advanced, while implementation of selected projects has also gained momentum, enabling substantial investment.

The Greek RRP contains 103 investments and 75 reforms to stimulate sustainable growth and help the transition towards a low-carbon, digital and more inclusive economy. A year before the end of the RRF timespan, implementation is underway with 59% of the funds disbursed. At present, Greece has fulfilled 35% of the milestones and targets in its RRP ([206]). Increased efforts are needed to ensure completion of all RRP measures by 31 August 2026. Among other challenges, implementation is hindered by weak coordination, lengthy litigation processes to address legal claims against public procurement procedures, and slow transfer of property rights.

Greece also receives funding from several other EU instruments, including those listed in Table A 16.1. Most notably, the common agricultural policy (CAP) provides Greece with an EU contribution of EUR 13.5 billion under the CAP strategic plan for 2023-2027 ([207]). A further EUR 1.6 billion are available under the Asylum, Migration and Integration Fund,

([202]) 9% of the 2019-2024 CSRs have been fully implemented, 18% substantially implemented and 51% have reached some progress.

([203]) In 2021-2027, cohesion policy funds include the European Regional Development Fund, the Cohesion Fund, the European Social Fund Plus and the Just Transition Fund. The information on cohesion policy included in this annex is based on adopted programmes with the cut-off date of 5 May 2025.

([204]) European territorial cooperation (ETC) programmes are excluded from the figure.

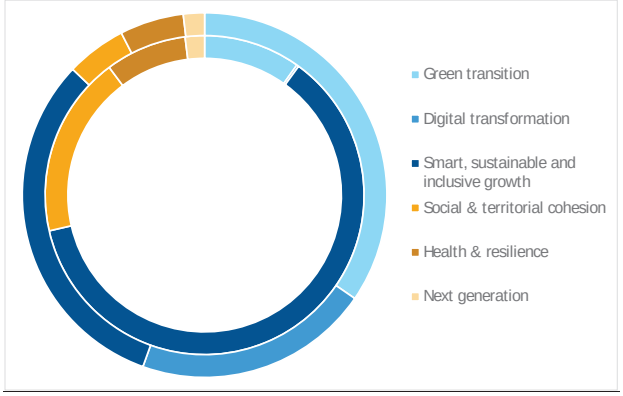
([205]) RRF funding includes both grants and loans, where applicable. GDP figures are based on Eurostat data for 2024.

([206]) As of mid-May 2025, Greece has submitted 5 payment requests.

([207]) An overview of Greece's formally approved strategy to implement the EU's common agricultural policy nationally can be found at: https://agriculture.ec.europa.eu/cap-my-country/cap-strategic-plans/greece_en

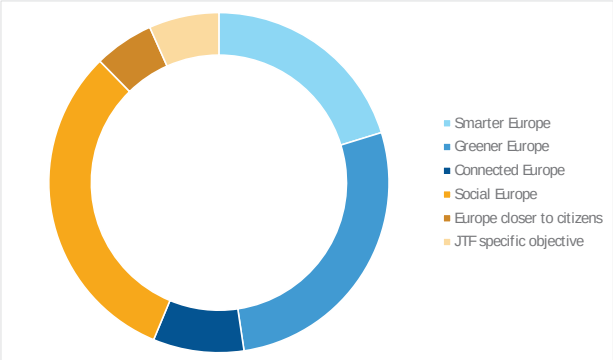
together with the Border Management and Visa Instrument (BMVI) and internal security funds. Furthermore, operations amounting to EUR 769 million ([208]) have been signed under the InvestEU instrument backed by the EU guarantee, improving access to financing for riskier operations in Greece.

Graph A16.1:**Distribution of RRF funding in Greece by policy field**



(1) Each RRP measure helps achieve the aims of two of the six policy pillars of the RRF. The primary contribution is shown in the outer circle while the secondary contribution is shown in the inner circle. Each circle represents 100% of the RRF funds. Therefore, the total contribution to all pillars displayed on this chart amounts to 200% of the RRF funds allocated.
Source: European Commission

Graph A16.2:**Distribution of cohesion policy funding across policy objectives in Greece**



Source: European Commission

Cohesion policy funds aim to increase the productivity and competitiveness of Greek firms and improve the business environment. Greek businesses, research institutions and industrial ecosystems receive support to enhance regional competitiveness. The competitiveness programme supported by the European Regional Development Fund (ERDF) will benefit over 28 000 firms in total, while it will enable 4 023 small and medium-sized enterprises to introduce innovative products and/or processes. Furthermore, the ERDF will support 114 research organisations participating in joint research projects, while an additional EUR 954 million is expected to boost competitiveness through the 13 regional programmes. ERDF supports the roll-out of ultrafast broadband, which is a prerequisite for regional competitiveness. As a result, an additional 116 000 dwellings and nearly 17 000 businesses will benefit from high-speed internet. The European Social Fund Plus (ESF+) supports skills initiatives across all sectors in Greece, earmarking around EUR 1.6 billion (about 29% of the total ESF+ allocation) for this purpose. Emphasis is given to improving the quality and labour market relevance of education and training systems, including vocational education and training and lifelong learning. Around EUR 345 million are targeted at developing green skills and jobs, while more than EUR 93 million are dedicated to boosting digital skills.

