

Greece 2021 – Factsheet on Social Inclusion

Key points

- Greece's **social protection system** was characterized by high fragmentation and gaps prior to the 2010 crisis.
- As such, it proved largely ineffective in absorbing the shock of the 2010 crisis. This was mainly evidenced by the sharp increase in **poverty and social exclusion** statistics after 2010.
- In the previous decade, significant efforts have been made towards the direction of increasing the social protection system's **effectiveness and targeting**.
- Despite these important efforts, the system still faces **multiple challenges**. Greece's overall performance with respect to basic poverty and social exclusion indicators remains far below the EU average.
- The ongoing **Covid-19 pandemic** has further highlighted these weaknesses as well as the need to improve living conditions for the most vulnerable segments of the country's population.
- In response to these challenges, **the EU Recovery and Resilience Facility** will make EUR 5.3 bn available to Greece, more than one-third of Greece's total grant allocation under the Facility, to help the country meet labour and social objectives, including in the area of education and social health, with a particular focus on vulnerable groups, including persons with disabilities, Roma, homeless and low-income people.

1. FACTS & FIGURES

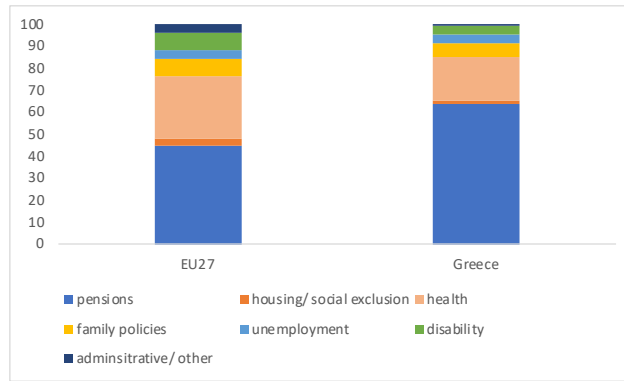
Social protection system: spending and gaps

Prior to the 2010 crisis, Greece's social protection system was highly fragmented and inadequate. The consequences of its many weaknesses are believed to have been to a certain extent mitigated by strong family ties in Greece, similar to what is evidenced in other Southern EU countries such as Spain, Italy and Portugal (according to the much-debated Southern European Welfare regime first introduced by Ferrera in 1996).

According to Eurostat's figures, Greece's social protection expenditure is dominated by pension spending. The latter absorbed over 60% of total social protection spending in 2018 as opposed to 45% for the EU average (Figure 1). In all the remaining components (including healthcare, family policies, housing, social exclusion, disability, unemployment as well as administrative and other costs), Greece underspends compared to the European average. Social protection spending excluding pensions and health has remained well below the EU average since 2009 (Figure 2).

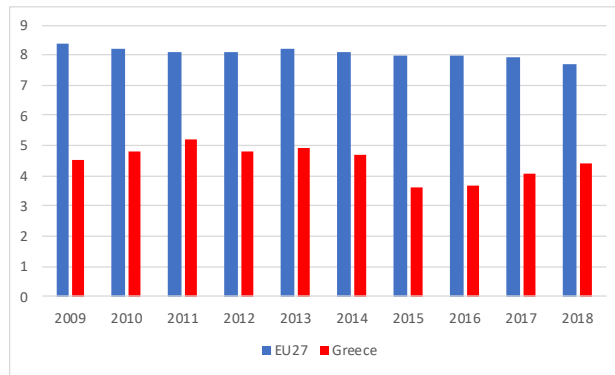
Factsheet on Social inclusion in Greece, prepared by the Foundation for Economic and Industrial Research – IOBE, in the context of the Online Conference on Greece and the EU Recovery and Resilience Facility, organized jointly with the European Commission in September 2021.

