European Parliament

NEXT GENERATION EU: THE GREEK CASE

Prof. Nikolaos Farantouris, Member of the European Parliament, the Left Group, Member of the Budgets Committee (BUDG)

Completed by ENA Institute for Alternative Policies
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ENA Institute for Alternative Policies

December 2024

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The study "Next Generation EU: The Greek Case" was completed by the ENA Institute at the request of Prof. Dr. Nikolaos Farantrouris, Member of the European Parliament and Member of the Budgets Committee (BUDG). The study aims to contribute to the ongoing debate on the use of RRF funds in Greece through the "Greece 2.0, National Recovery and Resilience Plan" (henceforth "the Greek Plan") by providing a thorough qualitive and quantitative analysis of the implementation of the Greek Plan. As the implementation period of RRF reaches the end, the study aims to assess whether the above objectives are achievable on the basis of three approaches: a) a thorough quantitative report (state of play) on the real absorption rate of the funds which corresponds to the actual implementation of the projects and to their contribution to the national GDP; b) an assessment on the inclusiveness of the Greek Plan focusing on the allocation of resources among various types of beneficiaries; c) an assessment about whether the Greek Plan follows the principle of additionality (whether it enables additional investments that could not be funded without the use of RRF resources).

December 2024

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1 National Recovery and Resilience Plan "Greece 2.0"

The Recovery and Resilience Fund facility, as the European Union's response to the economic consequences of the pandemic, is undoubtedly an important step towards finding common European solutions to the successive and overlapping crises and challenges of our time. The Recovery and Resilience Fund facility, as a sub-programme of Next Generation EU, was established to support Member States' public investments and reforms to address the economic and social impact of the pandemic, while ensuring the green and digital transitions, with the aim of making Member States' economies more sustainable and resilient. A total amount of up to 672.5 billion Euro will be allocated to the European Union. Euro through centralized lending at EU level has been made available to member countries to finance National Recovery and Resilience Plans agreed with the European Commission and their implementation is monitored by it. A completely different approach compared to the debt crisis of the previous decade that had profound economic, social, political and cultural repercussions on our country.

The initial National Recovery and Resilience Plan "Greece 2.0" was approved on 13 July 2021 by the Economic and Financial Affairs Council of the European Union, with a total budget of €30.5 billion.

Table 1: Total resources of the initial plan "Greece 2.0"

SUBSIDIES (€ million)	**LOANS** (€ million)	**TOTAL** (€ million)
17.773,90	12.727,54	30.501,44

In February 2023, the European Recovery and Resilience Fund (RRF) Regulation was amended to include the implementation of the REPowerEU plan, as the EU's response to global energy market disruptions caused by Russia's invasion of Ukraine. Essentially, the amendment to the Regulation sets out a specific set of objectives to be included in the existing approved national plans, as part of a dedicated chapter on REPowerEU to mobilize available resources as soon as possible and implement investments and reforms that strengthen the EU's energy resilience. In addition to amending the mechanism by including

REPowerEU, Member States were allowed to extend the loan strands of their national plans, promoting additional investments, making use of unspent UDF borrowed funds[1].
Specifically, the proposed revision to "Greece 2.0" included:

- the addition of reforms in the areas of land registry, primary health care and taxation,
- the withdrawal of several measures and projects from the initial approved Plan,
- the addition of new measures, such as earthquake resistance inspection for critical public infrastructures,
- a request to increase the allocated budget of the existing action by €5 billion in loans,
- a request of €769 million of European funding under REPowerEU for energy efficiency measures, investments and reforms; related to energy renovations for households and utilities, increasing the penetration of renewables, measures promoting energy storage, as well as reforms promoting the transition towards a smart grid and energy sharing.
- a request to transfer part of the country's share of the Brexit adjustment reserve, amounting to €25.6 million to the Recovery and Resilience Plan "Greece 2.0".

In this context, following the approval of the revised National Recovery and Resilience Plan "Greece 2.0" on 05.12.2023, the total budget of the Plan was increased by €5.8 billion. As a result, the country's total funding currently stands at €36 billion.

Specifically:

[1] It should be noted that of the initially available amount of €386 billion of the loan scheme of the RRF, only €166 billion was absorbed. Mainly because, although the interest rate was very low (0.35%), countries with strong economies typically borrow at the same or almost the same low rate. In this context, it was decided to reallocate the remaining €220 billion of unspent RRF loans to Member States for further investment projects.

- The grant resources were increased by 768,069,923 Euros, with the total budget reaching the maximum allocation share to which the country is entitled, and now stands at 18,220,378,076 Euros.
- The loan facility increased by €5 billion and now amounts to 17,727,538,920 Euros.

Table 2: Total resources of the revised "Greece 2.0" plan

SUBSIDIES (€ million)	**LOANS** (€ million)	**TOTAL** (€ million)
18.220,38	17.727,54	35.947,92

The total resources of the Plan (grants and loans) should be mobilized by the end of 2026, when all projects should have been implemented.

2 State of Implementation of the National Recovery and Resilience Plan "Greece 2.0"

2.1 Inflows – Disbursement of Instalments

The procedure for disbursing the instalments of the Recovery Fund to each Member State (Inflow) follows a different logic compared to the procedure for disbursing the Structural Funds. In the context of the Structural Funds, firstly the expenditure is made by each Member State and afterwards the European funding corresponding to that expenditure is requested. On the contrary, based on Article 24 of the European Regulation on the Recovery and Resilience Fund, the disbursement of funds to the Member State is carried out based on the fulfilment of the relevant milestones and targets, as set out in the approved Plan submitted by each country. Milestones are defined as qualitative and targets as quantitative measures of progress of reforms and investments, which must be clear, precise and realistic.

According to the approved national plan "Greece 2.0", the prerequisites for the five-year period 2021 – 2026 for the approval and disbursement of tranches are broken down into

331 milestones and targets. Provided, therefore, that the relevant milestones and targets are met, the disbursement planning of the money that our country is entitled to under the revised "Greece 2.0" plan is recorded in detail in the table below.

Table 3: Planned instalments of the "Greece 2.0" plan

INSTALMENT	SUBSIDIES (€ million)	LOANS (€ million)
1	1.974,44	2.121,26
2	1.974,44	2.121,26
3	1.974,44	2.121,26
4	1.155,36	2.534,51
5	1.557,20	2.534,51
6	2.439,69	2.534,51
7	1.948,34	2.534,51
8	1.696,47	1.225,71
9	3.500,00	-
TOTAL	**18.220,38**	**17.727,54**

The inflows of the National Recovery and Resilience Plan "Greece 2.0" until 31.10.2024 amounted to €18 billion (€8.5 billion allocated to grants and €952 billion allocated to loans). In particular, until 31.10.2024, the initial advance payment as well as the first four (4) instalments (instalments) of both the non-repayable aid (grants) and the loans have been disbursed, as detailed in the following table[2].