Other funds are contributing to competitiveness in Greece, for instance through open calls. The Connecting Europe Facility has financed strategic investments in rail and maritime infrastructure, as well as alternative fuel infrastructure. It also supports key infrastructure for energy market integration, decarbonisation of the energy system and security of energy supply, as well the deployment of submarine cables among the Aegean islands and the deployment of 5G in smart communities. Horizon Europe has supported research and innovation, from scientific breakthroughs to scaling up innovations, with digital, industry and space, as well as climate, energy and mobility as top priorities. In Greece, the Technical Support Instrument (TSI) is focused in 2024 on enhancing the coordinating mechanism

([208]) Data reflect the situation on 31.12.2024.

supporting the rights of persons with disabilities, promoting the integration of AI in the public administration and strengthening the green budgeting reform. It also helps Greece to enhance its overall capacity to implement specific reforms and investments included in its RRP.

Greece's RRP also contains ambitious measures to improve the business environment and competitiveness. As part of the measures covered by payment requests submitted over the past year, EUR 7.1 billion loans have been singed to support private investment in research, development and innovation, increasing export capacity, and the green and digital transition. The Income Tax Code and Code of Tax Administration have been simplified and updated in the light of EU best practices. The justice system's IT capabilities have been reinforced; 14 additional magistrate court judges have enrolled in the school of judges and legislation for the judicial clerks' performance tool has entered into force. Contracts have been awarded for the development of small satellites to support connectivity and earth observation applications for mapping, shipping, precision agriculture and spatial planning, whilst a reform to encourage the transition to gigabit connections has been completed. To improve road safety, contracts have been awarded for interventions in 2 411 dangerous locations and for the construction of the Cretan Northern Highway.

EU funds are playing a significant role in promoting environmental sustainability and green transition in Greece during the current seven-year EU budget (multiannual financial framework). Cohesion policy invests substantially in the Greek water and wastewater sector: more than EUR 1.17 billion is allocated to relevant actions, including integrated water and wastewater management, sustainable desalination in remote islands and essential infrastructure to ensure compliance with EU laws on wastewater. In relation to the circular economy, the ERDF is used for infrastructure to increase waste recycling capacity by over 3 225 000 tonnes annually. Furthermore, an additional 1.1 million people will be protected from flood-related risks. Greece also allocates EUR 3.5 billion under the CAP strategic plan to environmental and climate objectives such as organic farming, alternative methods of plant protection with a view to reducing pesticides, nature protection, saving water and improving infrastructure.

Greece's RRP has a comprehensive set of reforms and investments for the green transition. Measures covered by the payment requests submitted over the last year include, among others, the award of contacts for electricity interconnection in the Cyclades islands and Peloponnese, as well as for the upgrade of the electricity distribution network; a 2.5 GW increase in electricity production capacity from renewable energy sources; and contracts for electricity storage systems with a capacity exceeding 700 MW. In addition, energy efficiency renovations have been completed for 8 000 residential units with primary energy savings exceeding 30 %. Initial steps have been taken to upgrade 37 703 ha of degraded forest ecosystems and to improve water infrastructure to increase the availability and quality of drinking water and reduce leakage.

Promoting fairness, social cohesion and improving access to basic services are among the key priorities of EU funding in Greece. Social investments under the ERDF include more than EUR 400 million of support for inclusive and sustainable education infrastructure and equipment at all levels (primary, secondary and tertiary) and an additional EUR 50 million for labour and social infrastructure benefiting vulnerable Greek households. Another EUR 360 million invested in healthcare infrastructure and equipment, including upgrades in the primary healthcare network, is expected to improve healthcare outcomes in the Greek regions. The ESF+ provides around EUR 1.5 billion to foster social cohesion in Greece, while over EUR 670 million

are allocated to measures combating child poverty. The 13 regional programmes contain actions improving access to inclusive education, enhancing accessibility to social and healthcare services, and promoting integration and active inclusion, particularly for people at risk of poverty and disadvantaged groups, such as non-EU nationals and Roma. Among their interventions, the ESF+ programmes will support at least 176 000 people in unemployment, more than 11 000 children and students with a disability as well as the operation of around 1 250 social and primary healthcare structures at local level. In addition, the AMIF supports the capacity of the asylum service to manage the procedures. It also supports legal migration, the integration of third-country nationals into the Greek society and the countering of irregular migration via returns.

Greece's RRP contains several reforms and investments related to fairness and social policies. Contracts have been awarded to strengthen (i) the quality control system for vocational education, (ii) and the training units of the Public Employment Service. The pharmaceuticals clawback for 2022 has been reduced by EUR 74.7 million compared to 2020.