Figure 1. Social protection expenditure by component (% of total social protection expenditure), 2018



Source: Eurostat

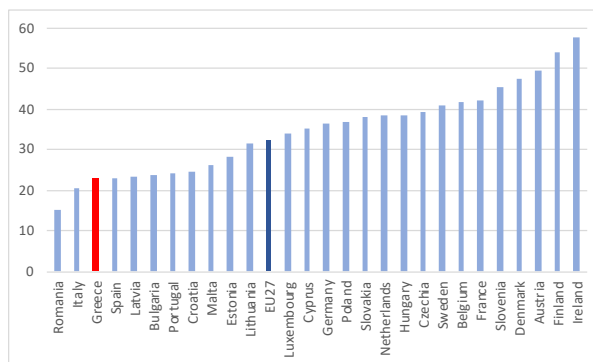
Figure 2. Social protection expenditure excluding pensions and healthcare (% of GDP), 2018



Source: Eurostat

The impact of social transfers (excluding pensions) on poverty reduction in Greece is comparatively small (Figure 3). This Eurostat indicator is calculated comparing the at-risk-of-poverty rates before social transfers to those after transfers.

Figure 3. Impact of social transfers (excluding pensions) on poverty reduction (%), 2019

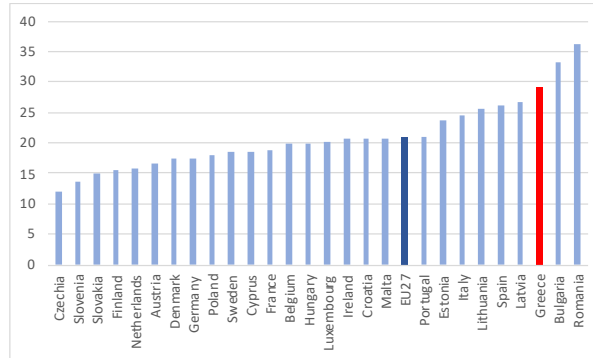


Source: Eurostat, EU-SILC

Indicators on poverty and economic strain

Greece had the third largest percentage of its population at risk of poverty or social inclusion in 2019, after Romania and Bulgaria (Figure 4). The share of its population at risk of poverty or social inclusion stood at 29% compared to 21% for the EU average. Similarly, the share of the Greek population with severe material and social deprivation stood at almost 16% in the same year, compared to approximately 7% for the EU average (Eurostat).

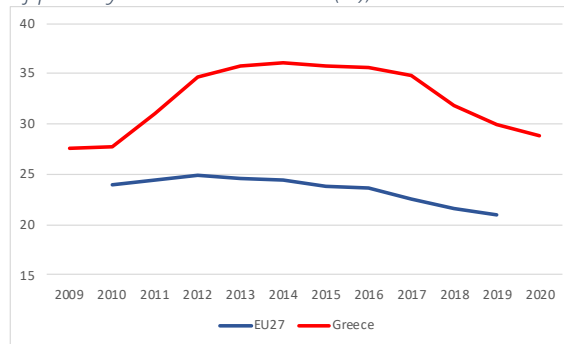
Figure 4. *People at risk of poverty or social exclusion (%), 2019*



Source: Eurostat, EU-SILC

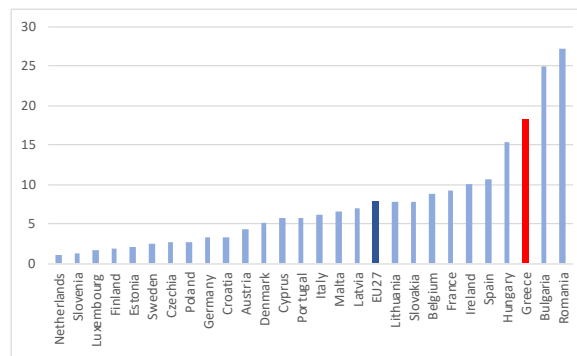
The share of the country's population facing poverty or social exclusion increased sharply during the first years of the economic crisis (2010-2012), it remained broadly stable during the next years, and fell to almost pre-crisis levels more recently (Figure 5). Approximately one in five individuals faced severe material and social deprivation around 2015-2016 (Eurostat). Despite recent improvements, Greece's performance in terms of child poverty and deprivation still lags significantly behind EU peers; approximately 32% of children under 18 years of age were at-risk-of-poverty in 2020, down from 38% in 2015 but compared to a 23% share for the EU average (Eurostat). Greece's comparative performance in terms of child severe material and social deprivation is presented in Figure 6.

