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[Greece](#) and the IMF

Greece: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

Press Release:

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July 29, 2013

July 17, 2013

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Greece: Letter of Intent

Athens, July 17, 2013

Ms. Christine Lagarde:
Managing Director
International Monetary Fund
Washington DC

Dear Ms. Lagarde:

In the attached update to the Memoranda of Economic and Financial Policies (MEFP) from March 9 and December 21, 2012, and May 20, 2013, we describe progress and policy steps towards meeting the objectives of the economic program of the Greek government, which is being supported by an arrangement under the Extended Fund facility (EFF).

Progress under the program and early signs that the recession has bottomed out, have contributed to a significant improvement in confidence and liquidity. Fiscal consolidation continues, bond yields have declined sharply since the 2012 peak, deposits have increased, economic sentiment is improving, and several Greek companies have recently accessed markets. The external position has improved, supported by steady competitiveness gains, and the pace of job losses is now slowing. We are optimistic that the economy will return to growth next year, although significant downside risks remain.

While full data to assess performance against our end-June 2013 quantitative performance criteria are not yet available, we expect to have met all targets. However, the indicative targets on privatization receipts, transfers to the mobility scheme, and domestic arrears (despite progress) were missed (Table 1). Some structural benchmarks relevant for this program review were also missed (Table 2).

Against this setting, we are taking corrective steps and are adopting key reforms, including as prior actions for this review (Table 3). We also remain committed to a steadfast implementation of the ambitious reform agenda that lies ahead.

- **Restoring fiscal sustainability.** As prior actions for this review, we are taking policy steps to ensure that the fiscal targets for 2013–14 will be met, bring down the debt in the Renewable Energy Account, reform the income tax code and the tax procedure code to support our fiscal program, bring the public administration reforms back on track, and advance the privatization program.
- **Strengthening fiscal institutions.** As prior actions, we are adopting legislation to allow the transfer of functions and staff to the revenue administration to strengthen its autonomy and improve operations, and to limit the deferral of payments arising from audit assessments only through the basic and fresh start schemes to improve collection

efficiency. We are also implementing reforms that will strengthen expenditure control to help prevent accumulation of new arrears, and will mitigate long delays in payment processes to speed up clearance of existing arrears.

- **Safeguarding financial stability.** As prior actions, we are completing a comprehensive banking sector strategy centered around the core four pillar banks, and are completing the disposal of the two bridge banks under HFSF control consistent with the above strategy. The recapitalization of our core banks is now complete, with three of these banks attracting sufficient private capital to allow them to remain under private management control. For the remaining core bank that was fully recapitalized by HFSF, we are committed to place by March 2014 a substantial equity stake with a private strategic international investor.
- **Accelerating growth-enhancing reforms.** Our structural reform agenda focuses on strengthening the investment climate and domestic competition, reducing administrative burdens, and improving the functioning of our labor market. To that end, efforts continue to open up restricted professions, remove excessive regulations in the labor market, streamline export procedures, improve the functioning of our judicial system, and advance the privatization program.
- **Facilitating employment creation and protecting vulnerable groups.** We are introducing employment programs targeted at unemployed youths, and are strengthening social protection to cushion vulnerable groups from the crisis impact, including by leveraging EU structural funds.

The program is fully financed through the next twelve months. Firm commitments are also in place thereafter from euro area members to provide adequate support during the program period and beyond, provided that we fully comply with the requirements and objectives of the program. In this regard, we also remain on track to receive the first phase of conditional debt relief from our European partners, as described in the Eurogroup statements on November 27 and December 13, 2012.

On this basis, we request completion of the fourth review under the EFF arrangement, and the next purchase in the amount of SDR 1.5068 billion. We have revised the targets for mandatory exits and entrants in the mobility scheme to gradually catch up with our original program targets, established a floor for employees in the mobility scheme that will exit, and revised the targets for privatization receipts in 2013 as some sales have slipped into 2014 and request on this basis a revision to the end-September 2013 performance criterion on the floor of privatization receipts (Table 1). We have introduced new structural benchmarks, on adoption in September of a new property tax, on issuance in October of secondary legislation to implement the tax procedures code, and on end-September targets for key performance indicators on the revenue administration and on public finance management reforms. We have also rephased one structural benchmark related to the financial sector (Table 4). We request a waiver of applicability for the end-June quantitative performance criteria on the overall stock of central government

debt, domestic arrears, and the general government balance since the relevant data will not be available until early August and we expect to meet these targets.

We believe that the policies set forth in the attached MEFP are adequate to achieve the objectives under the program and stand ready to take any measures that may become appropriate for this purpose as circumstances change. We will consult with the Fund on the adoption of any such actions and in advance of revisions to the policies contained in this MEFP, in accordance with the Fund's policies on such consultations.

This letter is being copied to Messrs. Dijsselbloem, Rehn and Draghi.

/s

Antonis Samaras
Prime Minister

/s

Yannis Stournaras
Minister of Finance

/s

George Provopoulos
Governor of the Bank of Greece

Greece: Memorandum of Economic and Financial Policies

Outlook and Strategy

1. Macroeconomic developments remain broadly in line with program projections.

The economic situation is still difficult, with high unemployment entailing exceptionally large social costs. Domestic demand continues to be weak. However, the pace of output contraction has begun to decelerate, liquidity and confidence indicators have strengthened, and lower unit labor costs are improving cost competitiveness. There are tentative signs that exports are beginning to contribute more to the external adjustment, with strong tourism bookings so far this year. In addition, price adjustments have started to accelerate, which will help restore competitiveness and cushion the impact on household income of the recession and ongoing wage adjustment.

2. Against this backdrop, no significant modifications are needed to the program's macroeconomic framework. We continue to expect annual growth to turn positive in 2014, based on factors such as the recent improvement in economic sentiment and a revival of tourism. The outlook remains uncertain, however, and we will continue to monitor developments closely with a view to revise the framework, if warranted by new developments.

3. We are fully committed to implement our program to stabilize the economy and create the foundations for growth and employment. During this review of the program, we have particularly focused on steps to:

- **Fully implement the fiscal strategy for 2013–14.** This is key for restoring fiscal sustainability and eventually exiting the need for external assistance.
- **Modernize fiscal institutions.** We have made progress on reforming the revenue administration, aimed at making it more independent, efficient, and accountable for delivering results. We also continue to strengthen public financial management.
- **Ensure a healthy financial sector.** We have finalized the recapitalization of our core banks, strengthened the financial sector governance framework, and adopted new tools to resolve distressed household debt.
- **Strengthen competitiveness and productivity.** We continue to liberalize regulated professions and improve the business environment by removing unnecessary restrictions. We are initiating steps to further improve labor market functioning.
- **Protect vulnerable groups.** We have adopted employment creation programs targeting young workers and jobless households, are strengthening our apprenticeship programs to improve employability, and are improving the targeting of our social safety net programs to the most vulnerable groups.

Fiscal Policy

4. We have made significant progress since 2010 in addressing fiscal imbalances. The adjustment has been one of the largest to date by any international comparison, with a headline primary adjustment of 9.2 percent of GDP during 2010-12. In cyclically-adjusted terms, the fiscal adjustment during this period was about 15 percent of GDP. The 2012 fiscal deficit target was met with a comfortable margin (0.2 percent of GDP). Moreover, we are taking measures to achieve primary balance in 2013. We are fully committed to complete the programmed fiscal adjustment—reaching a primary balance of 4½ percent of GDP by end-2016—to help put debt firmly on a downward path.

5. We are taking steps to ensure full implementation of our fiscal program for 2013–14. As a **prior action**, we will:

- Bring forward into 2013, according to the program target definition, some of the property tax collected via the public power company (PPC) by temporarily shortening the pay period for PPC of the revenues it collects in March 2014.
- Offset overspending by EOPYY to meet fiscal targets in health care for the period 2013–15 by introducing additional “claw backs” in diagnostics and private hospitals. The claw back will be supported by new structural measures in quality control and prices in the coming months. The claw back of overspending in the first 6 months of the year will be collected by September 2013. In the event that the claw back’s effectiveness is not confirmed by this date, we will promptly activate contingency measures (e.g., across-the-board cut in prices, reduction in access of the insured to private providers, and/or introduction of entry fees on contractual arrangements) which ensure that an equivalent amount of savings is obtained. We are setting up an early warning monitoring system to identify slippages and gaps in the healthcare sector so as to facilitate prompt corrective actions going forward.
- Complete the signatures on the Memorandum of Understanding with the Greek merchant fleet which, together with the tonnage tax, will ensure €140 million accrued in annual revenue in 2013–15.
- Bring forward to August 1, 2013 through legislation the luxury tax on cars, swimming pools, and airplanes. By end August 2013, we will also introduce a docking fee on leisure boats effective October 1, 2013.
- Pass legislation to limit the use of untaxed reserve accounts for capital gains by 2015, so as to raise revenue of at least €50 million in 2014.

6. To support our fiscal program and improve the efficiency of our tax system, and in consultation with EC/ECB/IMF staff, we will pass legislation to reform our income tax code and submit to parliament a new tax procedure code, as a prior action.

- We will pass legislation to introduce a new income tax code. The core objectives of the income tax reform are to simplify the existing tax regime, increase transparency, and remove ambiguities. The reform will be revenue neutral. However, a simplified and more transparent income tax legislation will allow easier administration, and over time encourage tax compliance and ensure more robust revenue collection. The new income tax code will provide for a capital gains tax—including on real estate—of 15 percent. It will also reduce filing requirements, consolidate cross-border merger and reorganization provisions, introduce some provisions to combat (international) tax avoidance, and extend the alternative minimum (presumptive) taxation. Further, by end-September 2013, we will amend legislation to consolidate domestic merger and reorganization provisions into the income tax code and will review further and amend as necessary the provisions concerning withholding of employment income and the advance payment of business taxes, as well as provisions necessary to ensure consistency between the ITC and TPC. And, by end-October 2013, we will adopt all necessary secondary legislation to support timely implementation of the code.
- We will submit to parliament for adoption by late July 2013, a new tax procedures code (TPC) to consolidate and streamline provisions existing in current legislation and fill legislative gaps in the enforcement of collection methods, mandatory data provision to the tax authorities, interest and penalties, internal review procedures, as well as procedures to combat (international) tax avoidance. To ensure that the TPC will be fully implemented by January 2014, we will complete the following interim actions: (i) by end-July, establish a working group to implement the TPC; (ii) by mid-August, develop a project plan for TPC implementation; and (iii) by end-October, as a **structural benchmark**, adopt all highest priority secondary legislation necessary to support implementation. By end-October, we will also legislate any changes necessary to modernize the Code of Public Revenue Collection and ensure full compatibility with the TPC reform.

7. We are seeking to introduce a new unified property tax as of January 2014 to replace the PPC levy and FAP:

- We will establish a working group in July consisting of staff of the revenue department of the MoF, GAO, and the GSPR with a mandate to develop a framework for the new property tax and identify needed actions to ensure adequate collection of the new tax.
- We have agreed, in consultation with the EC/ECB/IMF staff, on the broad parameters of the framework, including: (i) the definition of the tax base; (ii) broadening the coverage of the tax base to include commercial, industrial and agricultural land and buildings; (iii) the distribution of tax burden across different types of property (residential vs. commercial, and industrial); (iv) only exemptions (focused on hardship cases) that are mutually agreed and clear progressivity; (v) taxing individual properties rather than aggregate holdings by individuals or holdings of property rights; (vi) the taxes to be unified within the new real estate tax (FAP and PPC tax); and (vii) revenue neutrality of the reforms relative to the

programmed revenue, net of exemptions, of €2.7 billion (or of €2.9 billion should it be decided to reduce significantly or eliminate the property transaction tax). We have agreed to broaden the tax base, and set the rates consistent with the agreed burden sharing to deliver adequate collections in line with the programmed target.

- We started the collection of updated comprehensive information on taxpayers' land and real estate assets (form E9), and will complete this process by end-September 2013. We have also adopted legislation to ensure the availability of cadastral information to tax authorities for information cross-checks.
- We will issue by end-August a time-bound action plan that identifies immediate steps and resources needed to improve property tax collection rates.
- As a **structural benchmark** for end-September 2013, we will adopt legislation on the new property tax for 2014 in accordance with the agreed framework, allowing property rights to be taxed on a transitional basis until end-2014. The new property tax regime for 2014 will be calibrated to collect the programmed revenue, net of exemptions, of €2.7 billion to replace FAP and the PPC tax (or of €2.9 billion should it be decided to reduce significantly or eliminate the property transaction tax). However, since it is an ambitious undertaking to implement a new property tax in a short time frame, if it proves impossible to implement with a very high degree of certainty the new property tax regime that achieves the programmed revenue in 2014, based on an assessment undertaken jointly with EC/ECB/IMF staff, we will take all necessary actions (including the extension of already legislated measures) to compensate.
- Over time, we will fully align property assessment values with market values. To this end, we will develop by end December 2013 a medium-term reform plan that outlines actions needed: (i) by January 2015, to adjust the zone prices to reflect more accurately real estate market conditions and to change the tax subject (individual properties rather than aggregate holdings by individuals or holdings of property rights); and (ii) by January 2016, to align the property assessment values with market values.

