

Coronavirus response in 2021: building back better

Update on Greece (17 December 2021)



Covid-19 policy response

- **Covid-19-related fiscal measures continued in 2021.** The total amount is projected at €15.4 billion (8.9 per cent of GDP). The measures included 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 the recovery.** Greece is expected to receive more than €70 billion in European Union (EU) funding over the next seven years, with more than €30 billion of that coming from the EU's €750 billion Recovery Plan. A mixture of grants and loans will finance the new plan, "Greece 2.0". It will target, in particular, EU-wide green and digital targets, as well as Greece-specific criteria to improve export and supply-chain performance, boost innovation and increase the size of Greek companies.

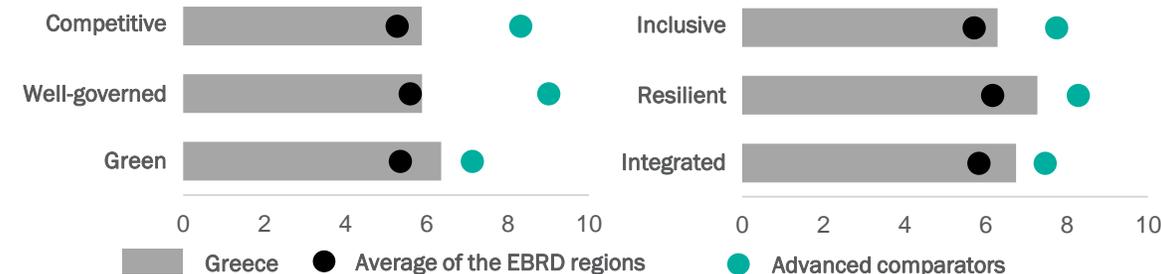
Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	1.9	1.9	-8.2	EBRD GDP growth forecast (Nov. 2021) 2021: 7.0%; 2022: 3.9%
Annual inflation (year end)	0.8	0.5	-0.5	GDP growth: 2.7% q/q (Q3 2021)
Government balance/GDP	0.9	0.4	-9.0	Economic sentiment: 113.4 (Nov 2021)
Current account balance/GDP	-3.5	-2.1	-7.7	Purchasing Managers Index: 58.8 (November 2021)
Net FDI/GDP	-1.6	-1.7	-1.8	Retail sales: 10.1% y/y (November 2021)
Public debt/GDP (year end)	186.2	180.5	205.6	HICP inflation: -2.1% y/y (November 2021)
Unemployment rate (year end)	19.3	17.3	15.8	Unemployment rate: 13.3% (October 2021)

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 to domestic and foreign investors.

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: key ongoing initiatives

- Competitive**
 - Simplification of investment licensing procedures is underway, with completion of the process planned for early 2022.
- 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 is expected to be implemented in early 2022, which will help strengthen resilience of the financial sector.
- Integrated**
 - Major investments in infrastructure are underway, including the restructuring of public-private partnerships in the railway sector.
- Digital**
 - A new national digital strategy is being prepared, setting out a lengthy pipeline of projects designed to help Greece become an advanced digital economy.

To learn more about the EBRD's support for Greece, visit: <https://www.ebrd.com/greece.html>.

¹ For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.