

Greece 2021 - Factsheet on the Recovery & Resilience Plan

Key points

- The **National Recovery and Resilience Plan (NRRP) "Greece 2.0"**, aspires to change the Greek growth model and institutions - through both reforms and investments - towards an extroverted, competitive, green and digital growth model. The plan aims to enhance growth, productivity, job creation as well as economic and social resilience. This is a fundamental economic and social transformation, as it combines economic efficiency with social cohesion and justice.
- The NRRP "Greece 2.0" was submitted to the European Commission on 27 April 2021, to be financed – via grants and loans - by the **EU Recovery and Resilience Facility (RRF)**. The RRF is the financing arm of the Next Generation EU that is the EU's response to support member states adversely impacted by the pandemic. The Next Generation EU will complement the EU's multiannual financial framework 2021-27 (EU budget) of circa €1.2 trillion through a further allocation of €0.8 trillion.
- On 17 June 2021, the European Commission adopted a positive assessment of Greece's Recovery and Resilience Plan. The Council thereafter on 13 July 2021 adopted an implementing decision that approved Greece's NRRP. Greece's NRRP constitutes of **€17.8 billion in grants and €12.7 billion in loans** covering 174 measures to be implemented by August 2026.
- The **Financing Agreement** with the European Commission's concerning the €17.8 billion requested by Greece under the NRRP "Greece 2.0" was signed in Athens and Brussels on 23 July 2021. Immediately after, the **Loan Agreement**, was also signed and it concerns very low-interest loans of €12.7 billion. Both agreements were adopted by the Hellenic Parliament end of July.

Figure 1. Main pillars of the National Recovery & Resilience Plan "Greece 2.0"



1. FACTS & FIGURES

“Greece 2.0” & investments

- Regarding the implementation process, the NRRP “Greece 2.0” is being monitored and coordinated by a new agency, the *Recovery and Resilience Facility Agency* under the Ministry of Finance.
- Full implementation of the NRRP over 2021-2026 is expected to generate investment resources of circa €59.8 billion (Table 1, Figure 2).

Table 1. The NRRP budget and estimated mobilized investment resources during 2021-26

Pillars	RRF Budget (€bn)	Mob.Inv. Res.(€bn)
Pillar 1	6.194	11.604
Pillar 2	2.177	2.338
Pillar 3	5.185	5.268
Pillar 4	4.879	8.779
Sum of Grants	18.436	27.988
Loans	12.728	31.819
Total Investment Resources	31.163	59.807

Source: Ministry of Finance, Greece 2.0, p.26

Figure 2. The NRRP budget and estimated mobilized investment resources broken down by financing instrument and pillar of use



Source: Ministry of Finance, “Greece 2.0”, p.26

- For the implementation of the NRRP, the Greek Government officially requests **pre-financing** in the form of 13% of the non-repayable financial support and of the

loan support (Table 2).

Table 2. The NRRP pre-financing envelope for Grants and Loans

	Grants (€ mil.)	Loans (€ mil.)
Sum	17,773.90	12,727.54
Pre-financing request (13%)	2,310.61	1,654.58

Source: Hellenic Republic, Ministry of Finance, (July 2021), “Greece 2.0”, p.443.

- With regards to the **disbursements**, following the pre-financing request, the approach to be followed allows for equal disbursements to be released (Table 3). Timely implementation of the NRRP would mean that up to €12.8 billion are disbursed by end-2022, of which €7.5 billion in grants.

Table 3. The distribution of expected disbursements by the RRF during 2021-26

	Grants (€ mil.)	Loans (€ mil.)
Prepayment 13%	2,310.61	1,654.58
Q3'21	1,718.14	1,845.49
Q2'22	1,718.14	
Q4'22	1,718.14	1,845.49
Q2'23	1,718.14	
Q4'23	1,718.14	1,845.49
Q2'24	1,718.14	
Q4'24	1,718.14	1,845.49
Q2'25	1,718.14	
Q4'25	1,718.14	1,845.49
Q3'26 (August)		1,845.49
Total	17,773.90	12,727.54

Source: Ministry of Finance, (22.7.2021), “Greece 2.0”, p.638.