[2] The amounts of payments in the table of disbursements differ from the amounts in the table of scheduled payments as, according to the financing agreement, each payment clears the pre-financing (advance) requested and received by the country.

Table 4: Disbursement of "Greece 2.0" Plan Instalments

INSTALMENT	DISBURSEMENT DATE	SUBSIDIES (€ million)	LOANS (€ million)
Deposit	9/8/2021	2.310,61	1.654,58
1	8/4/2022	1.718,14	1.845,49
2	19/1/2023	1.718,14	1.845,49
3	28/12/2023	1.718,14	1.845,49
4A	16/7/2024	-	2.327,19
4B	8/10/2024	998,60	-
TOTAL		**8.463,63**	**9.518,24**

The total inflows (disbursements) of the "Greece 2.0" Plan to date correspond to 50% of the total resources (grants and loans). Grant inflows (disbursements) account for 46% of total grant resources, while inflows (disbursements) of the loan facility account for 50% of total loan resources.

It is worth mentioning that the disbursement of the instalments of the "Greece 2.0" Plan records a significant lag, as a result of significant delays in the implementation of projects and, therefore, in the implementation of milestones and targets. Characteristically, it is mentioned that in the initial planning of "Greece 2.0", i.e. before its revision, the planning of the partial payments provided that by the end of 2024 the first seven (7) installments or otherwise 64% of the total resources (grants and loans) available to the country would have been disbursed. Instead, as already mentioned, only the first four (4) instalments corresponding to 50% of the total resources have been disbursed.

2.2 Outflows – Public Investment Program (PIP) expenditure

The Public Investment Program (PIP) for the year 2024 initially provided for a total budget of €2,050 million for projects financed exclusively by national funds and €6,500 million for the co-financed projects. It also provided €3,617 million for projects financed under RRF.

A supplementary budget of €900 million was adopted in September 2024 (article 60 of Law 5140/2024), aiming, on the one hand, to accelerate infrastructure projects across Greece and restoration projects after the catastrophic floods of the previous year and, on the other hand, the completion of the repayment of obligations of the previous programming period (NSRF 2014 - 2020) as well as the acceleration of the execution of projects of the current programming period 2021 - 2027. With the adoption of the supplementary budget, the budget ceiling on the national part has been raised by €600 million and in the co-financed part by €300 million[3].

The table below shows the total expenditure of the PIP from 1.01.2024 to 31.10.2024.

Table 5: Implementation of Public Investment Programme from 1.01.2024 to 31.10.2024

PIP 2024	**BUDGET LIMIT** (€ million)	**EXPENDITURE** (€ million)	**ABSORPTION RATE** (%)
NATIONAL	2.650	1.450	55%
RRF	3.617	1.566	43%
CO-FINANCED	6.800	5.367	79%
GRAND TOTAL	**12.167**	**8.383**	**69%**

Expenditure on projects financed exclusively from national resources amounts to €1.45 billion, €5.4 billion expenditure for co-financed projects and €1.6 billion for RRF projects under "Greece 2.0". In particular, the absorption rates until October 2024 of the Public Investment Programme (PIP) are set at:

- 43% for the National Recovery and Resilience Plan "Greece 2.0".
- 55% the national part of the Public Investment Program.

[3] According to the planning of the Ministry of National Economy and Finance, a proposed regulation is to be submitted to Parliament regarding the adoption of a second supplementary budget, with further budget increases by €300 million in the co-financed part and by €100 million in the national part. As a result, the final appropriations for the year 2024 are expected to be €2,750 million in the national part and €7,100 million in the co-funded part.

- 79% for the co-financed part of the Public Investment Program.

2.3 Outflows – Expenditure of the grant part of "Greece 2.0"

The total resources of the grant part of the National Recovery and Resilience Plan "Greece 2.0" now amount to €36 billion, while the available resources to date (after the disbursement of the advance payment and the first four instalments) are €18 billion.

From the beginning of the Plan until 31/10/2024, the total expenditure regarding the grants amounts to €6.8 billion (2021: €0.3 billion, 2022: €2.8 billion, 2023: €2.1 billion). The table below details the quarterly evolution of expenditure on the grant side of the project.

Table 6: Evolution of Expenditure under the "Greece 2.0" Grant Strand until 31.10.2024

TIME PERIOD	TOTAL GRANT EXPENDITURE (€ million)
3rd Quarter 2021	86.54
4th Quarter 2021	220.00
1st Quarter 2022	1.43
2nd Quarter 2022	897.22
3rd Quarter 2022	350.87
4th Quarter 2022	1.375.53
1st Quarter 2023	82.90
2nd Quarter 2023	271.36
3rd Quarter 2023	217.09
4th Quarter 2023	1.518.16
1st Quarter 2024	455.49
2nd Quarter 2024	319.19
3rd Quarter 2024	368.13

October 2024	423.65
TOTAL	**6,805.71**

It should be noted, however, that a percentage of the above expenditure corresponds to accounting expenditure (accounting payment), i.e. to a transfer of funds from "Greece 2.0" to other public bodies and bank accounts (money transfers between accounts of General Government bodies to the Bank of Greece), and not to actual expenditure (actual payment) to the final beneficiaries of programmes and projects. The distinction between accounting and actual payments is important as accounting payments, as simple intermediate money transfers, are not considered in the calculation of GDP and therefore have no impact on the real economy.

In this context, the implementation dynamics of the grant part until 31.10.2024 are as follows:

- Total expenditure (payments) amounts to €6.8 billion.
- Accounting payments amount to €2 billion, while total actual payments are estimated at around €4.81 billion[4].
- The accounting absorption of the total grants' funds of the project is estimated at 37%, while the actual absorption is 26%.