8. To improve transparency and fiscal control, we will rationalize existing tax incentives, which are disbursed across different legislative documents. These incentives will be consolidated into the new income tax code by end-September via an amendment. The reforms will replace existing tax incentives with standard tax incentives such as an investment allowance, an investment tax credit, and an accelerated depreciation deduction. We will quantify tax incentives provided as tax expenditures under the new law and record them as budget allocations starting with the 2014 budget to enhance transparency and control revenue losses.

9. To prevent the accumulation of debt in the renewable energy account (RES) and restructure the electricity market, we are undertaking the following reforms. As a **prior action**, following the recommendation of RAE, we are increasing the RES Special Levy from the current average of €9.30 per MWh to €14.96 per MWh, and have fully liberalized all end-user

tariffs as provided by law. Now we will monitor developments closely, including the number of new producers in the renewable energy market, to ensure that the RES deficit remains in line with targets, and adjust the Renewable Energy Special Levy every six months, as necessary, to eliminate the debt in the RES Account by end-2014. Starting from end-June 2013, we will provide EC, ECB, and IMF staff with monthly tables on the stock of arrears. The Government Cabinet will approve in July the PPC restructuring and privatization plan, including the timeline to complete the process by Q1-2016.

10. To meet our medium-term fiscal targets, we have started preparation of the medium-term fiscal strategy for 2014–17. We are identifying necessary measures to close projected gaps in 2015-16. This would include a review of social security contributions, with a view to eliminating exemptions, starting 2014. We will have a preliminary draft MTF5 in early September.

11. We are committed to public administration reform. This is necessary to build a more effective civil service and support our medium-term fiscal targets. This is an area where we have fallen well behind schedule, and we are taking decisive steps to catch up.

- To this end, consistent with our program commitments, we estimate that we have met our end-September targets on mandatory exits. In fact, we have expanded our reform program to facilitate reallocation of staff to where they are needed most, for instance, by transferring teachers from secondary to primary education by end August. We will also address the problem of contractual staff in judicial litigation to obtain permanent positions. These were not part of the program before.
- We are undertaking the following efforts within the existing framework of the mobility and exit schemes and staffing plans:
- As a **prior action**, we will issue all necessary legal acts so as to place at least 4,200 ordinary employees in the mobility scheme by end-July. We will complete shifting at least 12,500 ordinary employees to the scheme by end-September and at least another 12,500 ordinary employees to the mobility scheme by end-December 2013. Consistency of the mobility targets with the exit targets will imply that a substantial fraction of those in the scheme would exit. Employees placed in the mobility scheme will have their wages cut to 75 percent. They will be assessed, within a centrally-defined evaluation framework to be established by end-September, before reallocation to new positions or exit (if they fail to be reallocated).
- We have established minimum monthly targets on the number of people who will be continuously in the mobility scheme until they exit from the public sector (TMU ¶25). We will begin with a significant upfront transfer of 2,000 ordinary employees into the mobility scheme destined for eventual exit. For any additional employee that exits from other sources, the numbers will be reduced accordingly, but only after the cumulative exit target for Q1 2014 has been met.

- Given implementation delays to date and to meet exit targets for early next year, we will change the legislation on the mobility scheme to reduce the time spent in the scheme from 12 months to 8 months. Consequently, we will front load the exit targets for the second half of 2014 (TMU ¶25), and will maintain the programmed definition for exits. To support the end-2013 cumulative exit target of 4000, we will accelerate our efforts in addressing the disciplinary cases and further evaluating other entities.
- We are committed to establish a permanent tool for personnel reallocation to enhance the human resources management. To this end, we will establish quarterly minimum targets for the mobility scheme for 2014 in September 2013. The Government will hire one new employee for each exit as a result of (i) disciplinary cases; (ii) due diligence evaluation of legal entities of public and private law leading to mergers and abolishment; (iii) voluntary exits from the mobility scheme (excluding personnel within 3 years of retirement); and (iv) the elapse of an 8-month period in the mobility scheme.
- While there has been a delay in preparing staffing plans, we will complete 400,000 positions by end-September, and accelerate completion to maintain the year-end deadline for general government. We are also working on developing a staff assessment system. By end-August 2013, we will define detailed hiring plans for 2013 that reflect government priorities, and prepare a staffing and hiring plan to be included in the budget for 2014. By end-September, we will bring all employees into the Census Database and the Single Payment Authority, to complete our monitoring framework for government employment and the wage bill.
- Finally, as of July 2013, we have begun publishing on the government website detailed monthly data on ordinary staff (full-time public sector employees) and other staff (contractual employees, political appointees, etc.), the number of employees in the mobility scheme, the number of exits, and the number of pending disciplinary cases.

12. We are taking steps to expand employment and training programs and to improve targeting of our social safety net:

- **Employment and training programs.** We have launched the youth internship and employment voucher program that supports six-month vocational training and internships for 45,000 beneficiaries (see ¶14 of the May 20, 2013 MEFP for a description of the program). We plan to announce later in 2013 a social community work program that targets about 50,000 individuals from jobless households, for which we are seeking dedicated financing from EU structural funds. Finally, we plan to increase the number of entrants into apprenticeship and vocational training programs, while seeking to strengthen the quality of such education through curricula improvements and ensuring better coordination between businesses and the apprenticeship professional schools.
- **Social protection.** We are launching a Health Voucher Program that will provide 100,000 long-term uninsured citizens with access to primary healthcare services and, with funding

from the European Social Fund, we plan to extend the program to more beneficiaries while expanding the coverage of healthcare services. We will start making payments in July on the new child benefit law. Preparations are underway for implementing the income-tested program that targets long-term unemployed (to start no later than 2014). We are also undertaking a wide-ranging review of the effectiveness of our income support programs in targeting the truly needy. To that end, with assistance from the World Bank, we intend to launch as a high priority a pilot means-tested income support program (minimum guaranteed income) by January 2014, and aim to roll it out nationally by 2015. Further, we seek to fill any other gaps in our social safety nets that become apparent, within the overall existing budget envelope.

Fiscal Institutional Reforms

Revenue administration

13. We are bolstering the autonomy of the revenue administration and moving forward with organizational reforms. With the passage of legislation in May, we have provided greater flexibility to the Secretary General of Public Revenue (SGPR) over budget allocation and organizational structure and for hiring and grading SGPR staff. Implementation of this legislation is advancing:

- We are proceeding with plans to integrate into the Revenue Administration the Internal Affairs Department (IAD) of the MoF and the revenue-related functions of the General Secretariat for Information Services (GSIS) and the Corp for the Prosecution of Economic Crimes (SDOE). Specifically, as a **prior action**, we have issued ministerial decisions for the transfer of the IAD and the Directorates for Computer Applications (excluding the sections for Budget and Public Expenditure, Payroll, and Pensions) and for Computer Data Entry and Control of the GSIS. These ministerial decisions allow us to transfer all functions, staff, and budget allocations of the relevant units to the revenue administration.
- We have established a new Strategic Planning and Financial Control Directorate, which will manage the budget of the revenue administration starting with the preparation of the SGPR's 2014 budget, support the SGPR in project management, and monitor progress with reform and KPI implementation. By September 2013, we will have staffed the Directorate to make it fully functional.
- By end-July, we will identify the functions and staff of the SDOE that will be transferred to the revenue administration by October 2013 (TMU ¶128).
- We are screening the legislation relevant for identifying the remaining constraints to the delegation of powers to SGPR, and in early-August, we will issue a report proposing solutions and, by end-September, will adopt amending legislation.

- We have selected a 5-member Advisory Council to the SGPR, which comprises 3 domestic experts and 2 high-level external experts with significant international experience in carrying out revenue administration reforms. The first meeting of the Advisory Council will be held before the end of July, and a regular bi-monthly schedule of meetings has been established for the first year.
- To ensure timely and complete implementation of upcoming reforms, we have hired an external consultant to advise us on the project management of organizational reforms. We have prepared a timeline for the completion of the October structural benchmark that requires approval of the new organizational structure, staffing numbers, grading system, and qualification and appointment processes of the revenue administration. We have prepared a strategic plan, and by end-October, we will also prepare a 2014-15 business plan for the revenue administration.

14. We are committed to strengthening Anti Money Laundering (AML) procedures to bolster tax compliance and fight evasion. To take full advantage of the existing AML legislation, we will amend it by July 2013 to (i) ensure that the General Secretariat of Public Revenues (GSPR) is represented at the Board of the financial Intelligence Unit (FIU); (ii) enable the GSPR to obtain from the FIU information relevant to individual tax audits and debt collection cases; (iii) require that information on relevant cases of failure to pay confirmed debt over €50,000 be transmitted to the FIU (for purposes of implementing the AML law); and (iv) require the FIU to promptly inform the GSPR when assets are frozen in relation to the laundering of proceeds of tax crimes.

15. We are continuing to improve the efficiency of revenue administration.

- **Audit.** We have appointed new management and an adequate number of supervisors at the high-wealth individuals (HWI) audit center unit, which will help speed up the assignment of tasks and monitoring of work progress. We have issued audit orders on more than 250 capital remittance cases, and we will issue by end-September audit reports on more than 15 cases based on indirect audit methods.
- **Debt collection.** We started a reorganization of the Large Debtor Unit (LDU) to focus its work on collectable debt. To this end, we have issued a circular specifying the criteria to determine fresh debt and have assigned 30 staff to the collection of fresh debt. Finally, we have adopted legislation for the creation of an indirect bank account register that by early August will start providing authorized revenue administration personnel access to information about bank accounts held by taxpayers. We have appointed a project manager and initial staffing of a new internal review unit. The aim is to have this unit established and operational by end-August.
- **Collection efficiency.** Collection efforts still need to be strengthened. To this end, as a **prior action**, we will submit (for adoption by late July) the legislation to close effective August 1, 2013 for new entrants any installment or deferred arrangements for payment

liabilities arising from audit assessments other than entry into the fresh start and basic installment schemes. We have amended Law 3888/2010, as of January 2013, to ensure that taxpayers cannot avoid an audit by requesting a settlement from the moment when the taxpayer was selected for audit to the completion of an audit by the issuance of the audit report and tax assessment. This will ensure that all indications of substantial undeclared income must be examined during the course of the audit. To ensure that the suspension of the payment obligation for disputed tax amounts from pending court cases is only granted in cases of financial hardship, we have issued the joint MoF/MoJ decision required according to Article 203 of the Administrative Procedures Code, amended by Law 4051/2012. Going forward, we will abstain from extending the deadlines for the filing and payment of taxes. In addition, we will publish every December the schedule for the following year for filing and payment of all taxes and levies for the state government and social budgets.

- **Personnel management.** By end-July, we will complete the external hiring of 186 auditors. To ensure that the number of such hires reaches our target of 200 by end-October, we will revise Law 4038/2012 to provide that short-listed candidates who were not selected are put on a waiting list to substitute for selected candidates who did not accept their job offers. We have also completed the certification of 2,000 internally selected auditors, and by early September will appoint a team of full-time trainers who will complete the basic audit training of all these auditors and the new external hires by mid-2014.
- **VAT refunds.** To speed up the processing of tax refund claims, by end-September 2013, we will adopt legislation introducing a 90-day deadline for VAT refund payments and a 90-day deadline for income tax refund payments. By end-September 2013, we will (i) optimize the VAT refund risk analysis system; and (ii) issue a circular guiding VAT refund audits by local tax offices. By end-September 2013, we will also introduce a risk analysis system for processing income tax refunds, including by prioritizing the largest refund claims.

16. The new tax and SSC installment schemes have been launched. For the processing and verification of applications for the tax installment schemes, we have assigned additional staff to collection in the largest tax offices. We are introducing an electronic application system for tax installments, and will start collection before end-July. An electronic application system for SSC installment arrangements has been introduced by IKA and OAEE, and this process for remaining SSFs will be completed by end-2013. To monitor performance of the fresh start and basic installment schemes, we have developed a set of indicators (TMU 1129), which will be published monthly.

17. We are undertaking initiatives to improve collection of social security contributions. We will adopt by end-July legislation to establish the organization of a new joint collection center for SSC debt (KEAO). Following adoption of this legislation, by end-August 2013 we will assign 200 staff to KEAO, and by end-2013 complete the assignment and external

recruitment of 400 additional recovery officers to boost its debt recovery capacity. In August, we will adopt secondary legislation to establish a procedure to quarantine uncollectable debt, create a single SSC debt database, and transfer €4.2 billion of SSC collectable debt to KEAO. To improve SSC collection, we have introduced key performance indicators for enforcement and collection of current obligations and arrears (TMU ¶131).