Table A16.1: **Selected EU funds with adopted allocations - summary data (million EUR)**

Instrument/policy	Allocation 2021-2026		Disbursed since 2021 (1)
RRF grants (including the RepowerEU allocation)	18 220.4		9 936.3
RRF loans	17 728		11 401.8
Instrument/policy	**Allocation 2014-2020 (2)**	**Allocation 2021-2027**	**Disbursed since 2021 (3)** (covering total payments to the Member State on commitments originating from both 2014-2020 and 2021-2027 programming periods)
Cohesion policy (total)	18 267.2	20 540.3	10 415.9
European Regional Development Fund (ERDF)	10 980.8	10 672.0	5 917.2
Cohesion Fund (CF)	2 775.4	2 932.7	1 791.8
European Social Fund (ESF, ESF+) and the Youth Employment Initiative (YEI)	4 511.0	5 560.4	2 247.4
Just Transition Fund (JTF)		1 375.1	459.5
Fisheries			
European Maritime, Fisheries and Aquaculture Fund (EMFAF) and the European Maritime and Fisheries Fund (EMFF)	379.7	363.7	309.5
Migration and home affairs			
Migration, border management and internal security - AMIF, BMVI and ISF (4)	648.2	1 584.5	765.3
The common agricultural policy under the CAP strategic plan (5)	**Allocation 2023-2027**		**Disbursements under the CAP Strategic Plan (6)**
Total under the CAP strategic plan	13 480.9		3 767.8
European Agricultural Guarantee Fund (EAGF)	9 844.9		3 343.2
European Fund for Agricultural Development (EAFRD)	3 636.0		424.6

(1) The cut-off date for data on disbursements under the RRF is 31 May 2025.
(2) Cohesion policy 2014-2020 allocations include REACT-EU appropriations committed in 2021-2022.
(3) These amounts relate only to disbursements made from 2021 onwards and do not include payments made to the Member State before 2021. Hence the figures do not comprise the totality of payments corresponding to the 2014-2020 allocation. The cut-off date for data on disbursements under EMFAF and EMFF is 29 April 2025. The cut-off date for data on disbursements under cohesion policy funds, AMIF, BMVI and ISF is 5 May 2025.
(4) AMIF - Asylum, Migration and Integration Fund; BMVI- Border Management and Visa Instrument; ISF - Internal Security Fund.
(5) Expenditure outside the CAP strategic plan is not included.
(6) The cut-off date for data on EARDF disbursements is 5 May 2025. The information on EAGF disbursements is based on the Member State declarations until March 2025. Disbursements for the Direct Payments (EAGF) started in 2024.
Source: European Commission

Table A16.2: **Summary table on 2019-2024 CSRs**

Greece	Assessment in May 2025	Relevant SDGs
2019 CSR 1	**Substantial progress**	
Achieve a sustainable economic recovery and tackle the excessive macroeconomic imbalances by continuing and completing reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018.	Substantial progress	SDGs 1, 2, 8, 9, 10, 16
2019 CSR 2	**Some progress**	
Focus investment-related economic policy on sustainable transport and logistics,	Limited progress	SDGs 10, 11
environmental protection, energy efficiency, renewable energy and interconnection projects,	Some progress	SDGs 6, 7, 9, 10, 11, 12, 13
digital technologies,	Some progress	SDGs 9, 10, 11
R&D,	Some progress	SDGs 9, 10, 11
education,	Some progress	SDGs 4, 10, 11
skills,	Some progress	SDGs 4, 10, 11
employability,	Some progress	SDGs 8, 10, 11
health,	Limited progress	SDGs 3, 10, 11
and the renewal of urban areas, taking into account regional disparities and the need to ensure social inclusion.	Some progress	SDGs 1, 2, 10, 11
2020 CSR 1	**Limited progress**	
In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.	No longer relevant	SDGs 8, 16
Strengthen the resilience of the health system and	Limited progress	SDG 3
ensure adequate and equal access to healthcare.	Limited progress	SDGs 1, 2, 3, 10
2020 CSR 2	**Substantial progress**	
Mitigate the employment and social impacts of the crisis, including by implementing measures such as short-time work schemes and	Full implementation	SDGs 1, 2, 8, 10
ensuring effective activation support.	Some progress	SDG 8
2020 CSR 3	**Some progress**	
Swiftly deploy measures to provide liquidity and continued flow of credit and other financing to the economy, focusing in particular on small and medium-sized enterprises most affected by crisis.	Substantial progress	SDGs 8, 9
Front-load mature public investment projects and	Substantial progress	SDGs 8, 16
promote private investment to foster the economic recovery.	Some progress	SDGs 8, 9
Focus investment on the green and digital transition, in particular on safe and sustainable transport and logistics,	Limited progress	SDG 11
clean and efficient production and use of energy,	Some progress	SDGs 7, 9, 13
environmental infrastructure and	Limited progress	SDGs 6, 12, 15
very-high capacity digital infrastructure and	Some progress	SDG 9
skills.	Some progress	SDG 4
Improve the effectiveness and digitalisation of the public administration and	Some progress	SDGs 9, 16
promote digital transformation of businesses.	Some progress	SDG 9
2020 CSR 4	**Substantial progress**	
Continue and complete reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018 to restart a sustainable economic recovery, following the gradual easing up of constraints imposed due to the COVID-19 outbreak.	Substantial progress	SDGs 1, 2, 8, 9, 10, 16
2021 CSR 1	**No longer relevant**	
In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment.	No longer relevant	SDGs 8, 16
When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term.	No longer relevant	SDGs 8, 16
At the same time, enhance investment to boost growth potential. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures in order to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth-enhancing investment, in particular investment supporting the green and digital transition.	No longer relevant	SDGs 8, 16
Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy and sustainability of health and social protection systems for all.	No longer relevant	SDGs 8, 16

