

Coronavirus response in 2021: building back better

Update on Greece (16/06/2021)



Covid-19 policy response

- **The government's strong policy response in 2020**, amounting to more than 10 per cent of GDP, focused on, among others, income support for vulnerable individuals, liquidity support for businesses and budgetary support for the health sector.
- **Covid-19-related fiscal measures in 2021** are projected at €15.4 billion (8.9 per cent of GDP), including suspension of the solidarity tax, concessional state loans, lower social security contributions and subsidies for long-term unemployment.
- **Substantial EU funds are available to boost recovery.** Greece is expected to receive more than €70 billion in EU funding over the next seven years, with more than €30 billion of that coming from the EU's €750 billion Recovery Plan.

Macroeconomic indicators (%)

	2018	2019	2020
GDP growth	1.6	1.9	-8.2
Annual inflation (end-year)	0.6	1.1	-2.4
Government balance/GDP	0.9	1.1	-9.7
Current account balance/GDP	-2.9	-1.5	-6.9
Net FDI/GDP	-1.6	-1.7	-1.8
Public debt/GDP (end-year)	186.2	180.5	205.6
Unemployment rate (end-year)	19.3	17.3	16.3

Short-term indicators

EBRD GDP growth forecast (June 2021)
2021: 4.0%; 2022: 5.5%

Quarterly GDP growth: 4.4% q/q (Q1 2021)

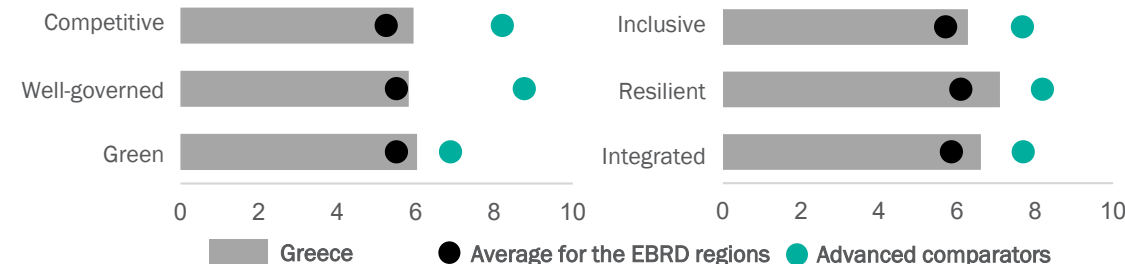
Economic sentiment: 108.6 (14-month high, May 2021)

Purchasing Managers Index: 54.4 (April 2021)

Retail sales: -0.9% y/y (March 2021)

HICP annual inflation: -1.1% (April 2021)

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Competitive

- Simplification of investment licensing procedures is under way, with completion of the process planned for September 2021.

Well-governed

- Public administration reforms are advancing, including the modernisation of human resource management in the public sector.

Green

- All lignite plants will be closed by the end of 2025, with the vast majority shut down by the end of 2023 as Greece moves decisively towards renewable sources of energy.

Inclusive

- Active labour market policies are being revamped, accompanied by significant investments to combat unemployment and promote social cohesion.

Resilient

- The new Insolvency Code has been delayed, but full implementation is expected during 2021, which will help strengthen resilience of the financial sector.

Integrated

- Major investments in infrastructure are under way, including the restructuring of public-private partnerships in the railway sector.

Digital

- A single digital portal is now available for more than 1,100 public services, following the adoption of a new Digital Code.

Key short-term priorities

- Continue strong, targeted fiscal support for companies and households in distress because of the pandemic.
- Accelerate energy sector reforms to capitalise on Greece's comparative advantage in renewables.
- Enhance public sector governance to improve Greece's attractiveness for domestic and foreign investors.