18. Information on June 2013 KPIs on tax administration is not yet available, but shortfalls are very likely, and we have taken remedial actions (Table 5). Shortfalls are likely to be significant in debt collection and collection of assessed amounts, as well as on audits of assets of managers of local tax offices and auditors. Measures described in ¶15 above on collection efficiency will address slippages in the collection rate indicators. Furthermore, we have requested access to bank information to complete the audits of assets of managers of local tax offices and of auditors and by end-July will complete 35 cases for which such information has been provided. We expect that all cases will be completed by mid-August after the integration of the IAD in the revenue administration. The weakening of the number of audits at the HWI unit and of the full-scope LTU audits immediately after the appointment of new supervisory teams requires close monitoring. Therefore, we have set targets for these indicators for end-September 2013 (**structural benchmark**).

Public financial management

19. General Directorates for Financial Services (GDFS) are now operating in most line ministries and commitment controls have been strengthened.

- **GDFS.** The recently issued joint ministerial decisions clarified the organizational structure of the GDFS and cleared the way for preparing staffing plans for the units. We will pass by end-July 2013 legislation to establish permanent procedures for the appointment of accounting officers in the context of the reorganization of the ministries expected in September 2013. In the meantime, vacant accounting officers' positions will be filled with temporary acting appointments.
- **Commitment registers.** We have issued a circular requesting all General Government entities to send to GAO queries they have concerning reporting requirements on the commitment registers by end-July. By end-September, we will send an interpretive circular responding to these queries with a view to eliminating discrepancies in reporting between commitment registers and surveys. We have issued a circular to suspend state transfer payments starting in October 2013 for those entities—having more than €1 million in spending—that do not report on commitment registries. In the context of the revision of the organic budget law, we will amend the legislation (Law 3871/2010) to introduce further penalty procedures to General Government entities that fail to provide timely reporting to GAO.

20. We continue to strengthen the budget process. To start the new budget preparation cycle, we have issued to line ministries a circular and a budget preparation timeline to guide

completion of the 2014–17 medium-term fiscal strategy by October 1, 2013. We have established a working group to prepare the planned amendments to the organic budget law and explore the scope for further strengthening the budget process (see MEFP of May 20, 2013, first bullet of ¶19), and will adopt these amendments by end-October 2013. We will issue by end-July a Joint Ministerial Decision establishing a common methodology for the preparation and adoption of local government budgets to prevent delays and ensure consistency with the MTFs targets. We have set financial targets for the 12 reclassified state-owned enterprises (SOEs) and have published their budget execution for the first quarter of 2013 relative to those targets. We have also published the budget execution for the first quarter of 2013 relative to their targets of 27 Legal Entities with expenditure over €20 million.

21. We are addressing institutional shortcomings that continue to cause delays in payment processes and in clearance of arrears.

- We have issued a joint ministerial decision instructing fiscal audit offices to process all payment requests within 20 days, and set deadlines for each stage of the payment process.
- We have adopted legislation to move responsibility for payment execution from tax offices to fiscal audit offices and by end-September we will submit to the Council of State a Presidential Decree with the new administrative processes needed to implement this reform by January 2014. By end-October, we will (i) make necessary changes to our IT and administrative processes so that payment orders and accompanying documentation can be authorized electronically and that fiscal audit offices are in a position to execute payments on a pilot basis starting in November, and (ii) put in place statistical reports to enable follow-up on progress
- By end October, we will prepare a medium-term action plan for meeting the requirement of the Late Payment Directive that will include: (i) an analysis of the IT system; (ii) a review of the legal framework on payment processes with a view to simplify it considerably, and ensure that line ministries are fully versed in the documentation that needs to accompany each payment request; and (iii) standardized thresholds above which different level of approval are required across all line ministries.
- By end-December, the Hellenic Court of Auditors (HCA) and GAO will produce a joint note on the role and scope for streamlining of the HCA's ex ante audits in financial control following the review of the effectiveness of the HCA's ex-post audit pilot scheme expected in November with the assistance of the Dutch Court of Audit.
- We have appointed teams to conduct by end-August focused audits of the commitment registers of SSFs comprising EOPYY, starting with IKA, OPAD, OAEE, TAYTEKO, and ETAA. These audits will help identify key issues that will form the terms of reference for a subsequent comprehensive external audit of EOPYY's outstanding liabilities.

22. Measures are underway to strengthen the reporting requirements of general government entities of systemic importance. To ensure consistent monitoring of targets in the SSFs sector, we will require pension and employment funds, EOPYY, and hospitals to provide monthly reports in accordance with reporting templates agreed with GAO. These templates will enhance transparency of the social budget by covering monthly cash outturns, accounts receivable and payable, and arrears. The provision of data to GAO will take place within three weeks of the completion of the month, and it will start by October 2013. To improve the internal consistency of the medium-term budget forecast, we will pursue the examination of the existing forecasting and accounting procedures and further take any necessary action, which will enable us to begin reporting projected state transfers to each subsector as separate items in line with the templates agreed with GAO.

23. The numbers for the June KPI targets are not yet available, but we expect them to have been met (Table 6). For May, 91 percent of general government entities reported their arrears through the e-portal and 77 percent reported a comprehensive set of information from their commitment registers (compared to a June floor of 80 and 65 percent, respectively) with a discrepancy of less than 2 percent (compared to a June ceiling of 10 percent). We have also set targets for these indicators for end-September 2013 (**structural benchmark**).

Financial Sector Policies

24. The recapitalization and consolidation of the banking sector is in its final stages:

- The recapitalization of the four core banks is now complete. Three banks raised the minimum 10 percent in private sector capital required to remain under private sector control. A fourth core bank is under the control of the HFSF. The banks have conducted another round of liability management exercises, leading to an increase in Core Tier I capital of €585 million for the four core banks.
- We invited international and domestic bids for the sale of the two bridge banks. This disposal will be completed as a prior action. The decision on the transactions will take into consideration the public interest, financial stability, as well as the protection of HFSF assets.
- The two remaining undercapitalized non-core banks were given an extended deadline to raise their entire capital needs from private sources. One bank managed to raise adequate private capital. The second bank has until July 26 to complete this process; and if unsuccessful, we will immediately proceed with its resolution through a purchase and assumption by a core bank.
- We will develop the implementation plan for rationalizing the cooperative sector, including Panellenia Bank, as part of our comprehensive banking sector strategy. By end September, we will take the legal and regulatory steps necessary to implement the

strategy for the cooperative sector, taking into account the findings of the BoG report "Assessment of the Greek Cooperative Banking Sector" (February 2013).

- We will undertake to place a substantial equity stake in Eurobank to a privately owned strategic international investor by end-March 2014. To this end, we will contract consultants by end-August 2013, develop an evaluation metric for potential investors by mid-October 2013, and allow them to start the due diligence process no later than end-November 2013. We will also structure this placement with a view to incentivize participation of investors who want to obtain a majority stake in the future.

25. We will complete a comprehensive banking sector strategy as a prior action, in consultation with the EC/ECB/IMF. The strategy provides a roadmap of policies needed to safeguard financial stability and ensure that the sector is competitive and well-placed to maintain a flow of financing to the real economy to support the recovery. We are committed to a four-pillar banking sector while we own a majority stake in the core banks. Therefore, the strategy is built around four core banks run on a purely commercial basis, with no role for directed lending or credit targets. It will propose a path for the prompt disposal of HFSF shares to the private sector in accordance with the existing legal framework. Now that the recapitalization of the four core banks is complete, we will review by end-September 2013 the functioning of the HFSF, in cooperation with the EC/ECB/IMF staff. Any adaptation will take into consideration its evolving tasks, in line with the program and the long-term interests of the banking sector and taxpayers.

26. Preparations for the supervisory stress test and the distressed credit operations review are well underway. We have established a timeline and the modalities of the stress test to be completed by end year, including objectives, scope and output, with our counterparts from the EC/ECB/IMF. The exercise will be overseen by a steering committee comprised of representatives from the BoG, EC, ECB, IMF, and EBA. We have engaged a consultant to conduct the asset quality review, with an interim deadline of completion by end October 2013. The distressed credit operations review is scheduled to be completed by end-September 2013.

27. We will take no fiscal policy actions that would undermine the solvency of banks. In particular, the banks will not be required to pay any dividends on preference shares, or fees or taxes in lieu of this, unless they have distributable profits (excluding profits from acquisitions and selling of subsidiaries abroad), and the BoG has given its consent, confirming that such a payment would be compatible with the preservation of adequate capital buffers going forward.

28. We are committed to preserve sufficient banking system liquidity in line with Eurosystem rules. The BoG, following the procedures and rules of the Eurosystem, stands ready to continue disbursing adequate and appropriate emergency liquidity support in a timely manner, if needed. Over the medium term, banks are expected to achieve a sustainable funding model by broadening their funding base and reducing their reliance on extraordinary central bank liquidity support and government guarantees. To this end, after completion of the recapitalization exercise, the BoG will request banks to provide standardized quarterly balance sheet forecasts (funding plans). These plans will serve as a tool for the BoG and the ECB to

monitor this process and assess, in cooperation with the EC and IMF, whether the banks' plans are at the aggregate level consistent with the program's macroeconomic framework.

29. We continue to improve the management of assets under liquidation. We have made significant progress in enhancing the legal, as well as the regulatory and operational frameworks governing assets under liquidation. The new legislation and regulatory framework provide us with additional tools to deal with these assets, including options to employ liquidation entities and restructuring tools. On an operational level, we have outsourced, in certain cases, asset recovery to collection companies with significant improvement in results. To ensure an effective utilization of our enhanced tools, we will develop, by end-July, an implementation plan outlining further steps to improve collections and establish targets.

30. We have made significant progress in strengthening bank governance. The Relationship Framework Agreements between the HFSF and the core banks have been approved by the HFSF's General Council, signed by the parties, and published. The core banks are implementing the recommendations of the monitoring trustees contained in their first quarterly reports. We have initiated a review of our supervisory model to bring it in line with international best practices and consistent with the Single Supervisory Mechanism guidance, we have started with the sanctioning toolkit, and aim to complete this process by end-2013. Further, Law 3864/2010 will be amended so that all decisions of the General Council and the Executive Board are meant to be in accordance with the HFSF's mandate, if taken in accordance with the law and with a view to protecting the public interest, in particular the financial stability, in accordance with the commitments of the Hellenic Republic set out in Law 4046/2012 (FEK A 28), as these commitments are updated from time to time in accordance with paragraph 5 of the same law.

31. We have adopted and enhanced tools to resolve distressed household debt. The "Facilitation Program" has been adopted by Parliament, and the necessary regulations to implement it will be put in place by end-August 2013. The amendments to Law 3869/2010 aimed at encouraging out of court settlements for distressed household debt (such as allowing for a decision on an out-of-court settlement to be adopted by a specific majority of creditors, and introducing minimum debt payments in the period between filing of a petition and the court hearing) have also been adopted by Parliament. Further, by end-September 2013, we will adopt definitions for terms such as "acceptable living expenses" and "cooperative borrowers," as guidance for the judiciary and banks, with a view to protect vulnerable households.

32. We will continue monitoring closely the resolution of distressed debts for households, SMEs, and corporates. Building on the significant achievements toward reforming insolvency regimes, further steps will be taken in order to deal with the private sector debt overhang, and to stem the rise of NPLs—factors that have contributed to the stifling of credit to the real economy:

- We are establishing a working group to identify ways to improve the effectiveness of debt resolution processes for households, SMEs, and corporates. We will by end-July 2013, in consultation with EC/ECB/IMF staff, identify key bottlenecks and, by end-October

2013, with their technical assistance, propose concrete steps for enhancements in this area.

- Using the review of banks' distressed credit operations as input, the BoG will issue, by end-2013 and in consultation with banks and EC/ECB/IMF staff, a time-bound framework for banks to facilitate settlement of borrower arrears using standardized protocols. These include assessment procedures, engagement rules, defined timelines, and termination strategies. In addition, the BoG will require banks to present, by mid-September 2013, a strategy for improving their distressed credit operations (e.g., by strengthening internal arrears management units, and contracting external work-out specialists) and, by end-November 2013, submit a comprehensive operational plan that will address the shortfalls identified in the review. While we will refrain from adopting new or modifying existing debt restructuring schemes, we will undertake the first assessment of the effectiveness of the Facilitation Program within six months of launch.

33. The government intends to establish the Institution for Growth (IfG), a non-bank financial institution, to support innovation and growth by catalyzing private sector financing, especially for SMEs, while minimizing fiscal risks. The IfG will use its expertise and that of its sponsors, as well as funding ability and will operate to ensure a sustainable fund, while supporting public policy objectives. The ongoing deleveraging by banks has exacerbated the economic contraction and curtailed access to credit, especially for SMEs. The IfG will: (i) provide debt financing for SMEs; (ii) provide equity capital to SMEs having significant growth potential, and to private equity and venture funds; (iii) provide debt or equity financing for infrastructure projects; (iv) where it provides debt financing, make such loans available only under co-financing arrangements with a significant participation by commercial or cooperative banks; (v) lend and invest at market terms; (vi) not accept deposits; (vii) not accept capital contributions or other financing from domestic financial institutions owned or controlled by the public sector, including HFSF; and (viii) limit any guarantees to a level not exceeding the Hellenic Republic's (HR's) capital subscription. The HR will seek to become a minority shareholder eventually, with its own capital contribution limited to €350 million over the next three years. Shareholders other than the HR will have to agree on the appointment of the management of the IfG. The IfG board will have a strong international presence to ensure a high degree of independence. Finally, overlapping functions between ETEAN and IfG will be avoided, and some of these functions may be performed by the IfG upon an HR request and subject to IfG investor's approval.