- The NRRP foresees to use the investment funds across four main pillars: facilitate green transition (pillar 1), accelerate digital transformation (pillar 2), enhance employment skills and social cohesion (pillar 3), boost private investments and transformation of the economy (pillar 4).

Pillar 1. Green Transition

Budget/ Total Resources Pillar 1:

From RRF budget: 6,194 mil.€

Mobilised Investment Resources (MIR): 11,604. mil.€, broken down by component as follows (Figure 3):

- **Component 1.1:** Power Up: Transition to a new environmentally friendly energy model.
 - RRF Budget: 1,200 (mil.€)
 - MIR (Mob.Inv. Res.): 2,348 (mil.€)
- **Component 1.2:** Renovate: Energy upgrade of the country's building stock and spatial reform.
 - RRF Budget: 2,711 (mil.€)
 - MIR (Mob.Inv. Res.): 5,225 (mil.€)
- **Component 1.3:** Transition to a green and sustainable transport system - Recharge and refuel
 - RRF Budget: 520 (mil.€)
 - MIR (Mob.Inv. Res.): 1,305 (mil. €)
- **Component 1.4:** Sustainable use of resources, climate resilience and environmental protection
 - RRF Budget: 1,763 (mil.€)
 - MIR (Mob.Inv. Res.): 2,726 (mil.€)

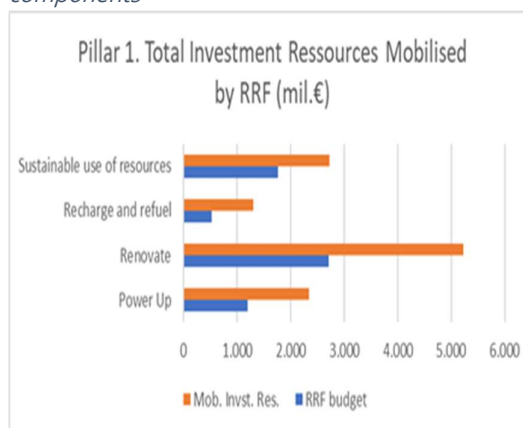
Indicative Investments:

- Upgrading energy efficiency of buildings for households, enterprises and the public sector
- Electrical interconnections of the islands and energy storage investments
- A New National Reforestation plan, initiatives for the protection of biodiversity and investment in infrastructure and equipment for the Civil Protection Centres
- Urban planning & strategic urban regeneration
- Urban wastewater treatment infrastructure in settlements of 2000 inhabitants in tourism areas

Indicative Reforms:

- Simplification of licensing procedures for Renewable Energy Sources
- Promotion of e-mobility through a modern institutional framework
- Implementation of the urban and spatial planning reform

Figure 3. The NRRP budget and estimated mobilized investment resources for Pillar 1 components



Source: Hellenic Republic, Ministry of Finance, "Greece 2.0", p.23-25

Pillar 2. Digital Transformation

Budget/ Total Resources Pillar 2:

From RRF budget: 2,177 mil.€

Mobilised Investment Resources (MIR): 2,338 mil.€, broken down by component as follows (Figure 4):

- **Component 2.1:** Connect: Connectivity for citizens, businesses, the state.
 - RRF Budget: 522 (mil.€)
 - MIR (Mob.Inv. Res.): 522 (mil.€)
- **Component 2.2:** Modernise: Digital transformation of the state
 - RRF Budget: 1,281 (mil.€)
 - MIR (Mob.Inv. Res.): 1,281 (mil.€)
- **Component 2.3:** Digitalisation of businesses
 - RRF Budget: 375 (mil.€)
 - MIR (Mob.Inv. Res.): 475 (mil.€)