(Continued on the next page)

Table (continued)

2022 CSR 1	**Some progress**	
In 2023, ensure prudent fiscal policy, in particular by limiting the growth of nationally financed primary current expenditure below medium-term potential output growth, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation.	No longer relevant	SDGs 8, 16
Expand public investment for the green and digital transitions, and for energy security taking into account the REPowerEU initiative, including by making use of the Recovery and Resilience Facility and other Union funds.	No longer relevant	SDGs 8, 16
For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring credible and gradual debt reduction and fiscal sustainability in the medium term through gradual consolidation, investment and reforms.	No longer relevant	SDGs 8, 16
Building on reforms undertaken as part of the recovery and resilience plan, improve the investment-friendliness of the taxation system by introducing a wider advance tax-ruling system	No progress	SDGs 8, 10, 12
and review the structure of the tax burden on the self-employed.	Substantial progress	SDGs 8, 10, 12
Safeguard the efficiency of the public administration while ensuring it can attract the right skills and preserving consistency with the unified wage grid.	Some progress	SDG 16
2022 CSR 2	**Substantial progress**	
Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021.	RRP implementation is monitored by assessing RRP payment requests and analysing reports published twice a year on the achievement of the milestones and targets. These are to be reflected in the country reports.	
Swiftly finalise the negotiations with the Commission on the 2021–2027 cohesion policy programming documents with a view to starting their implementation.	Progress on the cohesion policy programming documents is monitored under the EU cohesion policy.	
Complete outstanding reforms that have been pursued under enhanced surveillance, including the cadastre reform.	Substantial progress	SDGs 3, 8, 9
2022 CSR 3	**Some progress**	
With a view to ensuring adequate and equal access to healthcare, complete the rollout of the primary healthcare reform in line with the framework amended under enhanced surveillance, including staffing of all primary healthcare units, implementing population registration and introducing effective gatekeeping by general practitioners.	Some progress	SDG 3
2022 CSR 4	**Some progress**	
Reduce overall reliance on fossil fuels, and diversify imports of fossil fuels	Some progress	SDGs 7, 9, 13
by accelerating deployment of renewable energy and the development of infrastructure that would enable renewable hydrogen.	Some progress	SDGs 7, 9, 13
Also address dependency through ensuring sufficient capacity of electricity networks and interconnections as well as gas interconnections and diversifying gas supply routes.	Substantial progress	SDGs 7, 9, 13
Strengthen the energy services market framework	Some progress	SDGs 7, 9, 13
and step up energy efficiency-enhancing measures through reforms and market incentives to support the decarbonisation of the building sector	Some progress	SDG 7
and the transport sector, particularly by promoting electric mobility.	Limited progress	SDG 11
2023 CSR1	**Some progress**	
Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that these are targeted at protecting vulnerable households and firms, fiscally affordable, and preserve incentives for energy savings.	Full implementation	SDGs 8, 16
Ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 2,6 %.	Full implementation	SDGs 8, 16
Preserve nationally financed public investment and ensure the effective absorption of grants under the Facility and of other Union funds, in particular to foster the green and digital transitions.	Limited progress	SDGs 8, 16
For the period beyond 2024, continue to pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to higher sustainable growth, in order to achieve a prudent medium-term fiscal position.	Full implementation	SDGs 8, 16
Building on reforms undertaken as part of the recovery and resilience plan, improve the investment friendliness of the taxation system by introducing a wider advance tax-ruling system,	No progress	SDGs 8, 10, 12, 16
enlarge the tax base, including by reviewing the current taxation structure for the self-employed,	Substantial progress	SDGs 8, 10, 12
and strengthen tax compliance by extending the use of electronic payments.	Substantial progress	SDGs 8, 10, 12, 16
Preserve and increase the operational autonomy of the tax authority.	Some progress	SDGs 8, 16
Safeguard the efficiency of public administration while ensuring that it can attract the right skills and preserving consistency with the unified wage grid.	Some progress	SDG 16
Pursue the ongoing reduction of non-performing loans and further improve the functioning of the secondary non-performing loans market.	Substantial progress	SDG 8