Structural Reforms

34. We are advancing the liberalization of regulated professions and will assess the implementation to ensure that what has been completed so far is delivering the desired results.

- We will adopt a new Code of Lawyers by end-July, which eliminates unjustified restrictions on legal services and aligns our legal framework with international best practice. We have issued implementing legislation to complete the liberalization of a

number of professions, including certified auditors and actuaries (TMU 1139). With these steps, the remaining list of regulated professions from the end-2012 structural benchmark has now been addressed, except for firms trading petroleum, geo-technicians, chartered valuers and electricians (for which the implementing ministerial decision will be issued at the latest by end-September 2013) and engineers. On the latter, we have already identified the reserved activities for all engineering specialties. With HCC assistance, we will determine areas where reserved activities for such specialties are justified from the public interest perspective, and remove all excessive restrictions by end-2013.

- Continuous monitoring of regulated professions is key to ensure their de facto liberalization. To that end, we have tasked KEPE to complete by end-July 2013 a study on the degree of effective liberalization of 20 economically important professions, including a review of new entries and exits and price changes. We are committed to act promptly, no later than end-September, to address any remaining excessive restrictions identified. Moreover, given the ongoing reforms in this area, the time needed for legislative changes to deliver their intended effect, and the possible persistence of unidentified legal or regulatory restrictions, we will conduct by end-2013 an in-depth follow-up review of the reforms of regulated professions, including interviews and surveys of stakeholders, with the support of outside experts. Finally, the monitoring unit for regulated professions at the Ministry of Finance will, in consultation with the EC/ECB/IMF staff, develop a list of high-frequency indicators by October 2013 to assess on an ongoing basis the impact of reforms in this area, and publish these indicators on a regular basis to strengthen public accountability.

35. Promoting competition and reducing the administrative burden are an ongoing priority.

- In the **retail sector**, to increase competition for over-the-counter products sold in pharmacies, we have replaced the previous system of fixed margins with maximum ones. By end-September 2013, we will allow the sale of selected products outside of pharmacies. We will adopt by end-July a new law to remove restrictions on discounts and increase the flexibility of retailers' opening days. In the **rental sector**, we have created a working group to complete by end-August a review of the current regime for commercial rentals, and will adopt legislation to address existing rigidities by end-September 2013. In the **transportation sector**, we will liberalize long-distance bus transportation services (adopt legislation to open lines for competition, and streamline mandatory discounts) (August 2013), we have rationalized mandatory discounts for ferry tickets and will further increase the flexibility for ferry transportation (October 2013), and streamline public service obligations (PSO) for regional flights to bring down costs (i.e., reducing frequency in the winter and removing PSO in the tourist season when existing contracts expire) (October 2013).

- To **reduce unnecessary regulatory and administrative burdens**, with OECD assistance we are conducting two separate in-depth studies: on regulatory barriers to competition in four key sectors (tourism, retail, building materials, and food processing), and on administrative burdens in thirteen sectors. An initial screening of legislation under both studies has identified a number of areas that need attention. We are committed to adopt by end-2013 legislation to implement the specific recommendations for the first study.
- To **facilitate trade**, by end-July 2013, we will expand to imports the 24/7 working shifts in the Athens airport and the two shifts in the Piraeus port, which are already in place for exports. In addition, by end-November 2013, we will introduce an electronic submission system for all import declarations. With assistance from the World Customs Organization, we will assess the results of pilot customs offices in Athens airport and Piraeus port, including the effectiveness of the risk-based system for the release of export consignments (by end-2013), adopts the optimized procedures in the Athens airport and Piraeus port custom offices by January 2014, and extend these procedures fully nation-wide by end-2014.
- To **facilitate investment**, by end-2013 we will pass legislation to comprehensively streamline the system of investment licenses and permits (operational, environmental, land use and use of public infrastructure licenses) by reducing their number, the approval time and procedures (one stop shop, certification by independent bodies) in line with international best practices. In parallel, we will also establish a tracking system to monitor implementation and ensure accountability.
- To **reduce the costs of doing business**, we will eliminate or transfer nuisance taxes and levies (and the associated spending) to the state budget (September 2013 structural benchmark). Further, we will adopt legislation to reform the system of social security contributions to reduce the rates by 3.9 percentage points. These will be phased in on January 1, in 2014, 2015, and 2016, and will be revenue neutral and preserve the actuarial balance of the various funds (November 2013 structural benchmark).

36. We will build on our success in liberalizing labor markets by focusing on remaining areas where excessive restrictions remain. Excessive rigidities remain in some areas, notwithstanding the steps taken under the program. In addition, some sectors (such as maritime and private education) have been shielded from labor market reforms. Against this background, and consistent with existing program commitments, we will take the following actions:

- We have issued a ministerial decision to clarify that individual labor agreements are allowed in the maritime sector when the sectoral collective agreement has expired, and we have issued a circular to clarify that law 4046/2012 on severance payments and Cabinet Act (FEK 38/28-2-2012) on dismissals apply to the private education sector.

- By mid-July, 2013, we will adopt a law to establish a new minimum wage mechanism so that the statutory minimum wage and minimum daily wages are set by the government, consistent with our commitments outlined in the MEFP of December 21, 2012.
- To attract investment, support job creation and growth, and safeguard the right to work, we will complete a study for discussion at the next review, comparing Greece's regulations on temporary employment, scope of temporary employment agencies, and collective dismissal rules and procedures with those in other EU member states. Drawing on this review, we intend to identify any appropriate reforms needed to bring our legal and regulatory framework in these areas into line with EU best practices. On this basis, we will prepare, in consultation with social partners, a draft set of reforms by end-November and implement such reforms by end-2013.
- Looking forward, to reduce the administrative burden on businesses we will significantly streamline labor reporting requirements by end-September, following a comprehensive review to be completed by end-July. In the context of this work we will adjust sanctions for violations of labor law by end-July, by better linking punishments to the severity of violations, and will focus detection on more severe cases. Finally, in light of the many recent labor reforms introduced during the program, we will compile a Labor Code by end-2013, which will eliminate possible inconsistencies and increase transparency.
- By end-October 2013, we will assess, in consultation with stakeholders, the impact of recent labor reforms in the maritime sector, and adopt further steps to strengthen its competitiveness, including by increasing the flexibility of labor arrangements.

37. We have made further progress on judicial reforms and have strengthened our anti-corruption framework:

- **Judicial reform.** We have continued to reduce the case backlog (both tax and non-tax), and are publishing quarterly data on court performance. To further improve the efficiency of our court system, we will (i) by end-July 2013, present to the EC/IMF/ECB staff an assessment of the operation of magistrates' courts; (ii) by end-September 2013, reallocate judges to the administrative courts, having in mind the backlog reduction needs, and adopt an action plan to reduce civil and commercial case backlogs; (iii) by end-October 2013, undertake an analysis of court fees for civil and commercial cases; and (iv) by end-December 2013, undertake an analysis of the enforcement framework for civil and commercial decisions. However, our preparation of amendments to the Code of Civil Procedure has been delayed and will now be presented to EC/ECB/IMF staff by end-September 2013.
- **Anti-Corruption.** Following up on our publication of an anti-corruption plan, we will present to EC/ECB/IMF staff by end-July 2013 draft legislation to bring our anti-corruption legal framework in line with relevant international standards (delayed from the program target of submission to parliament by end-June). Following the recent

appointment of a National Anti-Corruption Coordinator, and the establishment and staffing of his office, we will, by end-July 2013, start the implementation of all outstanding actions in the anti-corruption plan, initially scheduled for the period March-July 2013.

38. We continue to make progress in preparing assets for privatization, although delays in sales have occurred. The failure to attract a bidder for the natural gas company (DEPA) will cause a delay of 2013 receipts relative to program assumptions. Nonetheless, we will press forward with sales of other privatization assets, and will evaluate progress in the September review.

- Our focus in 2013 is to finalize the sale of OPAP and the State Lotteries, as well as several smaller corporate transactions and several sales of real estate assets, and to re-launch and conclude as soon as possible the sale of DEPA (followed by HELPE). For the State Lottery transaction, the required SPV will be set up before end-July 2013. We expect to finalize the OPAP sale by end-September 2013. To compensate for some of the delays, we will increase the stakes in the ports to be sold and accelerate their tenders.
- We continue to take actions to prepare assets for sale, including putting all regulatory frameworks in place, taking all necessary steps to complete the clearance for state aid, and transfer the quarterly batches of 250 real estate assets to the HRADF.

39. To minimize further delays in privatization and liquidation of entities that cannot be privatized, we will take the following steps as a **prior action**: (i) formally announce a restructuring or resolution of ELVO, HDS, and LARCO, with a view to completion by December-2013; (ii) issue the five year pricing policy (for the period 2014-18) for EYATH (water tariffs); and (iii) adopt legislative acts permitting the payment of arrears owed to EYDAP and EYATH directly from the arrears clearance program (the Expression-of-Interest for EYDAP privatization will then be issued in Q4 2013). In addition, and subsequent to meeting the prior action, we will validate the amount of payment arrears to the two water companies by end-August, and clear these arrears by end-September. We will also issue the Joint Ministerial Decision to shift the second parcel of 250 real estate assets to the HRADF.

Table 1a. Greece: Quantitative Performance Criteria and Indicative Targets, Dec., 2012–Jun., 2013

(Billions of euros, unless otherwise indicated)

	2012		2013		2013	
	Dec-12		Mar-13		Jun-13	
	Progr.	Actual	Progr.	Actual	Progr.	Actual
Performance criteria						
1. Floor on the modified general government primary cash balance 1/	-3.8	-3.3	1.5	1.8	-1.2	...
2. Ceiling on state budget primary spending 1/	56.8	55.4	13.9	11.8	26.0	24.1
3. Ceiling on the overall stock of central government debt	340.0	311.4	347.0	313.3	347.0	...
4. Ceiling on the new guarantees granted by the central government 2/	0.2	0.1	0.2	0.2	0.0	0.0
5. Ceiling on the accumulation of new external payments arrears on external debt contracted or guaranteed by general government 3/	0.0	0.0	0.0	0.0	0.0	0.0
6. Ceiling on the Stock of Domestic Arrears (narrow definition)	3.6	2.9	3.0	2.6	2.0	...
Indicative targets						
7. Ceiling on the Stock of Domestic Arrears (General Government Definition)	8.0	7.6	4.5	7.1	3.0	...
8. Floor on privatization receipts 4/	3.2	0.0	0.1	0.1	1.1	0.1
9. Transfers to the Mobility Scheme (employees, in thousands) 4/	...	...	...	...	12.5	0.0

1/ Applies cumulatively from start of the target's calendar year.

2/ Applies cumulatively from Oct 1, 2012. As of the end-June target, applies cumulatively from April 1, 2013.

3/ Applies on a continuous basis from program approval.

4/ For 2012, cumulative from program approval. For 2013, cumulative January 1, 2013.

Table 1b. Greece: Quantitative Performance Criteria and Indicative Targets, Sep., 2013–Dec., 2017

(Billions of euros, unless otherwise indicated)

	2013		2014	2015	2016	2017
	Sep-13	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17
Performance criteria						
1. Floor on the modified general government primary cash balance 1/	-0.8	-0.3	...	...	...	...
2. Ceiling on state budget primary spending 1/	38.8	53.2	...	...	...	...
3. Ceiling on the overall stock of central government debt	335.0	335.0	...	...	...	...
4. Ceiling on the new guarantees granted by the central government 2/	0.0	0.0	...	...	...	...
5. Ceiling on the accumulation of new external payments arrears on external debt contracted or guaranteed by general government 3/	0.0	0.0	...	...	...	...
6. Ceiling on the stock of domestic arrears (narrow definition)	1.0	0.0	...	...	...	...
7. Floor on Privatization Receipts 4/	0.9	...	...	...	...	...
Indicative targets						
1. Floor on the modified general government primary cash balance 1/	...	...	2.0	3.6	5.9	...
2. Ceiling on state budget primary spending 1/	...	...	49.4	46.3	48.7	...
3. Ceiling on the overall stock of central government debt	...	...	330	330	...	...
4. Ceiling on the new guarantees granted by the central government 2/	...	...	0.0	0.0	0.0	...
5. Ceiling on the accumulation of new external payments arrears on external debt contracted or guaranteed by general government 3/	...	...	0.0	0.0	0.0	...
6. Ceiling on the stock of domestic arrears (narrow definition)	...	...	0.0	0.0	0.0	...
7. Ceiling on the stock of domestic arrears of the general government	1.5	0.0	0.0	0.0	0.0	...
8. Floor on privatization receipts 4/	...	1.6	4.3	6.3	8.4	10.8
9. Mandatory Exits (employees, in thousands) 4/ 5/	2.0	4.0	15.0	...	...	...
10. Transfers to the Mobility Scheme (employees, in thousands) 4/	12.5	25.0	...	...	...	...
11. Floor on the stock of employees in the mobility scheme that will exit 2/	5.0	11.0	...	...	...	...