Table 7: Accounting and Actual Payment of the "Greece 2.0" Grant Part until 31.10.2024

TOTAL EXPENDITURE (€ billion)	**ACCOUNTING PAYMENT** (€ billion)	**ACTUAL PAYMENT** (€ billion)
6.8	2	4.8

2.4 Projects – Physical Object of the Plan

From the beginning of the Plan until 31.10.2024, 814 projects with a total budget of 22.2 billion Euro have been included in "Greece 2.0". € (including VAT). The approved projects include, inter alia, energy renovation of residential buildings, upgrading of energy efficiency of public sector buildings, island electricity interconnections, energy storage investments,

[4] The amounts have been processed by the Recovery and Resilient Fund Observatory / ENA Institute

construction of motorways, development of a microsatellite network, implementation of the national secondary prevention programme for public health, implementation of the strategy for excellence in universities and innovation.

The table below shows in detail the number and total budget of projects included in "Greece 2.0" per Ministry as well as the expenses incurred until 31.10.2024 and the absorption rate per Ministry.

Table 8: Number, Budget, Expenditure of Integrated Projects and Absorption Rate per Ministry until 31.10.2024

PILLARS	**NUMBER OF PROJECTS**	**BUDGET** (€ million)	**EXPENDITURE** (€ million)	**ABSORPTION RATE**
MINISTRY OF RURAL DEVELOPMENT & FOOD	14	789.13	202.13	25.61%
MINISTRY OF DEVELOPMENT	38	881.26	265.70	30.15%
MINISTRY OF JUSTICE	26	196.29	34.27	17.46%
MINISTRY OF NATIONAL ECONOMY AND FINANCE	48	715.26	120.01	16.78%
MINISTRY OF FOREIGN AFFAIRS	1	9.75	0.00	0.00%
MINISTRY OF LABOUR AND SOCIAL SECURITY	91	1,814.46	805.63	44.40%
MINISTRY OF INTERIOR	15	750.14	248.15	33.08%
MINISTRY OF CLIMATE CRISIS AND CIVIL PROTECTION	26	660.00	21.55	3.27%
MINISTRY OF SOCIAL COHESION AND FAMILY	21	403.70	8.05	2.00%
MINISTRY OF MIGRATION AND ASYLUM	16	112.26	42.85	38.17%
MINISTRY OF MARITIME AFFAIRS AND INSULAR POLICY	20	88.66	3.93	4.44%

MINISTRY OF EDUCATION, RELIGIOUS AFFAIRS AND SPORTS	25	1,118.59	494.94	44.25%
MINISTRY OF ENVIRONMENT AND ENERGY	72	6,802.67	2,520.92	37.06%
MINISTRY OF CULTURE	214	612.17	105.06	17.16%
MINISTRY OF TOURISM	15	373.23	30.65	8.21%
MINISTRY OF HEALTH	44	2,012.42	455.89	22.65%
MINISTRY OF INFRASTRUCTURE AND TRANSPORT	32	1,854.58	680.11	36.67%
MINISTRY OF DIGITAL GOVERNANCE	96	3,060.00	972.11	31.77%
GRAND TOTAL	**814**	**22,254.55**	**7,011.94**	**31.51%**

There are significant differences between ministries regarding the absorption rates. In general, however, and given that the "Greece 2.0" Plan has already completed its third year of operation, absorption rates per ministry are particularly low. Characteristic, for example, is the absorption rate of the Ministry of Climate Crisis and Civil Protection, which is only 3.27% with only €21.55 million expenditure from the budget of €660,00 million, when the occurrence of natural disasters in the country has thickened. Similarly, extremely low absorption rates are recorded by the Ministries of Social Cohesion and Family (2.00%), Shipping and Island Policy (4.44%) and Tourism (8.21%). The Ministry of Foreign Affairs, although it has only 1 project with a total budget of €9.75 million. It has not yet recorded expenditure for this project and shows zero absorption.

The Ministry of Labor and Social Security has the highest absorption rate, 44.40%, having absorbed €805.63 million out of €1,814.46 million of its budget. It is followed by the Ministry of Education, Religious Affairs and Sports with an absorption of 44.25%. The Ministry of Environment and Energy having the highest budget amount (€6,802.67 million) shows an absorption rate of 37.06%, which is relatively high. In contrast, the Ministry of Health, which is considered as an important ministry (total €2,012.42 million), shows an absorption rate of 22.65%, which is quite low compared to the average absorbtion rate.

Total absorption is estimated at 31.51%. In other words, only around one third of the total budget has been absorbed so far, indicating that there is a significant delay in the absorption of funds and in the implementation of the various projects, implying significant administrative and management inefficiency.

In conclusion, it is noted that the particularly low overall absorption rate is of particular concern, especially if one considers that: a) the actual absorption is clearly lower, b) many projects that have been included and are being implemented are of low quality and non-existent financial result, such as voucher-type actions that do not require any planning, bring "easy" expenditure and are most often limited to dubious commissions (c) that the halfway point of the duration of the "Greece 2.0" project has now passed.

2.5 Outflows – Expenditure of the "Greece 2.0" loan part

The total resources of the loan facility of the National Recovery and Resilience Plan "Greece 2.0" amount to €17.7 billion. The available resources to date (after the disbursement of the advance payment and the first three instalments) are €9.5 billion.

The channeling of the available loan resources of "Greece 2.0" to the real economy is done exclusively through banking institutions. For this reason, cooperation agreements have been signed with nine banking institutions (National Bank, Piraeus Bank, Alpha Bank, Eurobank, Optima Bank, Pancreta Bank, Hellenic Development Bank, European Investment Bank and European Bank for Reconstruction and Development). This implies that the essential counterparty of the investor is the banking institutions, which have also taken on the role of selecting the investment projects to be financed. In other words, the state does not participate in the selection of investment projects to be lent by "Greece 2.0". Moreover, these loans are without the guarantee of the Greek State. The only thing that has been defined by the UDF are the five (5) axes for the eligibility of investments with their specific criteria as well as the independent evaluators who will certify the eligibility of investments. The five (5) axes and the relevant criteria for the eligibility of investments with loan financing from "Greece 2.0" are:

1) Green transition: 20% minimum budget of the total budget for green transition investments contributing to the green objectives of the UDF.

2) Digital transformation: 20% minimum budget of the total budget for digital transformation investments contributing to the digital objectives of the RRF.

3) Innovation – Research and development: 10% minimum budget of the total budget for investments in innovation – research and development.

4) Growth (development of economies of scale through partnerships, acquisitions and mergers): Existence of an existing or new partnership or creation of a new scheme resulting from an acquisition or merger.

5) Extroversion: 15% minimum average of existing export activity as a percentage of turnover, based on three-year financial data or 15% minimum export budget of investment plan as a percentage of projected total revenues according to a feasibility study.