(Continued on the next page)

Table (continued)

2023 CSR2		
Maintain the momentum in the steady implementation of its recovery and resilience plan and swiftly finalise the REPowerEU chapter with a view to rapidly starting the implementation thereof. Ensure continued sufficient administrative capacity in view of the size of the plan. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.	RRP implementation is monitored through the assessment of RRP payment requests and analysis of the bi-annual reporting on the achievement of the milestones and targets, to be reflected in the country reports. Progress with the cohesion policy programming is monitored in the context of the Cohesion Policy of the European Union.	
2023 CSR 3	**Some progress**	
To ensure adequate and equal access to healthcare, complete the roll-out of the primary healthcare framework and adopt stronger incentives for the enrolment of an adequate number of family doctors in order to achieve full population coverage and population registration.	Some progress	SDG 3
Finalise cadastral reform by completing cadastral mapping and through the establishment and operation of the Hellenic Cadastre Agency.	Substantial progress	SDGs 8, 9
2023 CSR 4	**Some progress**	
Reduce reliance on fossil fuels and	Some progress	SDGs 7, 9, 13
further accelerate the diversification of energy supply routes.	Some progress	SDGs 7, 9, 13
Further expand the deployment of renewable energy by completing and enforcing the new legal frameworks for the licensing process and for offshore wind farms, increasing electricity network and storage capacity, promoting the decentralised production of renewable energy and putting in place legislative frameworks for the production of renewable hydrogen and biomethane.	Some progress	SDGs 7, 8, 9, 13
Step up the delivery of measures that improve energy efficiency, including targeted measures for energy-poor households and the installation of smart meters, and	Some progress	SDGs 1, 2, 7, 10
policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.	Limited progress	SDG 4
Support the decarbonisation of the transport sector, in particular by promoting electric vehicles.	Limited progress	SDG 11
2024 CSR 1	**Some progress**	
Submit the medium-term fiscal-structural plan in a timely manner.	Full implementation	SDGs 8, 16
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.	Full implementation	SDGs 8, 16
Continue improving the investment friendliness of the taxation system by reinforcing its legal certainty	Some progress	SDGs 8, 9, 10, 12
and continue increasing the operational autonomy of the tax authority.	Some progress	SDGs 8, 16
Safeguard the efficiency of public administration while ensuring that it can attract the right skills and preserving consistency with the unified wage grid,	Some progress	SDG 16
and operationalising the multi-level governance framework.	Limited progress	SDG 16
Ensure that external balances continue on a steadily improving path by promoting balanced growth and supporting productive domestic investment.	Some progress	SDGs 8, 9
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.	Substantial progress	SDG 8
2024 CSR 2		
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. 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.	RRP implementation is monitored through the assessment of RRP payment requests and analysis of the bi-annual reporting on the achievement of the milestones and targets. Progress with the cohesion policy programming is monitored in the context of the Cohesion Policy of the European Union.	
2024 CSR 3	**Some progress**	
Boost competitiveness through tackling underachievement in basic skills,	Limited progress	SDG 4
reinforcing the management of state assets	Some progress	SDG 9
and completing the regulatory framework for environmental licensing.	Some progress	SDGs 8, 9
2024 CSR 4	**Some progress**	
Reduce reliance on fossil fuels by accelerating the decarbonisation of the transport sector.	Limited progress	SDG 11
Strengthen management of natural disasters by putting in place an effective early warning and risk prevention system.	Some progress	SDGs 1, 7, 8, 11, 13

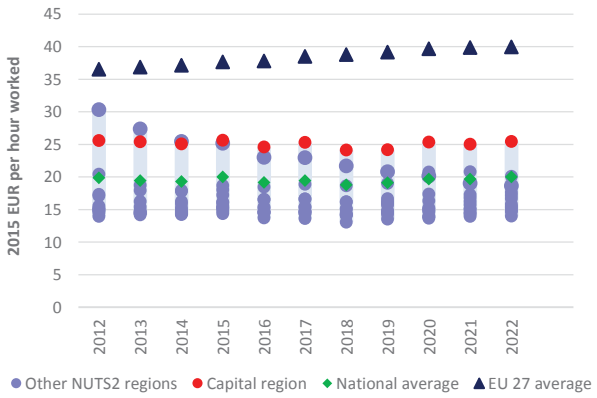
Source: European Commission

Favourable economic conditions provide an opportunity for regional convergence in Greece. Building on the competitive advantages of regions in key sectors of the economy, improving the country's digital connectivity and climate adaptation are all key in securing social and economic convergence.

Despite the long-term divergence of the Greek economy from the EU average in terms of GDP per capita (purchasing power standard (PPS)), between 2014 and 2023, all regions experienced growth, which has been mostly exceeding the EU average since 2021. This trend is expected to continue throughout 2024-2026 and provides an opportunity to reduce regional economic disparities, which have remained broadly unchanged, with 47% of the country's economic activity taking place in the capital region of Attiki. Slightly above the EU average real GDP per head growth in 2014-2023 was higher than 2% in Attiki, Kentriki Makedonia and Sterea Elláda, while it was negative in Ditiki Makedonia (-2.5%).

