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## Online Conference on Greece and the Recovery & Resilience Facility

Session 7: Implementing the RRP – Ensuring growth with social inclusion

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# NextGenEU

- XXX



# Modernize social protection

- **Make health care more affordable, especially for vulnerable groups**  
*Unmet need «for economic reasons» among poorest 20% of population:*  
7.7% in 2010  
20.1% in 2018
- **Expand income support to the unemployed**  
*Proportion of jobless workers in receipt of UB:*  
35% in 2010  
9% in 2014  
18% in 2019
- **Activate minimum income recipients**



# Rebalance Greek welfare

## Pension bias remains very considerable

- Public debate obsessed with pensions
- Pension spending on the increase ...  
*11.2% of GDP in 2010*  
*13.2% of GDP in 2018*
- ... and set to rise faster than implied by demography alone  
*(to pay for the transition from PAYG to funded supplementary pensions)*
- Since 2018: **alarming signs of policy reversal to the bad old ways**  
*lower contributions*  
*lower retirement age for favoured constituencies*



# Upgrade skills

- **Skills of school leavers and workers of all ages abysmally low**
  - *Greece 31st out of 31 countries in European Skills Index; CEDEFOP data*
  - *19% of tertiary-educated adults aged 25-34 'lacked basic skills'; OECD data*
  - *Significant policy failures in vocational training and lifelong learning*
- **Skills key to any country's success in the digital economy**



# Support social investment

- Exploit the potential contribution of **refugees** and **migrants**
- Address future needs in **long-term care**
- Ensure universal access to affordable **child care**  
*(recent government initiatives encouraging)*



# Additional material



# Greek welfare today

The Greek system of social protection underwent radical change in the 2010s

- Social spending in real terms down by one-sixth  
(*euros per inhabitant, in constant 2010 prices:*  
5,265 in 2010  
4,385 in 2018)
- Welfare shrank more than the rest of the economy  
(*26.1% of GDP in 2010*  
*25.3% of GDP in 2018*)





# A leaner social protection system

## Pensions

- Benefits of existing retirees were cut pretty brutally  
*(by between 16% and 46% in real terms in 2010-2014)*
- Pension formula for new retirees has become less generous
- Old-age (relative) poverty has *fallen*  
*(from 21.1% in 2010 to 11.6% in 2018)*
- Projections of future spending drastically revised  
*(Pension spending in Greece in 2050:  
Commission estimate in 2009: 24% of GDP  
Commission estimate in 2018: 12.5% of GDP)*



# A leaner social protection system

## Health

- Public spending on health was reigned in dramatically  
*(by 46% in real terms in 2009-2014; OECD estimates)*
- Some of the savings achieved through elimination of waste  
*(e.g. on pharmaceuticals)*
- Local health provision disrupted
- Health care less affordable, especially for vulnerable groups  
*(unmet need «for economic reasons» among poorest 20% of population:  
7.7% in 2010  
20.1% in 2018)*



# A stronger social safety net

## Milestones:

- *Single child benefit replaced categorical family allowances and tax credits (2013)*
- *Guaranteed minimum income launched nationwide (2017)*
- *Housing benefit reinstated in expanded form (2019)*

Anti-poverty policy more robust and better designed than at any other point over the last 200 years

(Most improvements came too late to support families hit by the crisis.)



# Gaps in protection

Income support to jobless workers was cut back just as unemployment soared

Number of UB recipients declined in absolute terms

Proportion of unemployed workers in receipt of UB:

*(35% in 2010*

*9% in 2014*

*18% in 2019)*