Figure 5. *People at risk of poverty or social exclusion (%), 2009-2020*



Source: Eurostat, EU-SILC

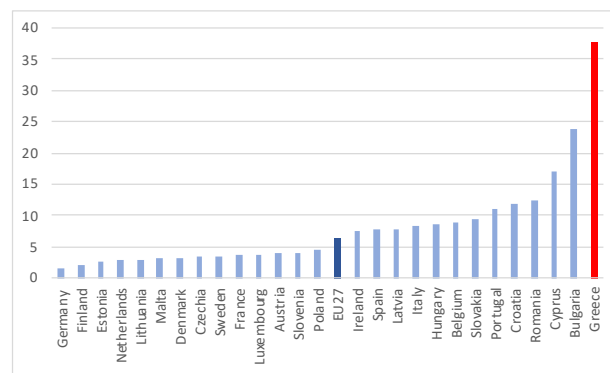
Figure 6. Children (less than 18 years old) with severe material and social deprivation (%), 2019



Source: Eurostat, EU-SILC

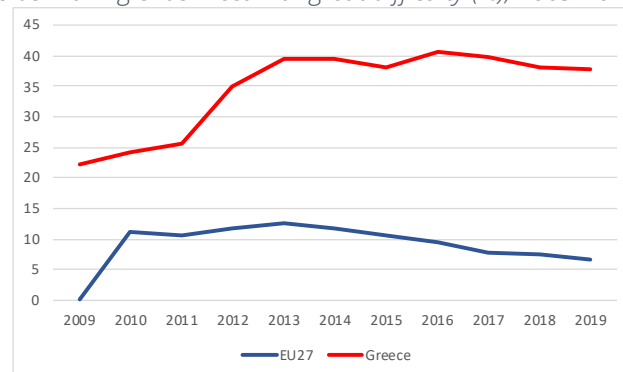
Greek households struggle to meet their everyday obligations and to achieve a relatively good standard of living. The country has the largest share of the population in Europe reporting that they make ends meet with great difficulty (Figure 7), a phenomenon persisting after the end of the crisis (Figure 8).

Figure 7. Households making ends meet with great difficulty (%), 2019



Source: Eurostat, EU-SILC

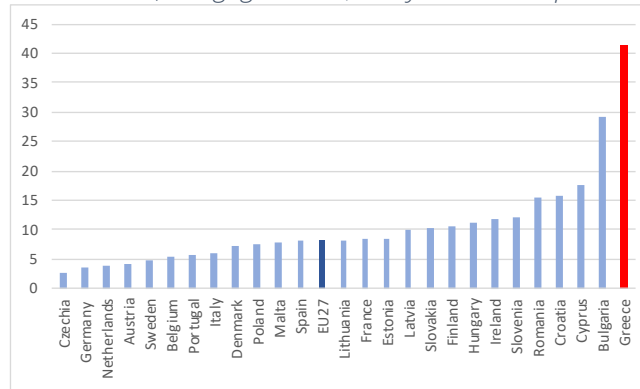
Figure 8. Households making ends meet with great difficulty (%), 2009-2019



Source: Eurostat, EU-SILC

Greek households report much greater difficulty in terms of keeping their homes adequately warm, of facing unexpected expenses and other similar indicators compared to the EU average (Eurostat). The country also has the highest share of households with arrears for mortgage or rent, utility bills or hire purchases in Europe (Figure 9). These indicators reveal that both relative and absolute household and individual experiences matter in the Greek context in terms of improving living standards and addressing poverty and deprivation.

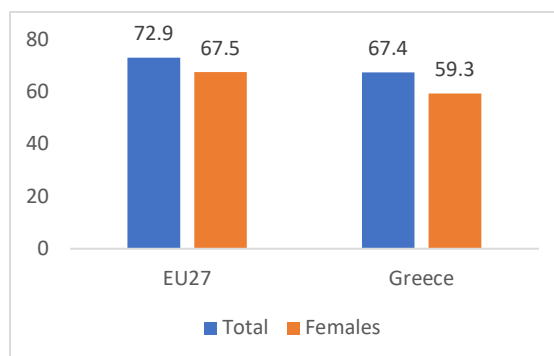
Figure 9. Households with arrears (mortgage or rent, utility bills or hire purchase), 2019.