1/ Applies cumulatively from start of the target's calendar year.

2/ Cumulative from April 1, 2013.

3/ Applied on a continuous basis since program approval.

4/ Cumulative from January 1, 2013.

5/ Quarterly targets have also been set for 2014 (cumulative from April 1, 2013): Q1: 5,000; Q2: 9,000; July: 10,500; August: 12,000; Q3: 14,000; and Q4: 15,000.

Table 2. Greece: Structural Benchmarks, June–July, 2013

Measure	Status
End-June 2013	
1. Government to meet quarterly performance indicators for revenue administration (IMF country report No. 13/153, MEFP ¶18 and Annex II).	Not expected to be observed (¶18)
2. Government to meet quarterly performance indicators for public financial management (IMF country report No. 13/153, MEFP ¶11 and Annex IV).	Expected to be observed (¶23)
3. Adopt a new Tax Procedures Code and simplify income tax legislation (IMF country report No. 13/153, Table 4).	Not observed. Prior action (see Table 3)
4. Complete resolution of all undercapitalized or insolvent non–core banks (IMF country report No. 13/20, MEFP ¶20).	Not observed. Recapitalization completed in July for one bank; treatment to be finalized in July for second bank
July 15, 2013	
5. Complete a comprehensive banking sector strategy (IMF country report No. 13/153, MEFP ¶18).	Prior action (see Table 3)
6. Conclude sale of New Hellenic Postbank (IMF country report No. 13/153, MEFP ¶19).	Prior action (see Table 3)

Table 3. Greece: Prior Actions

Measure	Macro critical relevance
Fiscal measures	
1. Government to take steps to ensure full implementation of the fiscal program for 2013–14 (¶15).	• Fiscal sustainability (revenue)
2. Adopt legislation to reform income tax code and government to submit to parliament a tax procedure code (¶16).	• Fiscal sustainability (revenue)
3. Government to take steps to prevent accumulation of debt in the renewable energy account (¶19).	• Fiscal sustainability (contingent liabilities)
4. Government to issue all necessary legal acts so as to place at least 4,200 ordinary employees in the mobility scheme by end-July (¶11).	• Fiscal sustainability (spending) and government efficiency
Fiscal institutional reforms	
5. Government to issue ministerial decisions for the transfer to the revenue administration of IAD, and the Directorates for Computer Applications, and for Computer Data Entry and Controls of the GSIS (¶13).	• Fiscal sustainability (revenue)
6. Amend legislation to close effective August 1, 2013 for new entrants any installment or deferred arrangements for payment liabilities arising from audit assessments other than entry into the fresh start and basic installment schemes (¶15).	• Fiscal sustainability (revenue)
Financial sector	
7. Complete sale of the New Hellenic Postbank and Nea Proton Bank (¶24).	• Financial stability
8. Authorities to complete a comprehensive banking sector strategy to ensure a banking sector based on four viable core banks (¶25).	• Financial stability
Privatization	
9. Authorities to remove obstacles in the privatization program (¶39).	• Fiscal sustainability (budget) and economic efficiency

Table 4. Greece: Existing and Proposed Structural Benchmarks

Measure	Macro critical relevance
End-September 2013	
1. Ministry of Finance to produce a comprehensive list of nuisance taxes and levies, and eliminate them or transfer them (and the associated spending) to the central government budget (IMF Country Report No. 13/20, MEFP ¶19).	<ul style="list-style-type: none"> • Growth/competitiveness (business environment)
2. Adopt legislation on a new property tax regime (¶17). Proposed.	<ul style="list-style-type: none"> • Fiscal sustainability (revenue)
3. Banks to update their restructuring plans and submit them for validation by DG-Competition (IMF country report No. 13/20, MEFP ¶123). Proposed to be rephased from end-July 2013.	<ul style="list-style-type: none"> • Financial stability
4. Government to meet quarterly performance indicators for revenue administration (¶18). Proposed.	<ul style="list-style-type: none"> • Fiscal sustainability (revenue)
5. Government to meet quarterly performance indicators for public financial management (¶23). Proposed.	<ul style="list-style-type: none"> • Fiscal sustainability (budget)
End-October 2013	
6. Approve the new organizational structure of the Revenue Administration, staffing numbers, grading system, and classification, and qualification and appointment processes of the revenue administration (IMF country report No. 13/153, MEFP ¶13).	<ul style="list-style-type: none"> • Fiscal sustainability (revenue)
7. Adopt all secondary legislation needed to implement the tax procedures code (¶16). Proposed.	<ul style="list-style-type: none"> • Fiscal sustainability (revenue)

Table 4. Greece: Existing and Proposed Structural Benchmarks (concluded)

Measure	Macro critical relevance
End-November 2013	
<p>8. Adopt legislation to reform the system of social security contributions to: (i) broaden the contribution base; (ii) simplify the contribution schedule across the various funds; and (iii) reduce contribution rates by 3.9 percentage points. The reforms will be fully phased in by January 1, 2016 and will be revenue neutral and preserve the actuarial balance of the various funds (IMF country report No. 13/20, MEFP ¶10).</p>	<ul style="list-style-type: none"> • Growth/competitiveness (business environment)
End-December 2013	
<p>9. Government to meet quarterly performance indicators for revenue administration (IMF country report No. 13/153 MEFP ¶18 and Annex II).</p>	<ul style="list-style-type: none"> • Fiscal sustainability (revenue)
<p>10. Government to meet quarterly performance indicators for public financial management (IMF country report No. 13/153, MEFP ¶11 and Annex IV).</p>	<ul style="list-style-type: none"> • Fiscal sustainability (budget)
<p>11. Bank of Greece to complete a follow-up stress test for banks based on end-June 2013 data, using a methodology designed in consultation with the EC, ECB, and the IMF, and to update banks' capital needs on this basis (IMF country report No. 13/20, MEFP ¶23).</p>	<ul style="list-style-type: none"> • Financial sustainability
<p>12. Ministry of Finance to complete a targeted audit of general government accounts payable, to verify whether any arrears remain, and to review compliance with the conditions set for clearing arrears (IMF Country Report No. 13/20, MEFP ¶39).</p>	<ul style="list-style-type: none"> • Fiscal sustainability (debt)

Table 5. Key Performance Indicators on Tax Administration

Indicator	2013 Target 1/		
	End-Jun.	End-Sep.	End-Dec.
Debt collection			
Collection of tax debts as of the end of the previous year	1140	1558	1,900
Collection of new debts in the current year (percent of new debt in the year)	14.0%	19.0%	24.5%
Tax audits and collection of large tax payers			
Number of risk-based full scope audits in the year 2/	176	386	596
Number of risk based temporary audits in the year 3/ <i>Of which : field audits</i>	260	470	680
Collection full scope audits in the year (percent of assessed tax and penalties)	65.0%	70.0%	75.0%
Collection temporary audits in the year (percent of assessed tax and penalties)	45.0%	50.0%	55.0%
Audits and collection of high wealth individuals			
Number of completed risk-based audits in the year 4/	280	550	910
Collection of assessed audits in the year (percent of assessed tax and penalties)	40.0%	55.0%	65.0%
Internal control and human resource integrity			
MoF audit of assets of managers of local tax offices 5/	50	80	110
MoF audit of assets of auditors 5/	50	90	130

Source: Ministry of Finance; and IMF staff.

1/ Cumulative for the calendar year.

2/ The amount of tax and penalty assessed will be no less than €430 million in September.

3/ The amount of tax and penalty assessed will be no less than €215 million in September.

4/ The amount of tax and penalty assessed will be no less than €115million in September.

5/ Until end-July, the audit is performed by the Internal Affairs Directorate of the MoF, and subsequently by the Internal Affairs Directorate under the GSPR.

Table 6. Key Performance Indicators on Public Financial Management Reforms

Indicator	2013 Target		
	End-Jun.	End-Sep.	End-Dec.
a. Percent of institutional units (State and general government entities) reporting on the E-portal of GAO total budget allocations (including any revisions), pending outstanding commitments, unpaid commitments, and arrears data (for both ordinary and investment) at the end of each month, based on data from their commitment registers, is above the target.			
2013 entity coverage 1/	80%	94%	97%
b. Discrepancy between the total arrears to third parties of non-state general government entities reported under the E-Portal of GAO using data from commitment registers and the total arrears reported through monthly surveys, i.e. the sum across all entities of the absolute value of (arrears monthly survey less arrears E-portal) divided by total arrears			
2013 entity coverage 1/	10%	2%	1%
c. Percentage of institutional units (State and general government entities) reporting on the E-portal of GAO all the prescribed items with financial information of the circular on commitment registers at the end of each month, based on data from their commitment registers, is above the target.			
2013 entity coverage 1/	65%	78%	93%

Source: Ministry of Finance; and IMF staff.

1/ Includes new entities in the end-September 2012 ELSTAT register with spending above €1 million.

Greece: Technical Memorandum of Understanding

July 17, 2013

1. This Technical Memorandum of Understanding (TMU) sets out the understandings regarding the definitions of the indicators subject to quantitative targets (performance criteria and indicative targets), specified in the tables annexed to the Memorandum of Economic and Financial Policies. It also describes the methods to be used in assessing the program performance and the information requirements to ensure adequate monitoring of the targets. We will provide the European Commission, ECB and the International Monetary Fund with the necessary information for program monitoring.
2. For program purposes, all foreign currency-related assets, liabilities, and flows will be evaluated at “program exchange rates” as defined below, with the exception of the items affecting government fiscal balances, which will be measured at current exchange rates. The program exchange rates are those that prevailed on January 31, 2012. In particular, the exchange rates for the purposes of the program are set: €1 = 1.3176 U.S. dollar, €1 = 100.63 Japanese yen, and €1.1772 = 1 SDR.

General Government

3. **Definition:** For the purposes of the program, the general government includes:
 - The central government. This includes:
 - The entities covered under the State Budget as defined in Chapter 2 of the Law 2362/1995 as being modified by Law 3871/2010 regarding “Public Accounting, Auditing of Government Expenditures and Other Regulations,” and other entities belonging to the budgetary central government.
 - Other entities or extra-budgetary funds (EBFs) not part of the State budget, but which are, under European System of Accounts (ESA95) rules (“*ESA95 Manual on Government Deficit and Debt*”), classified under central government. The following state enterprises and organizations included by the National Statistical Service (ELSTAT) under the definition of central government (*ATTIKO METRO, OSY, ELGA, HELLENIC DEFENCE SYSTEMS S.A., OSE, TRAINOSE, ELECTROMECHANICA KYMI LTD, OPEKEPE* (excluding the account ELEGEP that is included in the State Budget by ELSTAT, KEELPNO, EOT, GAIAOSE, ERGOSE, INFORMATION SOCIETY IN GREECE, Unit for the Organization and Management of Development Projects S.A., and the Green Fund (ETERPS).

- Local government comprising municipalities and prefectures including their basic and special budgets, including all agencies and institutions attached thereto, which are classified as local governments according to ESA 95.
- Social security sector (pension funds, employment funds, health fun (EOPYY), and hospitals) comprising all funds that are established as social security funds in the registry of ELSTAT.
- Other extra budgetary entities included by ELSTAT under general government, which are not yet counted under central government.
- This definition of general (central) government also includes any new funds, or other special budgetary and extra budgetary programs that may be created during the program period to carry out operations of a fiscal nature. The government will inform IMF, European Commission and ECB staff of the creation of any such new funds, programs, or entities immediately. In particular, GAO will indicate the classification of the Institution for Growth as soon as there is a formal decision on this matter by ELSTAT.
- **Supporting material:** The Ministry of Finance (MoF) will provide to the European Commission, ECB and IMF detailed information on monthly revenues and expenditures, domestic and foreign debt redemptions, new domestic and foreign debt issuance, change in the domestic and foreign cash balances of the central government at the central bank of Greece, all other sources of financing including capital transactions, and arrears of the general government. The Ministry of Finance, in collaboration with the Ministry of Interior, will provide monthly data on revenues and expenditures for local governments, as collected in the Ministry databank. The Minister of Finance, in collaboration with the Ministry of Labor and Ministry of Health, will provide monthly data on revenues and expenditures in main social security funds (including IKA, OGA, OAEE, OAED) and the central healthcare fund (EOPYY). The Bank of Greece will provide detailed monthly data on assets and liabilities of local authorities, social security funds, the Green Fund (and other extra-budgetary funds), and state enterprises included in the definition of general government in line with monetary survey data. Data will be provided within four weeks after the closing of each month.