The creation of new opportunities for regional growth would be beneficial in order to stabilise the working-age population and sustain GDP growth in the long term. Most regions are experiencing depopulation, which poses fiscal, economic and social challenges. Dytiki Makedonia has been particularly affected, with an annual population decrease of 12 per 1 000 residents in 2023, closely followed by Sterea Elláda and Peloponnisos with decreases of 10 per 1 000 residents. Depopulation has been caused by the joint effect of net out-migration and a negative natural change. The share of older people (aged 65+) is higher than the EU average while the share of the population that is of working age (15 to 64) is below the EU average in almost all Greek regions, weighing on fiscal sustainability.

Graph A17.1:**Labour productivity per hour**



Unit: Real GDP per hour worked (EUR, 2015 prices)
Source: Eurostat

Gaps in productivity levels between Attiki and other regions have remained constant

Table A17.1: **Selection of indicators at regional level in Greece**

	GDP per head (PPS)	Real GDP per head growth	Productivity - GDP per person employed (PPS)	Real productivity growth (per person employed)	Productivity - GDP per hour worked (PPS)	Real productivity growth (per hour worked)	R&D expenditure in business enterprise sector (BERD)	Human resources in science and technology (core)	Employment in knowledge-intensive services	Population growth	Population with high educational attainment	Population aged 30-34 with high educational attainment	Early leavers from education and training (1)	At-risk-of-poverty or social exclusion	Unmet needs for medical examination (2)
	Index EU-27 = 100	Average annual % change	Index EU-27 = 100	Average annual % change	Index EU-27 = 100	Average annual % change	% of GDP	% of total employment	% of total employment	Average annual change per 1000 residents	% of population aged 25-64	% of population aged 30-34	% of population aged 18-24	% of total population	% of total population
	2023	2014-2023	2023	2014-2023	2022	2013-2022	2022	2024	2024	2014-2023	2024	2024	2024	2024	2024
European Union (27 MS)	100	1.6	100	0.6	100	0.9	1.5	49.2	41.5	1.70	36.1	44.8	9.3	21.0	2.5
Greece	69	1.8	68	-0.3	57	0.1	0.7	41.8	37.7	-4.80	35.2	44.4	3.0	26.9	12.1
Attiki	96	2.2	85	-0.2	71	-0.1	1.1	52.8	49.4	-2.10	44.6	51.3	2.8	22.7	13.4
Voreio Aigaio	42	0.5	55	-0.6	40	-0.7	0.1	31.7	37.2	1.20	26.5	24.8		33.2	10.6
Notio Aigaio	70	0.2	63	-2.1	51	-0.4	0.0	29.4	27.7	-2.30	22.2	27.9	8.2	20.3	11.0
Kriti	59	1.3	58	-0.3	44	0.2	0.3	32.8	27.4	-1.30	28.5	38.1	3.9	20.7	9.0
Anatoliki Makedonia, Thraki	45	1.3	50	-0.3	46	0.4	0.4	30.3	30.2	-7.90	23.7	37.9	6.4	33.8	10.9
Kentriki Makedonia	55	2.2	58	-0.2	50	0.3	0.5	43.1	35.0	-6.80	37.1	48.5	1.2	31.0	11.2
Dytiki Makedonia	55	-2.5	65	-4.5	61	-4.8	0.2	34.3	31.1	-12.00	28.3	43.5		36.3	11.2
Ipeiros	45	1.4	50	0.0	43	0.9	0.6	42.1	40.1	-6.00	38.4	51.6		19.6	12.3
Thessalia	52	2.0	53	0.1	48	1.5	0.3	40.9	32.3	-8.30	34.3	49.6		25.8	11.0
Ionia Nisia	61	0.8	56	-1.0	45	-0.1	0.1	24.3	20.5	-3.40	19.6	36.4		41.4	14.2
Dytiki Elláda	50	1.2	54	-0.5	42	-0.2	0.4	31.4	29.9	-5.70	25.6	37.7	6.9	35.2	14.5
Sterea Elláda	63	2.2	68	-0.1	65	-0.2	0.6	26.2	22.6	-10.20	21.1	25.9	13.6	25.7	11.1
Peloponnisos	59	1.9	62	0.0	49	0.0	0.7	31.1	25.6	-9.60	26.1	48.8	12.0	32.3	10.0

(1) Early school leavers: last reliable year (among 2020-2024), data not available for remaining regions.
(2) Unmet needs, because too expensive or too far to travel or waiting list.
Source: Eurostat and JRC

in the last nine years. **Greece has been slowly catching up with other Member States in southern Europe such as Spain and Portugal**. However, the convergence in productivity per hour to the EU has been hampered, as average annual growth stagnated. (Graph A17.1) In addition to tourism, sectors of the economy with higher productivity have contributed to a modest increase since 2020. Employment in knowledge-intensive services and human resources in science and technology, and R&D expenditure in the business sector (see also Annex 3) have all been on the rise, although they all show high concentration in the capital region.