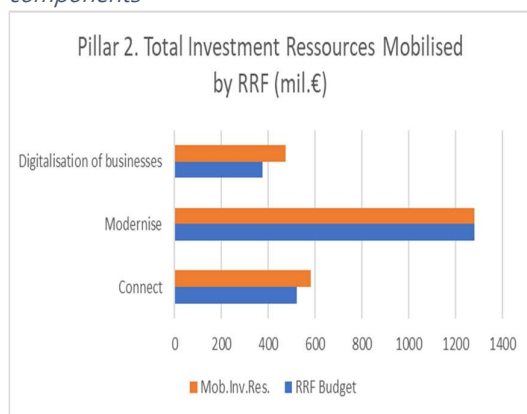
Indicative Investments

- 5G infrastructure, optic fibre infrastructure in buildings, digital interconnection of the Greek islands
- Digital transformation of key archives in the Public Sector (Health, Education, Justice, digital pension system - EFKA, urban planning agencies, etc.), with emphasis on interoperability
- Digitisation of tax authorities and online connection with enterprises

Indicative Reforms:

- Creation of “customer-centric” digital services within the public administration
- Transition to 5G technology facilitating the development of innovative remote services
- Promote the transition to fast broadband connections
- Digital transformation of SMEs

Figure 4. The NRRP budget and estimated mobilized investment resources for Pillar 2 components



Source: Hellenic Republic, Ministry of Finance, “Greece 2.0”, after Tables p.24-26.

Pillar 3. Employment, skills, and social cohesion

Budget/ Total Resources Pillar 3:

From RRF budget: 5,185 mil.€

Mobilised Investment Resources (MIR): 5,268 mil.€, broken down by component as follows (Figure 5):

- **Component 3.1:** Promote job creation and participation in the labour market
 - RRF Budget: 776 (mil.€)
 - MIR (Mob.Inv. Res.): 776 (mil.€)
- **Component 3.2:** Enhance education, vocational education and training, skills
 - RRF Budget: 2,311 (mil.€)
 - MIR (Mob.Inv. Res.): 2,395 (mil.€)
- **Component 3.3:** Improve resilience, accessibility and sustainability of healthcare
 - RRF Budget: 1,486 (mil.€)
 - MIR (Mob.Inv. Res.): 1,486 (mil.€)
- **Component 3.4:** Increase access to effective and inclusive social policies
 - RRF Budget: 611 (mil.€)
 - MIR (Mob.Inv. Res.): 611 (mil.€)

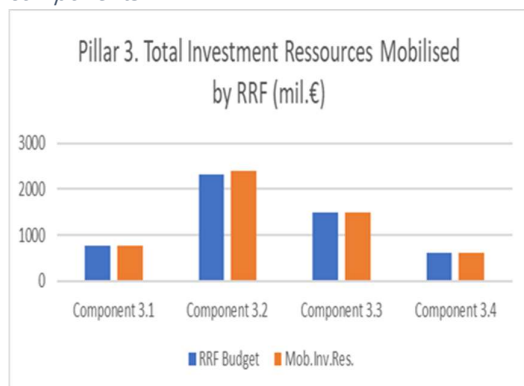
Indicative Investments

- Large investments in training and retraining of the workforce (emphasis on digital skills)
- Large investments in health, education and social integration of vulnerable groups

Indicative Reforms:

- Radical review and modernization of the skills upgrade system of the active population
- Modernisation and simplification of the labour law
- Reform of active and passive labour market policies
- Digitization of the educational material
- Upgrade of primary health care system and telemedicine
- Promotion of mechanism for evaluating equality and discrimination in the workplace
- Reinforcement of childcare centres in businesses
- Incentives to increase declared work in the field of culture and fight against copyright theft of artists

Figure 5. The NRRP budget and estimated mobilized investment resources for Pillar 3 components



Source: Hellenic Republic, Ministry of Finance, "Greece 2.0", p.24-26

Pillar 4. Private Investment and transformation of economy

Budget/ Total Resources Pillar 3:

From RRF budget: 4,839 mil.€ -Technical Assistance included)

Mobilised Investment Resources (MIR): 8,779 mil.€ -Technical Assistance included), broken down by component as follows (Figure 6):