QUANTITATIVE AND CONTINUOUS PERFORMANCE CRITERIA, INDICATIVE TARGETS, AND CONTINUOUS PERFORMANCE CRITERIA: DEFINITIONS AND REPORTING STANDARDS

A. Floor on the Modified General Government Primary Cash Balance (Performance Criterion)

4. **Definition:** The modified general government primary cash balance (MGGPCB) is defined as the modified general government cash balance (MGGCB) minus interest payments by the state budget. The MGGCB is defined as the sum of the cash balances of the ordinary state

budget, the cash balance of the public investment budget, the change in net financial assets of local government, the change in net financial assets of social security, the change in net financial assets of the Green Fund, the change in net financial assets of reclassified public enterprises (RPEs). Privatization receipts, as defined below, and the proceeds from the sale of land and buildings will be excluded from cash receipts. Net lending operations by the state budget will be recorded as cash expenditures.

- **The cash balance of the ordinary state budget.** The cash balance of the ordinary state budget will be measured from above the line, based on: (i) gross ordinary budget revenues (recurrent revenue plus non-recurrent revenue, minus tax refunds (excluding any payments relating to tax refund claims made before end-September 2012); minus (ii) ordinary budget expenditures as published monthly on the official website of the General Accounting Office of the Ministry of Finance, and in line with the corresponding line items established in the ordinary state budget. Ordinary budget expenditures will exclude amortization payments, but include: salaries and pensions; grants to social security funds, medical care and social protection; operational and other expenditure; earmarked spending; returned resources; payments in exchange of claims of insurance fund for the personnel working in the Public Electricity Company; the contingency reserve; disbursement fee to EFSF; interest payments; transfers for the settlement of past debt, payments for military equipment procurement on a cash basis, capital transfers to social security funds or other entities by bonds; and called guarantees where the state or central government assumes payments on behalf of entities outside of the general government.
- **The cash balance of the public investment budget.** The cash balance of the public investment budget will be measured from above the line, based on investment budget revenues minus investment budget expenditures of the investment state budget as published monthly on the official website of the General Accounting Office of the Ministry of Finance, and in line with the corresponding line items established in the investment state budget.
- **The change in net financial assets of local governments** is defined on a transactions basis, as the change in the total of financial assets minus financial liabilities of local authorities adjusted for valuation changes by the Bank of Greece.
 - Financial assets include (but are not limited to) deposits of local governments in the Bank of Greece and deposits of local governments in domestic credit institutions. Deposits will be measured at face value excluding accrued interest in line with recording for monetary survey data.
 - Financial liabilities include (but are not limited to) short- and long-term loans from domestic credit institutions to local governments, measured at face value, consistent with recording for monetary survey data.

- **The change in net financial assets of social security funds** is defined on a transactions basis, as the change in the total of financial assets minus financial liabilities of social security funds, adjusted for valuation changes by the Bank of Greece.
 - Financial assets include
 - Deposits of social security funds in the Bank of Greece and deposits of social security funds in the domestic credit institutions and deposits held either directly or indirectly through the IKA mutual fund. Deposits are measured at face value excluding accrued interest, consistent with reporting requirements for monetary survey data.
 - Holdings of shares quoted on the Athens Stock Exchange held by social security funds either directly or indirectly through the IKA mutual fund.
 - Direct or indirect holdings of Mutual Fund units issued by Greek management companies (other than the IKA mutual fund).
 - Holdings of central government bonds, including short and long-term securities issued domestically, long-term securities issued abroad operated from Bank of Greece accounts, and indirect holdings through the IKA mutual fund. Holdings will be measured at nominal value.
 - Holdings of bonds issued abroad and other foreign assets.
 - Financial liabilities include the short and long term loans from domestic credit institutions to the social security funds, measured consistently with monetary survey data.
- **The change in net financial assets of the Green Fund** is defined on a transactions basis, as the change in the total of financial assets minus financial liabilities of the Green Fund, adjusted for valuation changes by the Bank of Greece.
 - Financial assets include
 - Deposits of the Green Fund in the Bank of Greece and in domestic credit institutions. Deposits will be measured at face value excluding accrued interest in line with recording for monetary survey data.
 - Holdings of shares, held by the Green Fund, quoted on the Athens stock exchange.
 - Holdings of Mutual Fund units issued by Greek management companies.
 - Holdings of central government bonds.

- Holdings of other bonds issued abroad.
- Financial liabilities include the short and long term loans from the domestic credit institutions to the Green Fund, measured consistently with monetary survey data, or other lending from the Bank of Greece.
- **The change in net financial assets of reclassified public enterprises (RPEs)** is defined on a transactions basis, as the change in the total of financial assets minus financial liabilities of RPEs, adjusted for valuation, minus the amount of guarantees called from entities which are consolidated within the general government. RPEs will include the following organizations: ELGA, KEELPNO, OPEKEPE (excluding the account ELEGEPE), EOT, ATTIKO METRO, HELLENIC DEFENCE SYSTEMS S.A., ERT, TRAINOSE, ERGOSE, GAIAOSE, OSY, ELECTROMECHANICA KYMI LTD, INFORMATION SOCIETY IN GREECE, MANAGEMENT ORGANISATION UNIT, TAIPED (HRADF) and OSE.
- Financial assets include
 - Deposits of RPEs in the Bank of Greece and deposits of RPEs in the credit institutions (domestic and foreign). Deposits will be measured at face value excluding accrued interest.
 - Holdings of shares, held by RPEs quoted on the Athens Stock Exchange.
 - Holdings of Mutual Fund units issued by Greek management companies.
 - Holdings of central government bonds.
 - Holdings of other bonds issued abroad.
- Financial liabilities include the short and long term loans from the domestic credit institutions to RPEs, measured consistently with monetary survey data. They also include short and long term loans from the foreign banking system, as well as loans from the EIB or other official lenders, as measured by the difference between new loans granted to these entities (as approved by the GAO in line with the Fiscal Responsibility Act) and amortization of these loans through called guarantees of the government or amortization of these loans made by actual payments by the companies themselves, upon monitoring and information provided by the General Accounting Office (D25).
- The MGGPCB will also exclude all transfers related to the Eurogroup decisions of February 21, 2012 and November 26, 2012 in regards to income of euro area national central banks, including the BoG, stemming from their investment portfolio holdings of Greek government bonds.

- Receipts from privatization are excluded from cash general government revenue receipts. However, for the entire program period where this is applicable, sales of those gaming licenses, telecom licenses, sales of aircrafts, and extension of the airport concession that were established in the context of the May 2010 SBA program or the 2011 budget (Second Review) discussions will be recorded as cash revenue receipts and taken into account for the MGGPCB criterion, irrespective of whether the realized proceeds accrue to the privatization agency or not.
- The primary expenditure of the central government excludes payments related to bank support that are part of the program's financial sector strategy. Transactions that may be excluded from the balance include loans to financial institutions and investments in equity of financial institutions (requited recapitalization); unrequited recapitalization; purchases of troubled assets, and operations related to the HFSF. Any financial operation by central government to support banks, including the issuance of guarantees or provision of liquidity, will be immediately reported to IMF, European Commission, and ECB staff.
- The primary revenue of the central government will exclude any cash payments from loss-making banks beyond those which would accrue from the ELA guarantee fee structure existing on November 30, 2012 (25 basis points).
- Capital transfers to social security funds or other entities by bonds shall exclude bond issuance for settlement of end-2009 health related arrears, and the settlement related to the judiciary liabilities.

5. Supporting material.

- Data on cash balances of the State ordinary and investment budgets will be provided to the European Commission, ECB and IMF by the General Accounting Office in the Ministry of Finance within three weeks after the end of each month. Data will include detailed information on revenue and expenditure items, in line with monthly reports published on the official website of the Ministry of Finance. The monthly data will indicate which portion of tax refund payments relate to claims that were made before end-September 2012. Data will also include data on capital transfers to social security funds or other entities in bonds and called guarantees.
- Data on the change in net financial assets of local authorities and social security funds, extra-budgetary funds including AKAGE, and reclassified public enterprises including the Green Fund will be provided to the IMF, European Commission and ECB by the GAO in cooperation with the Statistics Department of the Bank of Greece within four weeks after the end of each month. With respect to reclassified public enterprises, GAO will also provide on a monthly basis the change in foreign liabilities to correct for the fact that the below the line data of the BOG only refers to changes in domestic liabilities.

B. Ceiling of State Budget Primary Spending (Performance Criterion)

6. Definition. The state budget primary spending consists of state budget spending (spending of the ordinary state budget plus spending of the public investment budget) minus interest expenditures paid by the state budget, minus any arrears payments made. Ordinary state budget spending includes called guarantees to entities inside the general government (as opposed to the definition of the modified general government primary cash balance criterion above that excludes this spending item). Primary expenditure of the central government that is monitored for the Performance Criterion excludes any cash payments related to bank support in line with the definition above in paragraph 5 bullet 3. However, any financial operation by central or general government to support banks, including the issuance of guarantees or provision of liquidity, will be immediately reported to European Commission, ECB and IMF staff.

7. Supporting material. The General Accounting Office of the Ministry of Finance will provide monthly expenditure data of the ordinary and investment state budget, as defined above.

C. Ceiling on the Stock of Domestic Arrears (narrow definition) (Performance Criterion)

8. Definition. For the purpose of the program, domestic arrears (narrow definition) are defined as: (i) unpaid invoices of line ministries and hospitals that are 90 days past their due date; plus (ii) tax refunds for which a refund document (“AFEK”) has been issued and cleared but have not been repaid to the taxpayer. In case no due date is specified on the supplier contract, an unpaid commitment is considered to be in arrears 90 days after the initiation of the invoice. The stock of arrears excludes hospital arrears to pharmaceutical companies which were incurred by end-2009 (€113 million as of November 30, 2012). Beginning July 1, 2013, the definition will include the change in the stock of tax refund claims made on or after July 1 (cumulative from July 1) that have not been paid or rejected within 90 days; and beginning January 1, 2014, it will include the entire stock of tax refund claims that have not been paid or rejected within 90 days. In both cases refund claims that are under legal dispute will be excluded.

9. Supporting material. Monthly data on arrears of line ministries and public hospitals will be provided by the Ministry of Finance within four weeks after the end of each month. The Ministry of Finance will publish this information on its website. The expenditure arrears data will be based on survey data, until data from commitment registers are assessed by the IMF, European Commission, and ECB staff to provide comprehensive and reliable information. These reports will also include data on accounts payable overdue by 0–30, 31–60, and 61–90 days for the central government (line ministries and Decentralized Prefectures) based on the commitment registers. Tax refund arrears data will be based on information provided by General Secretariat for Information Systems and General Secretariat for Tax and Customs. The Ministry of Finance will also provide a monthly table on tax refund arrears as defined above (with AFEK issued) as well as on full tax refund accounts payable that include any refund claims for which AFEK has not been issued (and showing those that have not been assessed after 90 days).

D. Ceiling on the Stock of Domestic Arrears of the General Government (Indicative Target)

10. Definition. For the purpose of the program, domestic arrears of the general government are defined as: (i) unpaid invoices of general government entities that are 90 days past their due date; plus (ii) tax refunds for which a refund document "AFEK" has been issued and cleared but have not been repaid to the taxpayer. In case no due date is specified on the supplier contract, an unpaid commitment is considered to be in arrears 90 days after the initiation of the invoice. The stock of all general government arrears excludes: (i) the arrears accumulated by the Civil Servants' Welfare Fund; and (ii) hospital arrears to pharmaceutical companies which were incurred by end-2009 (€113 million as of November 30, 2012). Beginning July 1, 2013, the definition will include any new tax refund claims made on or after July 1 that have not been paid or rejected within 90 days; and beginning January 1, 2014, it will include all tax refund claims that have not been assessed within 90 days. In both cases refund claims that are under legal dispute will be excluded.

11. Supporting material. The Ministry of Finance will provide consistent data on monthly expenditure and tax refund arrears of the general government, as defined above within four weeks after the end of each month, and publish this information on the Ministry of Finance website. The expenditure arrears data will be based on survey data, until data from commitment registers are assessed by the IMF, European Commission, and ECB staff to provide comprehensive and reliable information. These reports will also include data on accounts payable overdue by 0–30, 31–60, and 61–90 days for the central government (line ministries and Decentralized Prefectures), based on the commitment registers. Tax refund arrears data will be based on information provided by General Secretariat for Information Systems and General Secretariat for Tax and Customs.

E. Ceiling on the Overall Stock of Central Government Debt (Performance Criterion)

12. Definition. The overall stock of central government debt will refer to ESA95 central government debt, which includes the state debt, debts of extra budgetary funds and public enterprises that are consolidated into the central government, and other ESA 95 adjustments. Holdings of intra-government debt will be netted out. It will be defined for the purposes of the program as total outstanding gross debt liabilities. It will include, but not be limited to, liabilities in the form of securities and loans. It will exclude accounts payable. Debt will be measured at nominal value. The program exchange rates will apply to all non euro-denominated debt. Inflation indexation will apply to inflation indexed debt, using the relevant index as specified in the debt instrument. For the purposes of the program, the ceiling on the stock of central government debt will exclude debt arising from payments for bank restructuring, when carried out under the program's banking sector restructuring strategy (this does not cover the debt related to the Financial Stability Fund). This includes loans to financial institutions and investments in equity of financial institutions (required recapitalization); unrequired recapitalization; and purchase of troubled assets. However, any financial operation by the central

government to support banks, including the issuance of guarantees or provision of liquidity, with the exception of Hellenic Republic intermediation in repos between foreign and domestic financial institutions will be immediately reported to IMF, European Commission and ECB staff.

