

**Greece: Update to the Report on Observance of Standards
and Codes, 2002—Fiscal Transparency**

This Update to the Report on the Observance of Standards and Codes on Fiscal Transparency for **Greece** was prepared by the staff of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **January 31, 2002**. The views expressed in this document are those of the staff and do not necessarily reflect the views of the government of **Greece** or the Executive Board of the IMF.

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GREECE

Update to the Report on the Observance of Standards and Codes, 2002

Prepared by staff from EU1 on the basis of information
provided by the Greek authorities

January 31, 2002

This note provides a factual report on developments since the preparation of the first "Update to the Report on the Observance of Standards and Codes." ^{1 2} For a full description of institutions and practices, it should be read in conjunction with the original report and earlier update.

1. **The government has initiated steps toward improving auditing.** The Ministry of Economy and Finance (MEF) is undertaking a comparative examination of its auditing mechanism against those used by the European Union (EU) and by other advanced economies. It is also making use of the experience gained through the auditing of programs that are financed jointly by national and EU funds. It is intended that all expenditures would be subject to audit prior to expenditure approval. Ex ante and ex post program evaluation would also be undertaken, with interim evaluations performed for multi-year programs.

2. **The government has begun efforts to fundamentally reform the Greek tax system.** Early in 2001, an advisory committee was formed, charged with preparing reform proposals by March 2002. These are to include measures to rationalize the tax system and harmonize with EU legislation as well as to streamline the central government tax administration, improve fiscal transparency and re-examine local government revenue assignments. Upon presentation of the committee's report, a period of public discussion is expected to occur, with a view to introducing reforms in 2003.

3. **The government has begun a process of preparing multi-year budgets.** With the Stability and Growth Program providing a multi-year macroeconomic framework and fiscal targets, the authorities initiated efforts toward multi-year budgeting in 2001. As a first step,

¹ This *Update* was prepared by Mark Lutz.

² The original report was issued as Chapter IV of SM/99/255 (10/6/99), and the first update as SM/01/25 (2/8/01), Sup. 1. Both documents are available on the IMF website at <http://www.imf.org/external/np/rosc/rosc.asp>.

the MEF requested spending ministries to submit spending proposals for 2003–04. These proposals, together with the projections of the Stability and Growth Program, were the basis for the formulation of the main budget aggregates. An outline of the 2003–04 budgets were included for illustrative purposes in the 2002 budget. These outlines are not binding, but serve as notification to the spending ministries regarding their spending ranges in coming years. The MEF is expanding its work on multi-year budgeting, in order to define the necessary procedures, both legal and administrative, so that it would constitute an effective tool for fiscal management.