In this context, the total amount that banking institutions have been supplied until 31.10.2024 amounts to €7.3 billion of the available €9.5 billion of loan resources disbursed. The available amounts per bank are presented in detail in the table below.

Table 9: Credits Institutions and Available Amounts under "Greece 2.0" until 31.10.2024

CREDIT INSTITUTION	**AVAILABLE AMOUNTS** (€ million)
ALPHA BANK S.A.	1,301.71
NATIONAL BANK OF GREECE S.A.	1,300.95
EUROBANK A.E.	1,902.40
PIRAEUS BANK S.A.	1,603.40
OPTIMA BANK A.E.	148.10
PANCRETA BANK S.A.	122.00
HELLENIC DEVELOPMENT BANK S.A.	210.00
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)	201.20
EUROPEAN INVESTMENT BANK (EIB)	500.00
TOTAL	**7,289.76**

According to available data, 330 loans were contracted by July 2024. Their total budget is €12 billion, of which €5.2 billion are loans from the Recovery Fund, €4 billion loans from partner banks and €2.8 billion equity of investors.

However, at the level of disbursement to the beneficiary companies, a significant shortfall is recorded as, until 31.10.2024, the total commitments, which are presented in detail in the following table, amount to €2.3 billion, which corresponds to an accounting absorption of 29% of the total loan resources and an actual absorption of only 13%.

Table 10: Evolution of expenditure under the "Greece 2.0" Loan Part until 31.03.2024

TIME PERIOD	TOTAL LOAN EXPENDITURE (€ million)
3rd Quarter 2021	0
4th Quarter 2021	0
1st Quarter 2022	0
2nd Quarter 2022	70,0
3rd Quarter 2022	48,5
4th Quarter 2022	0
1st Quarter 2023	171,8
2nd Quarter 2023	295,9
3rd Quarter 2023	208,9
4th Quarter 2023	425,5
1st Quarter 2024	170,75
2nd Quarter 2024	462,25
3rd Quarter 2024	349,03
October 2024	132,47
TOTAL	**2.335,10**

Although 54% of the total loan resources of the "Greece 2.0" plan have already been disbursed, disbursements to businesses are proceeding at a much slower pace (29% accounting absorption, 29% and only 13% actual absorption), implying a significant delay in the implementation of investments in the country.

Table 11: Accounting and Actual Expenditure of the "Greece 2.0" Loan Part until 31.10.2024

TOTAL LOAN AGREEMENTS (€ billion)	**ACCOUNTING EXPENDITURE** (€ billion)	**ACTUAL PAYMENTS (DISBURSEMENT OF AMOUNT TO BUSINESSES)** (€ billion)
5,2	2,9	2,3

As mentioned above, the loan part of the "Greece 2.0" plan is essentially implemented by the cooperating banking institutions, which implies that the whole process follows and is affected by general pathogens and rigidities of the Greek reality, such as bureaucracy, delays in the relevant licensing, collateral requirements, etc.

2.6 Overall Assessment of the Implementation Progress of "Greece 2.0"

Overall, the state of absorption of the Fund's resources continues to be a cause for concern, as a total of €18 billion has flowed into the country, total expenditure (until 30.10.2024) is estimated at just €12 billion, of which €5.2 billion concern the loan part and €6.8 billion on the grant part.

Based on the above, the amount of resources that are stagnant, i.e. the amount of resources available to the country that have not been activated through actions and programs, remains particularly high at €6 billion.

Chart 1: Stagnant Funds until 31.10.2024

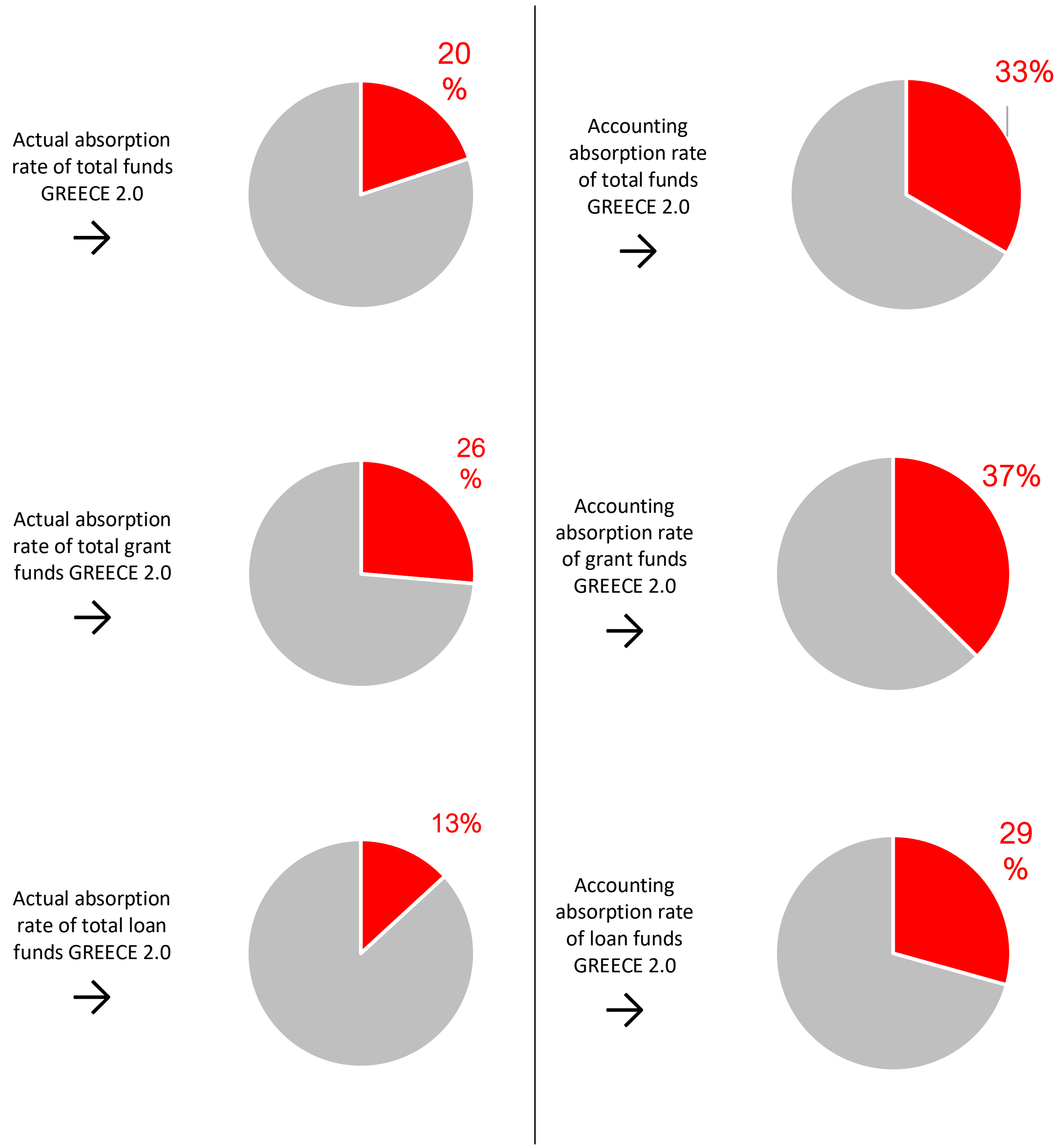
Crucially, the €12 billion expenditures also include (interim) transfers between banking accounts of General Government bodies at the Bank of Greece and not actual payments to the final beneficiaries of actions and projects that ultimately constitute liquidity for the real economy and contribution to GDP. That is, the €12 billion is accounting payments. Payments to final beneficiaries (actual payments) are significantly lower.