13. Adjusters. The ceiling on the overall stock of ESA95 central government debt will be adjusted upward (downward) by the amount of any upward (downward) revision to the stock of end-December 2012 ESA95 central government debt of €311.4 billion.

14. Supporting material. Data on the total stock of central government debt will be provided to the European Commission, ECB and IMF staff by the General Accounting Office consistent with the ESA95 definition no later than 30 days after the end of each month.

F. Ceiling on New Central Government Guarantees (Performance Criterion)

15. Definition. The ceiling on the new central government guarantees shall include new guarantees granted by the state, as well as new guarantees granted by any other entity that is classified under ESA95 under central government, but exclude guarantees to entities whose debt is covered under the ceiling on the stock of central government debt as defined in paragraph 15. The ceiling shall exclude: (i) guarantees to support banks; (ii) guarantees related to EIB financed loans; (iii) guarantees granted by ETEAN (up to a total amount of €50 million provided these are fully backed by an equivalent amount of bank deposits); and (iv) guarantees granted under a risk sharing instrument of the EU structural funds (see COM (2011) 655 final) that do not create contingent liabilities for the Greek State. New guarantees are guarantees extended during the current fiscal year, but for those for which the maturity is being extended beyond the initial contractual provisions, only 50 percent of the full value will be counted. Modification of existing guarantees (without changing the maturity, amount of guarantees, and beneficiaries of the loan) will not be treated as new guarantees.

16. Supporting material. All new central government guarantees will be reported in detail, identifying amounts and beneficiaries. The General Accounting Office will provide the data on a monthly basis within three weeks after the end of each month. Non-state entities classified under the central government shall report the new guarantees they extended to the General Accounting Office on a monthly basis within three weeks after the end of each month.

G. Non-Accumulation of External Debt Payment Arrears by the General Government (Continuous Performance Criterion)

17. Definition. For the purposes of the program, an external debt payment arrear will be defined as a payment on debt to non-residents contracted or guaranteed by the general government, which has not been made within seven days after falling due. For purposes of this program, the term "falling due" means the date in which external debt payments are due according to the relevant contractual agreement, including any contractual grace periods. The performance criterion will apply on a continuous basis throughout the program period.

18. Supporting material. The stock of external arrears of the general government will be provided by the General Accounting Office with a lag of not more than seven days.

H. Floor on Privatization Proceeds (Indicative Target and Performance Criterion)

19. Definition. Privatization proceeds will be defined as the cash receipts from the asset sales carried out by the privatization agency (HRADF), cash receipts from direct government sales, and cash receipts from the sale of any bank participations through the HFSF, the HRADF, or from the government directly. These will include, but not be limited to, the sale of equity of listed or non-listed companies and banks, shareholdings in public infrastructure, shareholdings in SPVs, leasehold in commercial real estate and publicly held land, sale-lease back operations, securitization of asset-related cash streams, or other assets incorporated in the authorities' privatization program, as well as sale of rights and concessions (including securitization of the proceeds of concessions). Proceeds will be valued in Euros and will be measured as the inflows of cash received by the HRADF and deposited in the Segregated Account at the Bank of Greece within 10 days after the settlement of the transaction.

20. Supporting material. Monthly information on the cash receipts from asset sales into the segregated account will be made available by the GAO, in collaboration with the HRADF, within 30 days after the end of each month.

I. ESA "Program" Deficit and Overall Monitoring and Reporting Requirements

21. ESA program deficit. For the purposes of the program, the ESA deficit (EDP B.9) will have the following adjustments (i) the sale of non-financial assets such as land, buildings, and other concessions or licenses will be excluded, unless these have been agreed in the context of the program; (ii) costs related to banking support as defined in MGGPCB above will be excluded; (iii) all payments relating to tax refund claims made before September 2012 will be excluded; (iv) the accrual revenue from the PPC levy of a given year will include cash receipts within the year plus amounts pertaining to the given year received through March of the following year; (v) all transfers related to the Eurogroup decisions of February 21, 2012 and November 26, 2012 in regard to income of euro zone national central banks will be excluded, including the BoG, stemming from their investment portfolio holdings of Greek government bonds (schedule B provides the latest estimates) and (vi) any called guarantees to entities outside the general government related to liquidated public enterprises above what is already expected in the fiscal program for the current fiscal year.

Schedule A: Indicative Amounts to be Transferred to the Greek Government by Eurosystem National Central Banks

(Billions of euros, accrual terms)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total 12-20
ANFA	349.0	636.0	518.0	500.0	557.0	464.0	367.0	306.0	253.0	3,950.0
SMP		2,098.0	1,941.0	1,503.0	1,134.0	898.0	729.0	580.0	422.0	9,305.0

Source: Greek authorities, ECB, IMF staff estimates.

22. ESA primary balance. For the purpose of the program, the ESA primary balance is defined as general government ESA95 balance (EDP B.9) minus ESA 95 general government consolidated interest payable (EDP D.41).

23. Overall monitoring and reporting requirements. Performance under the program will be monitored from data supplied to the EC, ECB, and IMF by ELSTAT, the Ministry of Finance, the General Accounting Office, and Bank of Greece. The authorities will transmit to the IMF, EC, and ECB staff any data revisions in a timely manner.

J. Floor on Mandatory Exits (Indicative target)

24. Definition: Employees counted as mandatory exits to the private sector will originate from those that: (i) are employed by the general government (ESA95 definition) on a permanent employment contract or on a contract of indefinite duration; and (ii) have no entitlement to early retirement within the next 3 years. Mandatory exit means that the employee leaves the public sector on an involuntary basis, but includes exits from the mobility scheme to the private sector. Mandatory exits are not entitled to severance pay or any other form of compensation (if not provided for under current legislation). The count of mandatory exits will exclude those employees that leave the public sector because the entity they belong to is being privatized under the HRADF privatization program or that leave as part of a restructuring ahead of such privatization. Further, employees that are separated from the public sector for outsourcing will not qualify to be replaced under the 1:1 re-hiring rule. Mandatory exits cannot be rehired into the public sector except via a merit-based selection procedure by ASEP, open to external candidates.

K. Floor on Entrants for Future Exit in the Mobility Scheme (Indicative Target)

25. Definition: Employees counted toward this target have no entitlement to early retirement within the next three years and eight months, qualify for the definition of entrants to the mobility scheme (section x above), which will stay in the scheme until they exit from the public sector after a maximum of eight months. After April 1, 2014, if all previous exit targets have been observed, the floor on the minimum staff will be adjusted downward by any additional exits above the cumulative end-March 2014 target of 5,000 exits from other eligible sources.

Annual Overall Employment Ceilings for the General Government (Revised) 1/

(Number of persons)

	2012	2013	2014	2015	2016
General government	712,494	676,421	649,878	628,295	608,928
Ordinary staff	628,972	608,871	588,662	569,990	553,342
Other staff	55,979	40,529	34,838	32,562	30,514
Chapter A entities	24,914	24,392	23,749	23,114	22,443
Chapter A fixed term contracts	2,629	2,629	2,629	2,629	2,629
Memorandum items:					
ESPA and self-financed other staff	15,343	15,343	15,343	15,343	15,343
Total general government	727,837	691,764	665,221	643,638	624,271

Source: MAREG.

1/ Revised for small update in Dec 2012 (379 staff) and to exclude ESPA and self-financed staff.

Note 1. The number of employees in Chapter A entities will be adjusted for any privatizations.

Note 2. The number of employees in Chapter A entities will be adjusted for the inclusion of employees of municipal private law legal entities. These employees are already in the wage bill but not yet counted in the Census Data Base.

Note 3. Some small private law legal entities are being verified whether they belong in the general government. If so and their employees are already in the wage bill, the above ceilings will be adjusted accordingly.

Note 4. The above ceilings are based on GAO projections and reflect the measures of the MTF 2013-2016 as well as other assumptions that may be updated in cooperation with the EC/ECB/IMF (e.g. for revised ESPA numbers; finalization of hiring ceilings for 2013/14, etc.)

Mobility and Exit Scheme

(Cumulative numbers of persons)

	Staffing Plans		Into Mobility Scheme		Exits From Government	
	Total Personnel Covered	Actual To Date	Total Personnel Covered	Actual To Date	Total Personnel Covered	Actual To Date
2013						
March		205,000		0		0
April		211,000		0		0
May		221,000		0		0
June 1/		361,000		0		2,000
July						
August						
September	400,000		12,500		2,000	
October						
November						
December	650,786		25,000		4,000	
2014						
Q1					5,000	
Q2					9,000	
July					10,500	
August					12,000	
Q3					14,000	
Q4					15,000	

Source: MAREG.

1/ Actual to date for exits from government a preliminary estimate.

L. Floor on Entrants to the Mobility Scheme (Indicative Target)

26. Definition: Employees counted as transferred to the mobility scheme will originate from those that are employed by the general government (ESA95 definition) on a permanent employment contract or on a contract of indefinite duration. Entrance into the labor mobility scheme is defined when the employee's payment is reduced to 75 percent of the remuneration in the case of "availability," or to one-third of the remuneration in the case of "disciplinary suspension." It does not include employees that belong to entities that are in the process of being privatized under the HRADF privatization program or that are part of a restructuring ahead of such privatization.

27. Supporting material. The Ministry of Administrative Reform and E-Governance (MAREG) will report on a monthly basis (15 days after the closing of each month) for the mobility scheme on entrants (number, entity they previously belonged to, reason for entry, number of entrants which will exit) and departures (number, reasons for departure, new entity transferred to or exit), and the stock of employees currently in the scheme (grouped by the months of their entrance). Further, MAREG will report monthly (15 days after the closing of the month) on exits, the number, the general government entity they came from, the reason for the exit, if any. MAREG will report on a monthly basis (15 days after the closing of the month) the stock of general government employees defined as in the Census Data Base.

M. Actions to Achieve a Semi-Autonomous Revenue Administration

28. Issue secondary legislation and other supporting documentation to achieve a semi-autonomous revenue administration (defined as the entire remit of the General Secretariat of Public Revenue), including the following steps:

- Issue Ministerial Decisions as required under Law [4152]/2013 to transfer to the revenue administration the following units:
 - Ministry of Finance internal affairs department, including its staff and available resources.
 - The competences, staff and available resources of the following organic units of GSIS, pertaining to the exercise of tax and customs administration: i) The Directorate for Computer Applications (Directorate 30), with the exception of the Sections for Budget and Public Expenditure, Payroll and Pensions; and ii) The Directorate for Computer Data Entry and Control (Directorate 32).
- Issue a report to identify all the tax and customs administrative functions, personnel, and budget allocations necessary to exert the competences specified in case β' par. 2 and cases α' and δ' of par. 5, article 30 of L. 3296/2004, including: (i) preventive checks and temporary tax audits, especially for withholding and imposed taxes, focusing on Value Added Tax (VAT); (ii) checks of transit, imports and exports, trading, supply and

- distribution of products subject to Special Consumption Tax (Excise Duty); (iii) checks in customs warehouses; (iv) checks the goods under special duty-suspension procedures and implementation of customs legislation in general; (v) checks in means of transportation, shops, warehouses, etc; and (vi) Confiscation of books, documents, goods, means of transportation and other evidence.
- Create a five member advisory Council comprised of high level experts to be appointed by the Minister of Finance (two of which will be selected among persons with significant international work experience in revenue administration). The SGPR will be an ex-officio member of the board. The advisory board will report to the Minister of Finance, give advice on major matters of revenue administration strategy including human resource issues, monitor performance of the revenue administration against plans and targets, support the revenue administration in managing external stakeholders, and provide assurance that the SGPR is exercising powers appropriately. The Board will have no role in taxpayer specific issues, and will not have access to any specific taxpayer information. Issue a ministerial decision to determine the qualifications, duration of appointment and compensation for the board members and will specify the rules for dealing with conflict of interest, reporting to the Minister, and administrative support for the board. The Board members term will be three years.
 - Establish a new Strategic Planning and Financial Control Directorate in the revenue administration that manages its budget (while maintaining the role of the GDFS as overall budget coordinator and financial controller for the Ministry of Finance's aggregate budget appropriation) and has the following functions: (i) coordinates the preparation of the revenue administration's budget; (ii) follows up its implementation; and (iii) proposes reallocations of non-wage recurrent spending in line the organic budget law; (iv) supports the SGPR in project management and monitors progress with reform and KPI implementation.
 - The institutional reform working group (IRWG) chaired by the SGPR, issues a report shared with the Minister and Troika that analyzes and maps the constraints to the operational and administrative autonomy of the SGPR and proposes immediate solutions. Though not limited to the following matters the IRWG examination incorporates any limits to autonomy within:
 - Revenue laws (income tax, VAT, property tax, customs and excise and other taxes administered by the SGPR).
 - Other general laws related to human resources and financial management within the civil service.
 - Powers delegated to the SGPR.

The IRWG will also determine whether additional changes to law are required to authorize SGPR competence for tax administration beyond singular decisions affecting taxpayers.