Competitiveness

There is significant scope to strengthen innovation by helping scale up innovative firms, not only in Attiki but also in the rest of the country, e.g. in Kentriki Makedonia and Kriti, where major universities are located. According to the Regional Innovation Scoreboard 2023 ([209]), the highest performing regions are Attiki, closely followed by Kriti and Kentriki Makedonia, all classified as 'moderate innovators'. R&D expenditure has increased steadily across regions in the past decade, but there is a persistently low level of patent applications across regions. This indicates that further efforts would help encourage technology transfer (see Annex 3 Innovation to Business).

Greece has competitive advantages in the agri-food, and life-sciences sectors as well as in shipping as part of the ocean/coastal economy, which have the potential to be further developed at regional level. The agri-food sector plays an important role in most Greek regions. Developing innovative methods such as precision agriculture can increase agricultural productivity and sustainability in regions where the sector is particularly prevalent (such as in Kentriki Makedonia, Thessalia). Given Greece's leading role in the global shipping industry, it is also strategically placed to play a central role in decarbonising the industry: from the update of green fuel globally to cleaning up domestic ferries (see Annex 7). In addition, the recent opening of shipyards in Skaramagas (Attiki) and Syros (Notio Aigaio) indicate a revival of the shipbuilding industry in the country. Life sciences-related innovation (med-tech, pharmaceuticals, biotechnology) in research institutions, not only in Attiki but also in Ipeiros, Peloponnisos and Kriti, have the potential to increase growth opportunities and diversify these regions' economies.

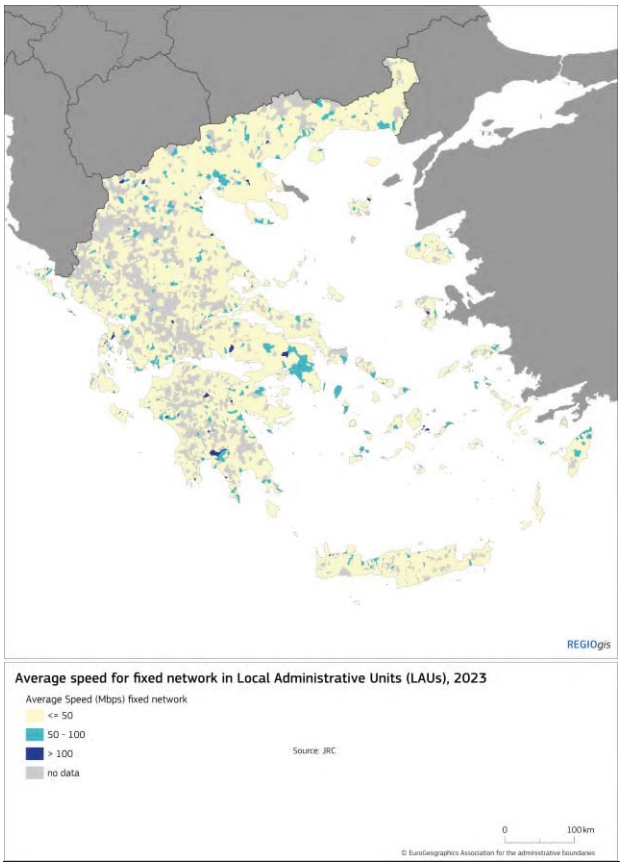
In its ambition to achieve a speedy digital transformation, Greece faces challenges but also opportunities to achieve increased regional connectivity. In the 2024 edition of the Digital Economy and Society Index (DESI), Greece ranked among the last of the EU Member States, in a series of key digital indicators. for most indicators, including the percentage of small to medium-sized enterprises (SMEs) with at least a basic level of digital intensity. Despite improvements in almost all the index dimensions in recent years, scores remain below the EU average. Average fixed broadband speeds are among the lowest in the EU and there is a clear urban-rural divide (Map A17.1).

ICT uptake is relatively high in the capital region where almost 70% of the population used the internet to interact with public authorities in 2021 but is much lower elsewhere. Improving the country's digital infrastructure and environment can provide opportunities, especially to young people across regions and remote areas, to increase the productivity of local businesses, innovation and access to digital services provided by the government (see Annex 6).

([209]) Regional Innovation Scoreboard – Country profile RIS 2023 Greece.

Improving Greece's quality of governance performance would help increase the competitiveness of the Greek economy, both at national and regional level. Building on the successful rollout of e-government services and other institutional reforms in recent years, additional measures could help improve Greece's still comparatively weak governance (see Annex 6), especially at regional level.

Map A17.1: **Average speed for fixed internet, 2023**



Source: Eurostat and JRC

Social fairness

Improving access to healthcare, long-term care and affordable housing is crucial for reducing regional disparities. The rate of people at risk of poverty or social exclusion, which stands at 26.9% nationally, remains among the highest in the EU (see Annex 11). In areas like Ionia Nisia, Dytiki Makedonia and Dytiki Ellada, it substantially exceeds the national average.