In particular, as mentioned above, out of the €5.2 billion of the "Greece 2.0" loan funds contracted by the partner banks, until 31.10.2024, only €2.3 billion have been disbursed to businesses. Therefore, while the accounting absorption rate of total loan resources is 29%, the total amount that businesses have received from the resources of "Greece 2.0" corresponds to an actual absorption rate of 13%. Respectively, of the €6.8 billion of grants expenditure, is estimated that only €4.8 billion can be considered as real liquidity in the economy. Therefore, while the accounting absorption of "Greece 2.0" is 37%, the actual absorption in terms of total grants budget is estimated at around 26%.

Chart 2: Actual Payments until 31.10.2024

Of the total funds of "Greece 2.0", grants and loans, accounting payments amount to €4.8 billion while actual payments at €7.1 billion, i.e. the accounting absorption is 33% and the actual absorption is estimated at about 20%. This outcome can only give rise to particular concerns about the absorption and utilization of the RRF funds at the country's disposal.

Chart 3: Actual and Accounting Absorption Rates of Total Resources (Grants and Loans) until 30.10.2024



Crucially, it is noted that the European funds are available until August 2026. Delays in the implementation of the funded projects will have political and economic consequences. At the political level, demanding further availability of unused funds will require negotiation at European level. Ecofin of 12 April shows the difficulties such a debate will have; especially in the adverse environment of the European Union's apparent shift to a defence/war economy that will absorb available resources as a priority[5]. At the financial level, a loss of RRF resources would be a major failure, which need not be explained further. However, even if unabsorbed resources continue to be available, e.g. by extending the existing RRF mechanism or through a new one, their development footprint will be reduced given that they will not finance new projects but the delayed completion, and even without a qualitative evaluation, of the already contracted and pending projects.

The best possible and, at the same time, timely utilization of the European resources of the RRF mechanism is one of the crucial bets for the country, on the one hand to cover a significant part of the economic and social gap that, as reflected in all relevant indicators, separates it from European data and on the other hand to shield itself to the maximum extent for the future through a deep economic one social and institutional transformation.

2.7 "Greece 2.0" in the Greek State Budget for 2025

Based on the draft State Budget for the Financial Year 2025 submitted for ratification to parliament, the expenditure planned for RRF projects in 2025 under the grant part of "Greece 2.0" amounts to €4,900 million.

According to the explanatory statement, this amount will be allocated to the inclusion in the Fund's planning of new projects as well as to the completion of projects included in the programme entitled "Flagship Investments of Exceptional Importance". This programme relates to actions implemented by legal entities promoting the green economy, innovation, technology as well as the economy with a low energy and environmental footprint. These are infrastructure investments with specific energy criteria for the construction of new buildings, systems that combine a power plant from Renewable Energy Sources (RES) and a system for the production of "green" hydrogen, electricity storage systems from RES and installations of offshore wind or floating photovoltaic parks, as well as investments that are expected to significantly strengthen the Greek economy and its competitiveness at international level.

[5] Council conclusions on Recovery and Resilience Facility (RRF) - Midterm Evaluation 2024, approved by the Council (ECOFIN) meeting held on 12 April 2024 point 12 : «the swift completion of investments and reforms by August 2026 remains key for achieving the full implementation of the Facility» https://data.consilium.europa.eu/doc/document/ST-8868-2024-INIT/en/pdf

In addition to the above, the planned expenditure for 2025 under the National Recovery and Resilience Plan "Greece 2.0" concerns the implementation of other important projects such as:

- improving road safety through interventions on urban and interurban road networks, promoting sustainable mobility, reducing accidents and strictly adhering to environmental standards (€206 million);
- preventive maintenance of 250 bridges with smart technologies and sensors to monitor structural adequacy, prevent accidents and address risks from climate change (€156 million);
- upgrading and creating energy-efficient tourist ports, thereby promoting the diversification of the tourism product, the extension of the tourist season and environmental sustainability through specialized studies and digitization actions (€ 139 million),
- renovation of 156 health centers (€ 133 million) and upgrading of hospital infrastructure (€102 million) to improve the quality of health services provided, through reconstructions, new facilities and energy interventions,
- targeted training programmes in cutting-edge sectors, focusing on high-demand skills to enhance human resources and connect with the labor market (€103 million);
- construction of a new 36 km suburban railway line in the west of Athens to serve residential areas and freight needs (€97 million);
- digitization of public hospitals' archive to ensure access to medical data for citizens and healthcare staff, through the implementation of the Personal Electronic Health Record (€83 million) and
- provision of connectivity vouchers for high-speed broadband access, covering connection costs and equipment to support households and SMEs (€79 million).

Through the loan facility of "Greece 2.0", an amount of €5,455 million is expected to be disbursed to credit institutions in 2025. A significant part of this concerns the program "MY HOUSE II" is funded by €1 billion from RRF and an additional €1 billion from credit institutions as well as in the program "I UPGRADE MY HOME" with resources of €400 million, of which €300 million from RRF resources.