- **Component 4.1:** Making taxes more growth friendly and improving tax administration and tax collection.
 - RRF Budget: 187 (mil.€)
 - MIR (Mob.Inv. Res.): 215 (mil.€)
- **Component 4.2:** Modernise the public administration, including through speeding up the implementation of public investments, improving the public procurement framework, capacity building measures and fighting corruption.
 - RRF Budget: 189 (mil.€)
 - MIR (Mob.Inv. Res.): 189 (mil.€)
- **Component 4.3:** Improve the efficiency of the justice system
 - RRF Budget: 251 (mil.€)
 - MIR (Mob.Inv. Res.) 464 (mil.€)
- **Component 4.4:** Strengthen the financial sector and capital markets
 - RRF Budget: 21 (mil.€)

- MIR (Mob.Inv. Res.): 21 (mil.€)
- **Component 4.5:** Promote research and innovation.
 - RRF Budget: 444 (mil.€)
 - MIR (Mob.Inv. Res.): 612 (mil.€)
- **Component 4.6:** Modernise and improve resilience of key economic sectors
 - RRF Budget: 3,743 (mil.€)
 - MIR (MobInvRes.):7,233(mil.€)
- **Component 4.7:** Improve competitiveness and promote private investments and exports
 - RRF Budget: 5 (mil.€)
 - MIR (Mob.Inv. Res.): 5 (mil.€)

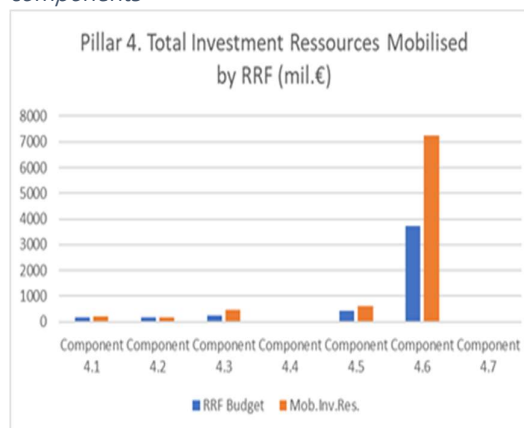
Indicative Investments

- Strong incentives for private investment (green, digital transformation, innovation, extroversion)
- Public-Private Partnerships in new, large infrastructure projects
- Investments in the fields of culture, tourism and agro-food as drivers of growth

Indicative Reforms:

- Reforms to simplify the business environment and support investment
- Upgrade of research centers

Figure 6. The NRRP budget and estimated mobilized investment resources for Pillar 4 components



Soure: Hellenic Republic, Ministry of Finance, "Greece 2.0", p. 24-26.

Loan Facility (RRF Budget: 12,728 mil.€)

The investment concerns the use of loan support under the Recovery and Resilience Facility to facilitate the provision of financial incentives to the private sector and promote private investments. There is a commitment on directing significant share of funds towards the green (37%) and digital transition (20%). Investment costs will be covered by:

- the State for a maximum of 50%
- the financial institutions for a minimum of 30%
- and debtors' own participation for at least 20%.

The Loan Facility will finance projects that:

- have a positive net present value, ensuring that the decision to finance is based on sound economic criteria;
- are aligned with the five strategic pillars set for the Loan Facility, namely green transition, digitalisation, extroversion, economies of scale through mergers and acquisitions, and innovation (R&D);
- comply with State aid rules.

2. Open Discussion Questions

- What are the major challenges that member states, including Greece and Portugal, face in RRP implementation?
- How is RRP implementation going to be organised and coordinated?
- How can the processes for public investments be speeded up for timely delivery?
- How have the major RRP reforms been prioritised for implementation?
- How will key stakeholders, including local authorities, business community, trade unions and environmental groups be consulted and involved in implementation?

- What is the TAIPED project preparation facility? How can the facility overcome the traditional challenges of slow implementation public investments in Greece?
- The RRP provides a unique opportunity for regional and local communities. Are these communities sufficiently equipped to implement the investment programmes? Do you believe there are specific 'quick wins' reforms that could address some of these challenges?
- How will the European Commission monitor the RRP implementation progress? What will be the conditionality for disbursements? Are there risks to the overall financing envelope if implementation of member states delay reforms and investments are delayed? Can the RRP be revised and if so, what are the relevant procedures?
- How may the RRP impact the financial sector, especially in relation to credit growth prospects?

3. Sources

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