Excessive housing costs are a significant issue affecting the whole country, especially urban areas. Nearly a third of the population has to allocate at least 29% of their disposable income to accommodation expenses, among the highest levels in the EU. In terms of home ownership, Greece experienced a drop of 7.6 percentage points from 2010 to 2023.

Since 2021, there has also been a substantial increase in unmet healthcare needs across the country, and by 2024 all Greek regions had the highest shares of reported unmet medical needs in the EU regional ranking. Notably, Dytiki Elláda and Ionia Nisia saw their rates soar by 250%. These unmet needs are mainly due to high costs, long waiting lists and long travelling distances especially in rural and remote areas (see Annex 14). The development and take-up of solutions like telemedicine could improve accessibility of healthcare services in remote areas and islands but would require Greece to continue improving its digital infrastructure and to address the digital skills gap.

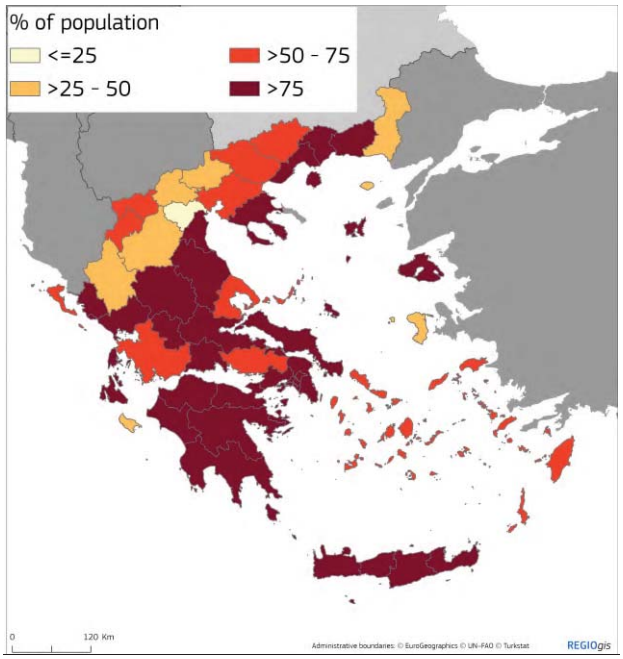
Harnessing talent and increasing the share of women and young people in regional labour markets, especially outside Attiki, could improve competitiveness. Although employment rates have increased in recent years in the country overall, regions such as Dytiki Makedonia and Ipeiros face issues concerning in particular high long-term unemployment and female unemployment. The regions of Ipeiros and Ionia Nisia also have particularly high shares of young people who are not in employment, education or training. These disparities can be partly due to lack of access to basic services and employment opportunities, but also to the lack of a strategic vision of the needs and characteristics of each region. In addition, the 2022 Programme for International Student Assessment (PISA) study assessing the basic skills (maths, science and literacy) of 15-year-olds revealed regional disparities in the country's performance. The urban-rural performance gaps are quite significant, with pupils in larger cities performing significantly better. Integrating the education system as well as vocational training with sectors in which regions have a particular competitive advantage – especially in high-productivity sectors – can help improve competitiveness and lower unemployment.

Sustainability

Greek regions face significant challenges but also opportunities in relation to environmental sustainability, given their high exposure to climate change-related risks and diverse geographical terrain. Investments in adaptation to climate change and mitigation of related risks would help sustain regional economies, especially mountainous, coastal and island communities (see also Annex 9). The exposure to harmful climate effects is particularly high in southern, coastal areas, which experience significant heat during the summer, are vulnerable to flash flooding during the rest of the year and face acute water scarcity (Map A17.2).

Natural resources such as water are under intense pressure in regions that benefit from high levels of tourism. Improved water and waste management (see Annex 9), including selective desalination investments in arid islands, combined with the use of renewable energy sources, could become drivers for innovative and sustainable management of resources.

Map A17.2: **Human exposure to harmful climate impacts**



Source: Eurostat and JRC

Greenhouse gas emissions in Greece are below the EU average, but the regions where lignite mining is still active (Dytiki Makedonia and Peloponnisos) have higher emissions per capita than the rest of the country. Both regions are included in Greece's Just Transition Plan and are on track to phasing out their production by 2028. In addition, ongoing zero-emission initiatives such as 'GR-Eco islands' aim to fully decarbonise and digitalise Greek islands by 2030. That said, air quality concerns remain prominent, especially in urban areas such as the capital region, Attiki, where in particulate matter and nitrogen dioxide levels often exceed EU thresholds, negatively affecting public health, and highlighting the fact that targeted pollution controls measures would help. Improving access to alternative fuel infrastructure in urban centres across the country, such as electric vehicle charging stations, can contribute towards more sustainable transport and help reduce emissions.