3 Inclusiveness of the National Recovery and Resilience Plan "Greece 2.0"

To evaluate the inclusiveness of the Greek National Recovery and Resilience Plan, it's essential to consider the allocation of resources across several dimensions. Broad inclusiveness involves ensuring balanced funding across various sectors like energy, education, and healthcare, while also supporting SMEs, which are critical to Greece's economy. Social equity emphasizes targeted investments for vulnerable groups such as unemployed individuals, minorities, and those in remote regions, addressing regional disparities. Environmental and digital inclusion focuses on equal access to green initiatives and digital transformation programs, especially for marginalized groups and less digitally advanced industries. Procedural transparency is vital, requiring accessible application processes and meaningful public engagement in design and implementation. Addressing gaps may involve increasing outreach, setting quotas for underrepresented groups, enhancing transparency, and establishing robust monitoring and feedback systems.

The Greek National Recovery and Resilience Plan "Greece 2.0" was initially structured to enhance economic resilience and inclusiveness. A substantial portion of loans (€17.73 billion) is directed towards fostering private investment, with specific mechanisms like guarantee instruments under the InvestEU initiative to support small and medium-sized enterprises (SMEs). This focus aims to strengthen entrepreneurship and create jobs, which is vital for regional and economic inclusiveness. The plan includes €5.2 billion for social cohesion initiatives, particularly under the third pillar. This includes measures to modernize vocational training, enhance digital education, and upskill workers, targeting young people, women, and other disadvantaged groups to improve their access to the labor market. Investments address regional disparities, particularly through infrastructure development in areas like renewable energy and digital networks, which benefit rural and less-developed regions. Over €6 billion is allocated for green projects like renewable energy and sustainable transport, ensuring environmental inclusiveness. Digital transformation investments aim to bridge the digital divide, especially in education and business operations for smaller entities. While the plan's structure and objectives demonstrate a commitment to inclusiveness, challenges remain in ensuring equitable implementation, particularly in rural regions and among marginalized communities. Monitoring and targeted support will be crucial to achieving the intended outcomes.

The strategic planning of the approved Recovery and Resilience Plan "Greece 2.0" suffers from four fundamental weaknesses, which undermine its implementation and effectiveness: a) absence of a target to reduce inequalities, b) absence of a target to enhance domestic produced value, c) marginalization of public policies and d) absence of a regional dimension.

a) **Absence of horizontal objective for reducing inequalities:** It is obvious that the reduction of inequalities is treated by the National Plan piecemeal and as a "complementary reference" that must exist, and not as a criterion / target that must be centrally integrated into the philosophy of the Plan and run horizontally through all political reforms and investments. Besides, the National Plan includes reforms and actions that, based on international experience, lead to the opposite direction, i.e. the increase of inequalities, with the most characteristic example being the labor reform that has already been implemented to a large extent.

b) **Lack of a target to enhance domestic produced value:** As a perennial problem of utilizing the European and other investment resources that the country has at its disposal from time to time, the fact has been identified that ultimately overwhelmingly they are directed to imports without structurally benefiting the Greek productive base. The criterion for enhancing domestic value produced is completely absent in the national plan; despite the fact that the green and digital transitions create opportunities for the recovery of the production of products and services of increased added value in Greece, especially in the manufacturing and industrial sectors. It ignores a key issue of transforming the economy that strengthens its resilience and returns invested capital to society with high multipliers. In this context, the analysis of sectoral policies is assessed as problematic, as industry, agriculture, ICT services are not specifically designed. The Plan considers that these sectors will grow automatically, thanks to "horizontal" investments (energy, roads, 5G networks) and reforms. It is paradoxical, therefore, that at a time when in many European countries sectoral planning has returned as a key tool of economic policy – especially for industry – the Greek economy is placing the implementation of a "fundamental change" on a mixture of "reforms" and "liberalization" that has repeatedly proved ineffective.

c) **Marginalisation of public policies:** The role of public policies appears to be very limited, with the possible exception of digitalisation of processes. In the field of labour market interventions in particular, policies to boost employment are limited and not as active as they should be. At the same time, the programme to support research and development is characterised by a lack of ambition and the public sector is limited to a framework of simplification and folding, without a discernible strategic role. The general directions of interventions and reforms concerning the public mechanism and its functions move in the direction of strengthening the static role of the state. The common denominator of the proposed interventions is the modernization of the public-private interface and the improvement of the quality of services provided by the former to the latter. However, the reform and development process that will be attempted in the coming years requires a more active role for the state, as it is the only one that can take through its initiatives, the risk at the level of technological leadership and innovation - which the private sector cannot undertake - as well as to support productive subjects starting from a disadvantaged position (eg SMEs). However, the Plan does not include any provision to strengthen the capacity of the public sector to design, implement and evaluate the policies through which the declared transformation will take place. The example of the public sector confirms the approach that runs horizontally through the Plan and is summarized in the satisfaction of exogenously defined strategic objectives, with minimal adaptation to the current conjuncture and without a clear perception of the content of the transformation to be pursued.

d) **Absence of regional dimension:** The national Recovery and Resilience Plan presents and specifies the distribution of the total amount of grants at the level of Pillar – Axis – Reforms and Project Category. However, an important dimension is missing, which is the regional dimension and distribution of resources in the thirteen regions of the country. This fact proves that there was and still is a lack of strategic planning and provision for a minimum (at least) Guaranteed distribution of resources to the regions. In a country where regional disparities are great, such political planning will have negative long-term consequences in terms of development and will lead to an exacerbation of regional disparities.

In this context, the design of the Recovery Fund seems not to apply the OECD recommendations regarding the necessary conditions for recovery in the post-covid era[6]. In particular, the recommendations for Greece, in order to recover from the financial and health crisis, highlight the importance of a place-based development strategy and are developed in four axes:

- Strengthening regional policies.
- Boosting productivity, competitiveness and local job creation in all regions.

[6] Regional Policy of Greece after 2020. Assessment and Recommendations, OECD, 2020 http://www.ggde-espa.gov.gr/wp-content/uploads/2020/10/OECD-Greece_Axiologisi-Systaseis_30-09-20.pdf

- Promoting quality employment and social inclusion in all regions.
- Strengthening interconnection and sustainable development in all regions.

The intensity of future challenges is different for each region and depends primarily on its local production specificities, the level of its infrastructure and the characteristics of its workforce. For example, the Region of Crete has been hit hard by the choice to suspend economic activity in the previous months (lockdown), while the Region of Western Macedonia needs strong financial support for the implementation of the integrated special plan for the transition during the lignite phase-out. These particular needs do not seem to be variables in the Greek resource utilization plan, thus not only depriving the regions of a recovery dynamic, but also reproducing distortions of the past.