N. Monitoring of Tax and SSC Installment Schemes

29. Definitions – The framework for monitoring tax and SSC installments under the “fresh start” and “basic” schemes has two sections to monitor participation, one focused on values and a second focused on the number of debtors.

- a. Values-Based Indicators:
 - i. Stocks: (i) the outstanding stock of debt (including principal and surcharges) accumulated before end-2012 (ii) the amount of this debt (including principal and surcharges) that is currently in the Fresh Start scheme, (iii) the amount of this debt (including principal and surcharges) current in the Fresh Start scheme that has also been legally “verified”
 - ii. Flows: (i) the amount of debt (including principal and surcharges) that has entered into the scheme during that month (ii) the increase in the amount of debt (including principal and surcharges) that has been legally “verified” during the month; (iii) the total amount actually paid thus far under the scheme and, of this, the amount that refers to upfront full payment (including principal and surcharges paid). iv) the amount that has become delinquent during the month.
- b. Number of Debtor-based Indicators
 - i. Stocks: (i) the current number of debtors with outstanding debt accumulated before end-2012 (ii) the total number of applications for participation in the scheme thus far (iii) the total number of applications which have been legally “verified”.
 - ii. Flows: (i) the total number of applications submitted for participation in the scheme during that month, (ii) the number of applications that have been legally verified during that month, (iii) the number of debtors that made an upfront full payment, the number of debtors that made their installment payment and the number of debtors that are newly delinquent as of that month. (iv) the number of debtors that have made their last installment payment

30. Supporting material. There will be a weekly report that includes a subset of the data above and will be received by Tuesday after the week to which it refers. The first such report will be received on July 16 and will refer to the previous week. It will include the following variables i) number of debtors currently in the scheme ii) total debt currently under the scheme iii) amount paid year to date and iv) amount of payment contractually expected in the rest of the year based on amount of debt in the scheme at that time. Then, the SGPR and the MoL will report on a monthly basis (within three weeks of the closing of each month) the full set of indicators defined in the monitoring framework for the “fresh start” and “basic” installment schemes, with the first

report coming at end-August. The report by the MoL of the SSC installment schemes will provide individual information for the two largest SSFs (IKA, OAEE)

O. Monitoring of SSC Debt Collection

31. Definitions

- The monitoring framework for SSC debt collections includes: (i) the stock of debt and collection of SSC debt accumulated by December 31, 2012; (ii) the stock of debt and collection of SSC debt incurred during the current year; and (iii) the number of debt assessments completed by the SSFs.
- The monitoring framework for debt collection by IKA also includes the number and value of legal collection actions (garnishments, seizure writs issued, immovable property seizure, movable property seizure, mortgage and liens, auctions, and bankruptcies and liquidations).

32. Supporting material. The MoL will report according to the monitoring framework for SSC debt collection and for debt collection by KEAO on a monthly basis (three weeks after the closing of each month) . The MoL will provide individual information for the two largest SSFs (IKA, OAEE) starting in late August

P. Monitoring of Structural Benchmarks

33. Benchmark on progress in revenue administration, 2013. Progress in revenue administration in 2013 will be defined as reaching or exceeding the targets set in MEFP Table 1.

34. Definitions:

- **A completed audit is defined as an audit reported** as formally finalized in the ELENXIS audit case management system, including signed off by the audit supervisor, and the **taxpayer assessment** has been issued, or the audit report states that no underpayment has occurred.
 - Audit reports which are brought to the Tax Dispute Administration Resolution Committee (Article 70A Committee) for settlement after 1 January 2013 are defined as a completed audit when the case is submitted to the committee.
 - High Wealth Individual (HWI) audits carried out on a legal person owned or controlled by the high wealth individual will also be regarded as an HWI audit case if the audit is carried out by the auditor(s) who carry out the audit of the relevant high wealth individual. Furthermore, audit of off-shore companies with the aim of identifying the natural person owing or controlling the offshore company will also be regarded as an HWI audit case. These audits will be reported separately.

- The **assessment amounts** from the audit reports submitted to the Article 70A committee are included when reporting on the assessment performance for HWI and Large Taxpayer Unit (LTU) audits. The assessment amount is only included for reporting on the LTU and HWI audit case collection performance when the final assessment is issued following the decision of the committee. These amounts shall be adjusted for any difference between the audit report assessment amount and the final assessment amount.
- **Risk-based audits** for large taxpayers are defined as audits selected on a risk basis using the ELENXIS audit management system.
- **Collection** on HWI and LTU full scope audits and temporary audits are amounts collected in the year from such LTU and HWI audits completed during the year or previous years.
- **Collection of tax debt** does not include debts such as calls on loan guarantees, fines, etc., of non-tax nature for which the tax authority is responsible for collecting on behalf of other public sector entities.
- In 2013, **new tax debt collection** includes collection of debt accrued in the month of December, 2012.
- An **audit of assets of a manager, director or auditor** includes an audit of all assets, both movable and immovable, including those of his/her spouse. This will include but will not be limited to an examination of all his/her financial accounts for a period of up to 10 years from a current date, all immovable assets compared against information from State registries and of the acquisition of all moveable assets. The purpose of this audit will be to trace and justify the legal acquisition of these assets. These audits will be conducted annually by the Internal Affairs Directorate of the MoF.

35. Supporting material. Monthly information on risk-based full-scope audits and temporary audits of large taxpayers, self employed and high wealth individuals, and VAT non-filers, collection of assessed taxes and penalties, collection of tax debt, and audits of asset declarations from auditors and managers of local tax offices will be made available by the Minister of Finance no later than two weeks after the end of each month. The monthly submission will also include, for each local tax office and special unit, the number of audits, hours spent on audits, assessed tax specified for income tax and VAT, assessed penalties and surcharges, collected tax amount from assessments, collected penalties and surcharges from assessments, specified for temporary and full scope audits.

36. Benchmark on progress in public financial management, 2013. Progress in implementing public financial management reforms in 2013 will be defined as reaching or exceeding the targets set in MEFP Table 2.

37. Definition. For the purpose of the 2013 target, the reporting institutional units (state and general government entities) include any unit under the general government as defined by

ELSTAT as of end-September 2012 whose overall annual spending exceeded €1 million in 2011. Entries under the e-portal include all fields with financial information as prescribed in the GAO circular of Dec 29, 2010 (protocol number 2/91118/0026); this includes inter alia cumulative appropriations released, commitments made, the sum of invoices received, and payments made.

38. Supporting material. Monthly summary information from the e-portal, surveys, and other sources on performance against the above indicators will be published by the General Accounting Office of the Ministry of Finance on their website no later than four weeks after the end of each month. Data submission will include data back to end-2011. Survey information will continue to be provided after December 2013 unless discrepancies between survey and e-portal data are fully eliminated. An authoritative list of entities included under general government as defined by ELSTAT (including annual spending in 2011) will be made available by ELSTAT by August 30, 2013 and will be updated upon updating the ELSTAT register of general government entities.

Q. Regulated Professions

39. As referenced in the MEFP (paragraph 34), the targets on professions are delineated in the table below.

Table 1. Greece: Actions on Regulated Professions, 2013–14

Profession	Restrictions to be Eliminated	Timing	Instrument
Chartered valuers	<ul style="list-style-type: none"> • Adopt secondary legislation to set up certification from the Ministry of Finance • Amend L4152/2013 to (i) allow the Ministry of Finance the option to provide certification exams itself; and (ii) to abolish the requirement for applicants to provide academic qualifications on top of certification for registration. 	<ul style="list-style-type: none"> • July 19, 2013 	<ul style="list-style-type: none"> • 3 Ministerial decisions
Actuaries	<ul style="list-style-type: none"> • Adopt secondary legislation to start examinations by October 2013 	<ul style="list-style-type: none"> • September, 2013 • July 15, 2013 	<ul style="list-style-type: none"> • Amend L4093 (subparagraph C2) • Ministerial decision
Electricians (41 professions)	<p>Issue secondary legislation on:</p> <ul style="list-style-type: none"> • the notification process of technical profession • the fees paid for notification of technical profession • the syllabus and process for obtaining a license • defining the fees paid for obtaining a license 	<ul style="list-style-type: none"> • July 15, 2013 • July 15, 2013 • September 2013 • October 2013 	<ul style="list-style-type: none"> • 4 Joint Ministerial decisions
Technical professions (56 professions)	<p>Issue secondary legislation on:</p> <ul style="list-style-type: none"> • conditions of conducting exams by private entities • replacing of professional experience by seminars organized by approved bodies • the fees for the seminars replacing professional experience • syllabus and process for obtaining a license for cooling technicians • defining the fees paid for obtaining a license for cooling technicians • syllabus and process for obtaining a license for machine operators • defining the fees paid for obtaining a license for machine operators 	<ul style="list-style-type: none"> • End-November 2013 • End-March 2014 • End-March 2014 • End-June 2013 • End-July 2013 • End-August 2013 • End-September 2013 • End-July, 2013 	<ul style="list-style-type: none"> • Joint Ministerial Decision • 6 Presidential Decrees • Ministerial Decision • Joint Ministerial Decision • Joint Ministerial Decision • Joint Ministerial Decision • Joint Ministerial Decision • Circular
Slimming/dietary businesses	<p>Issue circular to clarify that no restriction for co-establishment of medical or paramedical professions apply</p>	<ul style="list-style-type: none"> • End-July, 2013 	<ul style="list-style-type: none"> • 2 Ministerial decisions
Sales of fertilizers, propagation and plant-protecting material (10 professions)	<ul style="list-style-type: none"> • Adopt implementing legislation that (i) abolish minimum space requirements and (ii) introduce a 3-month period for administration to issue license, after which professionals are free to operate • Adopt legislation that (i) allow sales by individuals with adequate training without the mandatory presence of scientists and (ii) define training standards 	<ul style="list-style-type: none"> • End-July, 2013 • End-July 2013 	<ul style="list-style-type: none"> • Presidential decree
Geo-technicians (agronomists, foresters, geologists, ichthyologists)	<ul style="list-style-type: none"> • Issue secondary legislation to abolish mandatory issuance of professional IDs (from the Geo-Technical Chamber) • Issue implementing regulation to abolish mandatory presence of scientist for specific activities (for example sale of plant-protecting products) 	<ul style="list-style-type: none"> • End-August 2013 • End-August 2013 	<ul style="list-style-type: none"> • Presidential decree • Circular
Lawyers	<ul style="list-style-type: none"> • Adopt legislation to: (i) ease the re-entry into the legal professions; (ii) repeal age limit to take the Bar examinations; (iii) abolish total bans on commercial communications; (iv) provide for licenses of unlimited duration; (v) remove the reference to "exclusivity" for lawyers for the research of books of mortgage and land registry; (vi) clarify that lawyers' fees are freely determined through a written agreement between lawyers and clients (in case there is no written agreement for court appearances, reference fees still apply); (vii) eliminate any kind of minimum wages for salaried lawyers working in the private sector; (viii) de-link contributions paid by lawyers from lawyer's reference amounts for contracts and eliminates those reference amounts; and (ix) set a system of prepaid fixed/contract sums for each procedural act or court appearance by a lawyer, which is not linked to a specific 'reference amount'. 	<ul style="list-style-type: none"> • End- July, 2013 	<ul style="list-style-type: none"> • Code of lawyers and Presidential decree
Engineers (including architects and land surveyors)	<ul style="list-style-type: none"> • Present a proposal of which activities could be reserved (in exclusivity) to specific professions in consultation with the HCC • Amend unjustified or disproportionate requirements reserving certain activities to specific professions 	<ul style="list-style-type: none"> • End-September 2013 • End-December 2013 	<ul style="list-style-type: none"> • Proposal • Law and Presidential decree
Firms trading Petroleum	<p>Wholesale: Adopt legislation to: (i) abolish minimum capital requirement; (ii) mandate written contracts between fuel wholesalers and retailers; (iii) abolish the mandatory storage of at least two categories of fuel products, as a condition to wholesale licensing issued by them; (iv) remove the restriction that a wholesaler's storage facility needs to be accessible by either the sea, railway network, or through a refinery; and (v) require the installation of inflow-outflow systems throughout the refining and wholesale trading supply chain</p> <p>Retail: Adopt legislation to : (i) mandate gasoline stations to state the price and quantity of liquid fuel on all receipts issued; (ii) complete the installation of inflow-outflow systems in the retail market; and (iii) repeal law provisions that provide the Ministry of Development with the possibility to impose a minimum price on the sale of fuels to consumers.</p> <ul style="list-style-type: none"> • Issue secondary legislation to provide details on insurance scheme (as alternative to minimum capital requirement) 	<ul style="list-style-type: none"> • End-July 2013 • End-October 2013 • End-2013 	<ul style="list-style-type: none"> • Laws and 2 MDs • Market Policing Code and 1 MD • MD • Law
Mediators	<ul style="list-style-type: none"> • Adopt legislation to allow mediation to be done by non-lawyers 	<ul style="list-style-type: none"> • End-2013 	<ul style="list-style-type: none"> • Law

Source: IMF staff estimates.