Source: Eurostat, EU-SILC

Statistics on poverty, deprivation and economic strain cannot be assessed in isolation from main labour market trends, especially unemployment. With its unemployment rate at 16.3% in 2020, Greece currently occupies the highest position amongst EU member-states compared to a rate of 7.1% for the European average. It recorded a much more negative performance amidst the crisis (reaching 27.5% in 2013). Furthermore, Greece continues to record the highest long-term unemployment rate in the EU in 2020. The country's long-term unemployment rate stood at 10.9% compared to 2.4% for the European average (Spain has the second highest rate at 5%). Female labour market participation is also the lowest in the EU (at 59.3% for women aged 15-64 compared to 67.5% for the EU average).

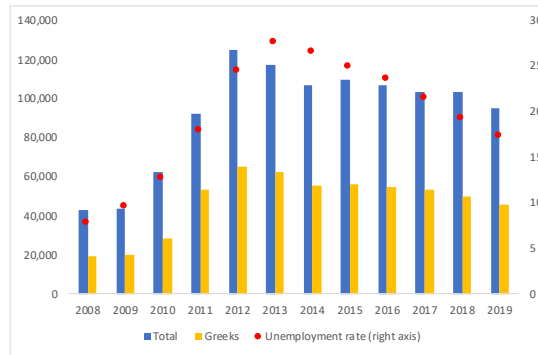
Figure 10. Activity rates (total and for females), ages 15-64, 2020.



Source: Eurostat, LFS

The intense post-2008 emigration wave (concerning mostly highly-educated individuals in the most productive age groups) has been associated with the very high unemployment rates, the level of wages/benefits as well as with low job quality and satisfaction in Greece (e.g., SEV-2020; Figure 11).

Figure 11. *Unemployment rate and migration outflows, 2008-2019.*



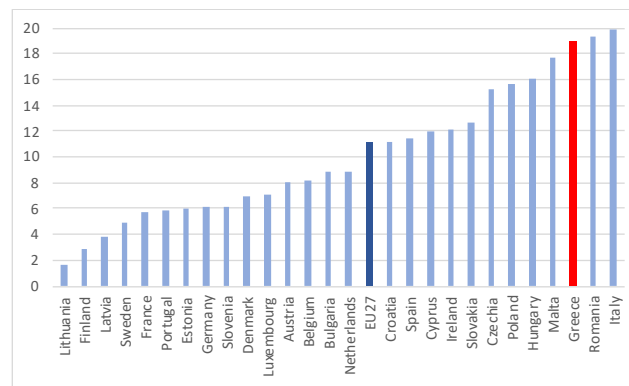
Source: Eurostat, EL.STAT

Equal opportunities and social inclusion: other indicators

Several alternative indicators may be used for a country's performance assessment in terms of social inclusion, beyond those reflecting poverty, deprivation or financial strain. Indicators reflecting equality of opportunity in more specific sectors are also relevant, useful and revealing. For example, the European Commission's Social Scoreboard is a composite indicator supporting the monitoring and implementation of the European Pillar of Social Rights and which includes information on income inequality, employment/unemployment, digital skills, gender equality amongst others so as to assess the social situation in EU member states and detect relevant social problems. In 2018, Greece (along with Romania) was found to face challenges with respect to 10 out of 12 indicators (Social Scoreboard 2018).

Indicatively, some of the specific challenges relate to gender equality, disability or access to healthcare. With only 52.2 points, Greece ranks last in the EU on the Gender Equality Index (GEI). The GEI is a composite indicator produced by the European Institute of Gender Equality (EIGE) which combines information from various domains including work, money, knowledge, power, health, violence against women and intersecting inequalities. The gender employment gap in Greece (difference in the employment rate between men and women) stood at 19% in 2020 compared to 11% in Europe (Figure 12).