Table 12: "Greece 2.0" Funding from the List of the 100 Largest Recipients of "Greece 2.0" at 31.07.2024

INSTITUTION	LOAN	LOAN & GRANT	GRANT	TOTAL
MUNICIPALITY			218.218.474	218.218.474
COMPANY	2.941.875.939	1.067.644.403	280.080.000	4.289.600.342
REGION			404.153.700	404.153.700
REGION/MUNICIPALITY			53.715.961	53.715.961
MINISTRY			8.002.636.915	8.002.636.915
OTHER			2.451.219.837	2.451.219.837
TOTAL	**2.941.875.939**	**1.067.644.403**	**11.410.024.887**	**15.419.545.228**

In public bodies, the largest recipients of RRF funds are the ministries and specifically the Ministry of Environment & Energy with total resources of €1.82 billion, the Ministry of Infrastructure & Transport with total resources of €1.47 billion and the Ministry of Digital Governance with €1.45 billion. They are followed by the ministries of Health (€1.01 billion), Climate Crisis & Civil Protection (€558 million), Culture (€447 million) and Education & Religious Affairs (€348 million).

Table 13: Ministerial Funding

MINISTRY	GRANT
MINISTRY OF ENVIRONMENT AND ENERGY	1.817.438.602
MINISTRY OF INFRASTRUCTURE AND TRANSPORT	1.468.472.378
MINISTRY OF DIGITAL GOVERNANCE	1.452.561.005
MINISTRY OF HEALTH	1.011.685.985
MINISTRY OF CLIMATE CRISIS AND CIVIL PROTECTION	558.090.326
MINISTRY OF CULTURE	447.571.421
MINISTRY OF EDUCATION, RELIGIOUS AFFAIRS AND SPORTS	348.223.990
MINISTRY OF RURAL DEVELOPMENT & FOOD	191.877.407
MINISTRY OF ECONOMIC AFFAIRS AND FINANCE	146.397.084
MINISTRY OF JUSTICE	129.381.739
MINISTRY OF MIGRATION AND ASYLUM	113.502.200
MINISTRY OF DEVELOPMENT	90.536.047
MINISTRY OF LABOUR AND SOCIAL SECURITY	77.586.179
MINISTRY OF TOURISM	60.664.357
MINISTRY OF MARITIME AFFAIRS AND INSULAR POLICY	47.669.503
MINISTRY OF INTERIOR	40.978.691
TOTAL	**8.002.636.915**

Table 14: Region and Municipality Funding

REGION/MUNICIPALITY	GRANT
MUNICIPALITY OF ATHENS	132.485.069

REGION OF ATTICA	78.340.205
REGION OG PELOPONNESE	70.240.799
HELLENIC AGENCY FOR LOCAL DEVELOPMENT AND LOCAL GOVERNMENT S.A.	53.715.961
REGION OF CRETE	50.773.883
REGION OF WESTERN GREECE	43.000.000
REGION OF SOUTH AEGEAN	41.235.000
REGION OF CENTRAL MACEDONIA	35.000.000
MUNICIPALITY OF THESSALONIKI	34.038.481
REGION OF CENTRAL GREECE	31.017.423
REGION OF EPIRUS	30.546.389
MUNICIPALITY OF TRIKALA	26.694.924
PIRAEUS PLUS SINGLE MEMBER S.A. LOCAL GOVERNMENT DEVELOPMENT ORGANIZATION	25.000.000
REGION OF THESSALY	24.000.000
TOTAL	**676.088.134,70**

Table 15: Other Public Institutions and Organizations

INSTITUTION	**GRANT**
E-GOVERNMENT CENTER SOCIAL SECURITY SA	324.736.240
PUBLIC EMPLOYMENT SERVICE	305.891.043

HELLENIC CADASTRE	250.711.855
THE HELLENIC COMPANY FOR DEVELOPMENT RIGHTS METAVASI SA	207.128.546
HELLENIC RAILWAYS ORGANIZATION SA	181.089.842
INDEPENDENT AUTHORITY FOR PUBLIC REVENUE	152.304.571
NATIONAL INFRASTRUCTURES FOR RESEARCH AND TECHNOLOGY SA	144.097.986
INSTITUTE OF EDUCATIONAL POLICY	96.276.286
E-NATIONAL SOCIAL SECURITY FUND	82.784.880
HELLENIC ORGANIZATION OF CULTURAL RESOURCES DEVELOPMENT	59.475.997
NATURAL ENVIRONMENT & CLIMATE CHANGE AGENCY	55.636.418
OLYMPIC ATHLETIC CENTER OF ATHENS "SPIROS LOUIS"	51.398.790
KTIRIAKES YPODOMES SA	50.290.343
INSTITUTE OF YOUTH AND LIFELONG LEARNING	50.000.810
SPECIAL ACCOUNT FOR RESEARCH GRANTS OF THE NATIONAL OBSERVATORY OF ATHENS	46.961.252
ATHENA RESEARCH & INNOVATION CENTER IN INFORMATION, COMMUNICATION AND KNOWLEDGE TECHNOLOGIES	44.412.645
CENTER FOR TECHNOLOGICAL SUPPORT, DEVELOPMENT AND INNOVATION	40.261.852
NATIONAL ORGANIZATION FOR THE PROVISION OF HEALTH SERVICES	39.446.571
FOUNDATION FOR RESEARCH AND TECHNOLOGY	37.365.783

NATIONAL CENTRE FOR PUBLIC ADMINISTRATION AND LOCAL GOVERNMENT	36.696.998
NATIONAL SCHOOL OF JUDICIARY	34.696.484
NATIONAL PUBLIC HEALTH ORGANIZATION	34.430.160
HELLENIC PASTEUR INSTITUTE	26.021.817
HELLENIC CENTRE FOR MARINE RESEARCH	25.799.598
CENTRE FOR RESEARCH AND TECHNOLOGY HELLAS	25.070.718
AMALTHEIA	24.699.064
UNION OF HELLENIC CHAMBERS OF COMMERCE	23.533.288
TOTAL	**2.451.219.837**

The top beneficiaries are IDIKA with €324 million, the Public Employment Service (DYPA) with €305 million and the Greek Cadastre with resources of €251 million.

4 Assessment of the Additionality Principle of the National Recovery and Resilience Plan “Greece 2.0”

The issue of the final beneficiaries of the loans of the "Greece 2.0" plan is also relevant. According to the announcement of the Special Service for the Coordination of the Recovery Fund of the Ministry of National Economy and Finance, 166 out of a total of 330 contracted loans have been granted to small and medium-sized enterprises with a total budget approaching €2 billion. However, the announcement of the list of the 100 final recipients with the highest funding from the Recovery and Resilience Fund (Top 100 Final Recipients) shows that the lion's share of the "Greece 2.0" borrowed funds has been granted to very few large companies and groups of companies.

Table 16: "Greece 2.0" Contracted Loans from the List of the 100 Largest Recipients of "Greece 2.0" Loan Part as at 31.07.2024

A/A	INSTITUTION	GRANT (€)
1	HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA	385.211.041
2	INDEPENDENT ELECTRICITY TRANSMISSION OPERATOR SA	303.167.108
3	PPC OPTICAL COMMUNICATIONS SINGLE MEMBER SA	290.929.000
4	OLYMPIC COMMERCIAL AND TOURIST ENTERPRISES SINGLE MEMBER SA	269.316.710
5	PUBLIC POWER CORPORATION SA	204.025.722
6	HELLAS GOLD SINGLE MEMBER SA	200.000.000
7	PHOEBE ENERGY SINGLE MEMBER SA	184.015.749
8	AEOLIKI VERMIOU SINGLE MEMBER SA	182.271.971
9	ENIPEAS SINGLE MEMBER SA	170.000.001
10	AUTOHELLAS TOURIST AND TRADING SA	150.048.428
11	TEPNA FIBER SA	129.602.606
12	AMYNTAIO PHOTOVOLTAIC PARK 9 SINGLE MEMBER SA	127.705.701

13	DEMO PHARMACEUTICAL INDUSTRY SA	109.949.544
14	EGNATIA REAL ESTATE SINGLE MEMBER SA	109.933.744
15	HELLENIC TELECOMMUNICATIONS ORGANIZATION SA	93.750.000
16	ATTICA HOLDINGS SA	67.923.634
17	THE GRID SA	61.992.500
18	IQ ATHENS SINGLE MEMBER REAL ESTATE AND DEVELOPMENT SA	60.710.000
19	SUNLIGHT GROUP SA	59.676.620
20	EGNATIA WIND ENERGY SINGLE MEMBER SA	58.070.392
21	LIDL HELLAS AND CO GENERAL PARTNERSHIP	56.453.018
22	UNITED FIBER SINGLE MEMBER SA	49.593.623
23	SOLARLAB SINGLE MEMBER SA	49.317.921
24	IKOS KISSAMOS RESORTS SINGLE MEMBERS SA	49.293.000
25	AMYNTAIO PHOTOVOLTAIC PARK 8 SINGLE MEMBER SA	48.008.139
26	GOLF RESIDENCES SA	42.571.247
27	SUNRIDER SINGLE MEMBERS SA	40.925.950
28	SANI SINGLE MEMBER DEVELOPMENT AND TOURISM SA	39.815.001
29	HELLENIC SUPERMARKETS SKLAVENITIS SA	37.900.000
30	SUNLIGHT TECHNOSYSTEMS SA	37.800.279
31	GRAND HOTEL SUMMER PALACE SA	35.574.773
32	AMYNTAIO PHOTOVOLTAIC PARK 7 SINGLE MEMBER SA	35.559.285
33	NEW NE SOLAR DEVELOPMENTS THREE 3 SINGLE MEMBER SA	35.431.230
34	KARATZI RENEWABLES THESSALIA 3 SINGLE MEMBER SA	34.000.000

35	KARATZI RENEWABLES THESSALIA 1 SINGLE MEMBER SA	33.900.000
36	EPIROTIC BOTTLING INDUSTRY SA	31.414.243
37	AMYNTAIO PHOTOVOLTAIC PARK 6 SINGLE MEMBER SA	29.740.932
38	KARATZI RENEWABLES THESSALIA 2 SINGLE MEMBER SOCIETE ANONYME	28.500.000
39	COLOSSUS SA HOTEL AND TOURIST ENTERPRISES	25.642.840
40	FULGOR SINGLE MEMBER SA HELLENIC CABLE INDUSTRY	25.175.000
41	METPO SA	24.603.389
TOTAL		**2.941.875.939**

The table shows that €2.9 billion in debt financing has been allocated to the European Union, which corresponds to 56% of the "Greece 2.0" debt financing until July 2024, has been directed to just 41 companies, many of which belong to the same business group.

In fact, the above figures indicate that the beneficial owners are less than the number of projects and loans of the RRF, since many of them are controlled by the same shareholders. This applies, for instance, to the three photovoltaic (PV) projects of the Karatzis Group that have been included in the 100 largest beneficiaries, as well as the four PV Parks of PPC in Amyndeon. In this sense, the PPC GROUP is considered the largest recipient of RRF funds among private companies, with loans and subsidies totaling at least €1.3 billion. The second largest beneficiary is the GEK TERNA GROUP, which is supported with €380 million for the pumped storage project in Amfilochia (Terna Energy), as well as the project for the creation of fiber optics (Terna Fiber). The third largest beneficiary is the ADMIE GROUP together with its subsidiary GRID, which is a beneficiary of €365 million in RRF funding.

The loan dynamics raise concerns regarding the compliance with the additionality principle. We note that according to the design of the loan portfolio the full amount should be channeled to the private sector in order to finance private investment on the basis of the additionality principle. This means that the resources should lead to new (additional) investments and not to the financing of planned investments that would have taken place regardless of the existence of the Fund or other structural or national resources. Based on the data of the above table, it is concluded that, at least so far, the main beneficiaries of the loan part of "Greece 2.0" are large enterprises and business groups. It is therefore reasonable to assume that the beneficiaries’ size and financial capacity are adequate to allow the 'self-financing' of the investments irrespective of the financial support of the Fund. Non-compliance with the additionality principle, significantly reduces the Fund's impact on the real economy and undermines the strategic objective of economic recovery, as it fails to activate and support new and emerging economic units.

At the same time, we estimate that the objective of resilience is also undermined as the granting of loans does not comply with any development strategy. Funding is provided on the basis of decentralized business investment options and not in the context of a coordinated strategic plan. A lack of a strategic plan significantly reduces the transformative impact of Greece’s plan as there is no clause towards a more extroverted, competitive and green economic model.

Finally, it should be mentioned that especially in the context of the loan portfolio, the public sector is almost non-existent or under-represented through the strictly limited role of the Development Bank. The Bank is missing an important opportunity to acquire significant expertise - a legacy to strengthen its role in the future based on the model of leveraging similar institutions across Europe. In contrast to the Greek experience is the case of Portugal, which proceeded to create a strong Public Investment Bank by merging three existing public financial institutions and entrusting the overall management of the Recovery Fund resources.

European Parliament