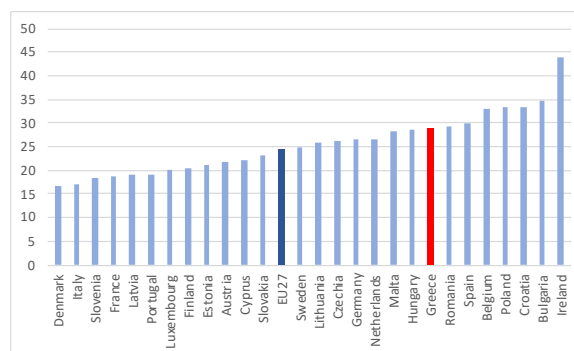
Figure 12. Gender employment gap (%), 2020



Source: Eurostat, LFS

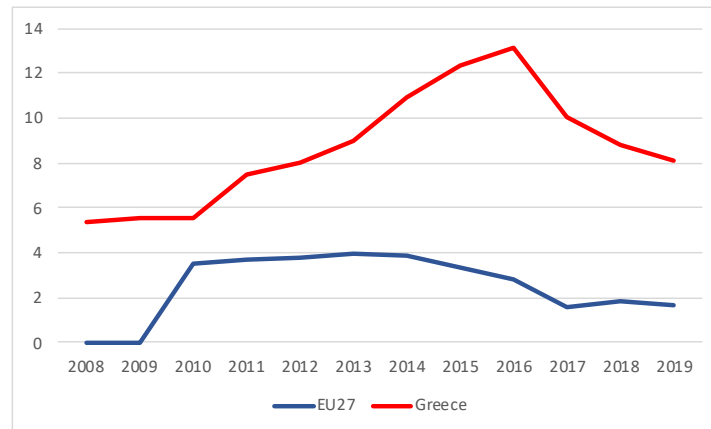
The disability employment gap (measured similarly to the gender employment gap) in Greece was also higher by 5 percentage points in 2019 compared to the European average (Figure 13). Combined with the low spending on disability-related policies, these figures may potentially reflect fewer opportunities and a lower level of inclusion for individuals with disabilities, as well as a potential loss in terms of human capital and overall productivity of the economy. Last but not least, indicators such as the one on unmet healthcare needs reveal that deficiencies in terms of social inclusion and equality are evident in the wider social protection sphere. Unmet needs for medical care (due to cost, distance or waiting list) increased considerably during the previous decade and, despite recent improvements, continue to persist (Figure 14).

Figure 13. Disability employment gap (%), 2019



Source: Eurostat, EU-SILC

Figure 14. Self-reported unmet need for medical care (due to cost, distance or waiting list, %), 2008-2019.



Source: Eurostat, EU-SILC

New challenges in terms of social exclusion, unemployment and financial insecurity have globally emerged from the ongoing COVID-19 pandemic, with the effects expected to have a particularly large effect on disadvantaged socioeconomic groups, especially children from more vulnerable backgrounds (OECD, 2020; 2021).

Through Greece's endorsed Recovery and Resilience Plan (RRP), the Recovery and Resilience Facility will make EUR 5.3 bn available to Greece for reforms and in the areas of employment, skills and social inclusion which could provide further opportunities in terms of covering some of the aforementioned structural issues and gaps.

In particular, a comprehensive set of measures supported by the Recovery and Resilience Facility aims to help address labour market deficiencies, deliver a structural increase in employment, upgrade the education and training system, improve social cohesion and increase the resilience and efficiency of the healthcare sector.

Social cohesion will be enhanced by improving access to healthcare and social services, and fostering active inclusion, also addressing the challenges identified by the EU Social Scoreboard, such as expanding access to early childhood education and care for children less than 3 years old. The Recovery and Resilience Facility will further promote deinstitutionalization of care for vulnerable children and adolescents, and integration of refugees, persons with disabilities and other vulnerable groups, including the Roma, in the labour market. Access to social policies is planned to be improved through the digital transformation of the social welfare system and increased support for persons with disabilities. According to the estimations included in Greece's endorsed Plan, the implementation of all the above measures could lead to 180 000 – 200 000 new permanent jobs, i.e. an increase of around 5% compared to pre-COVID employment levels.

2. Open Discussion Questions

- Which are the most important areas where Greece faces challenges in terms of social inclusion?
- It appears that social transfers' impact on poverty reduction is low in Greece compared to EU peers. Which could be some key reforms that could increase the effectiveness of the social protection system in Greece?
- Which are other key economic sectors (besides the welfare system) where policies can be adopted in order to help promote social inclusion and address material deprivation in Greece?
- What are the opportunities arising from the ongoing pandemic and economic recovery plans across Europe in order to increase the level of social protection in countries facing social welfare and inclusion challenges?

3. Sources

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