



EUROPEAN COMMISSION

DIRECTORATE GENERAL

ECONOMIC AND FINANCIAL AFFAIRS

Athens, 20 November 2015

**Report on Greece's compliance with
the first set of milestones of October 2015 and with financial sector conditionality**

This compliance note provides an assessment of the implementation of the 1st set of milestones endorsed by the EWG as a basis for the EWG to agree to the disbursement of the €2bn sub-tranche of programme financing approved by the ESM in August. It was compiled by European Commission staff, in liaison with ECB staff.

Following adoption of legislation in several rounds, including in the evening of 19 November 2015, this report assesses that the received legislation and other actions taken by the authorities broadly comply with the list of 49 milestones endorsed by the EWG.

These actions (i) adopt all the measures in the MoU due by September and a number of others due by October; (ii) amend and complete some reforms in the package of measures adopted as prior actions, in line with the remarks in the report presented to the EWG on 14 August 2015. While all the milestones have been delivered satisfactorily, one measure is marked as pending, reflecting the agreement with the institutions that the measure will be addressed in the context of the broader pension reform to take place as part of completing the first review. In addition, the institutions consider that, in some areas, further steps are needed to clarify and implement the adopted measures or to complete the action. This will be important in particular as concerns the household insolvency legislation. Further scrutiny of the recently adopted legislation and its implementation may lead to the need for some corrections which, if necessary, will be addressed as part of the next set of milestones or before completing the first review.

In addition, this compliance note summarises the state of play on outstanding financial sector conditionality, the completion of which provides the basis for transferring ESM funds to the HFSF for bank recapitalisation purposes. The issue of protection of primary residences in the household insolvency law has been addressed with the adoption of primary legislation, and implementation before the end of the year will require adoption of secondary legislation in the next month. The NPL strategy has been delivered and key pieces of legislation will be adopted before the end of 2015 along the lines agreed with the institutions and reflected in the strategy. Finally, the law on the Hellenic Financial Stability Fund (HFSF) has been modified to bring its provisions fully into line with MoU commitments on the governance of the HFSF and banks.

Action 1 - Finalise comprehensive strategy for the financial system

The finalised updated strategy included additional sections concerning the SSM comprehensive assessment results, the recapitalisation of banks and capital controls. It also includes updated information on the Relationship Framework Agreements between the banks and the HFSF and the role of HFSF in fostering NPL resolution. Furthermore the strategy specified objectives and measure to improve financial literacy and an update on the cooperative banks. Looking forward, in order to ensure that the banking system is quickly rehabilitated and ready to support economic recovery, governance and NPL measures need to be further strengthened.

DONE

Action 2 - BoG to issue all provisions to implement the Code of Conduct

The Bank of Greece Code of Conduct, which regulates the relations between banks and borrowers, especially those with arrears, was modified to introduce several debt restructuring possibilities to various groups of borrowers and came into effect in September 2015. The amendment to the Code is published in ΦΕΚ 2219B/15.10.2015.

DONE

Action 3 - Finalise a medium-term technical assistance plan with the European Commission

The Technical Assistance Plan agreed between the authorities and the Commission's Structural Reforms Support Service sets the scope of technical support in support of the programme and its envisaged financing. Agreed and published on web site.

DONE

Action 4 - Criminal law on tax evasion and fraud and abolition of Code of Books and Records fines including those of law 2523/1997

The authorities made a major reform of the Criminal law on tax evasion and fraud, refocusing the law on major offences, widening the definition across all taxes, and increasing penalties. At the same time, the criteria for the referral of cases to the Criminal law were tightened and the fines of the Code of Books and Records of law 2523/1997 were abolished. The reforms were undertaken through Amendments adopted in law 4337/2015 of 26 October.

DONE

Action 5 - Issue Circular on fines and legislation on fines for breach of accounting code and retail receipts

A review was undertaken of the system of fines in the Tax Procedures Code, improving their workability and providing the integration with the new Criminal law on tax evasion and fraud. Following the adoption of new legislation, the circular was issued on 20 November. Further implementation issues should be addressed in consultation with technical assistance.

DONE

Action 6 - Issue ministerial decision to extend indirect bank account register.

An indirect bank account register had been put in place to help tax administration and some investigation bodies to use data on bank accounts. So far it was delivering the information that a taxpayer had an account in a bank and giving the balance of the account. This increased the use by tax administration of indirect audit methods. The indirect account register will now offer the history of transactions for the last 10 years, allowing more effective work against tax fraud and other financial crimes.

DONE

Action 7 - Issue MD to specify details of transfer of SDOE staff to GSPR.

It has been agreed to transfer the tax and customs related activities of the Corps for the prosecution of financial crime (SDOE) to tax administration. This is done to clarify the set up of fight against fraud between specialized units, to suppress overlapping activities and to help create a high level tax fraud investigation arm in the Public revenue administration. The transfer of activities includes the transfer of 350 auditors and 150 administrative staff and of audit cases. The transfer of 500 SDOE staff required for the milestone has been achieved.

On this basis, some 1.3 million of audit orders opened in SDOE will be transferred to Public revenue administration, starting by 4000 audit orders considered as priority audits work to be done in 2016, which has already been made following the transfer of the 500 SDOE staff.

DONE

Action 8 - Develop a cost plan for the promotion of and facilitation of electronic payments with Bank of Greece and the private sector

The level of Electronic payments was rather low in Greece compared to other European countries. A determined effort to improve it has been deemed necessary. The increase of electronic payment would facilitate transactions and business. It would also help reduce the shadow economy. An action plan has been prepared, with help from the Bank of Greece and professionals. Conditions allowing for electronic payments will be vastly improved, with obligations to propose this form of payment in all sectors and with the administration. The plan also includes a long term effort to increase incentives. The plan has been delivered and agreed on 08/11/2015. Work now needs to start on the effective implementation.

DONE

Action 9 - Secondary legislation for the Fiscal Council

The Finance Minister signed a decision on 26 October 2015 to appoint the members of the Fiscal Council Board have been appointed and. The government sent on 7 November 2015 the timetable of meetings of the Board and for the adoption of MD decisions on staffing and budget.

DONE

Action 10 - Legislation to upgrade the OBL (key deliverable)

The amendment of the OBL provided for the elimination of ex ante audits for state budget expenditure on 1 January 2017 and for the rest of the general government expenditure on 1 January 2019, Furthermore, the individual account officers for public investment projects were eliminated for the

entire general government sector while detailed provisions were enacted for making the GDFSs fully responsible for all financial services and phasing out the role of the Fiscal Audit Offices. Further amendments and secondary legislation will now be needed to implement the reform.

DONE

Action 11 - Present plan to complete clearance of arrears

The authorities presented a detailed and comprehensive plan describing the evolution of the stock of arrears of the General Government, and the future strategy for reducing arrears by all General Government entities, as well as the clearance of the unprocessed pension claims. The plan contains also the details of the audit process which is going to be conducted by January 2016 for the high risk sectors including hospitals and local authorities. Some details still need to be fine-tuned to ensure effective implementation of the plan.

DONE

Action 12 - Agree with EC on details of action plan on public procurement (key deliverable)

Action Plan agreed, including on the adoption of the revised legal framework for public procurement, the reform of the remedies system, e-procurement, central purchasing, good management, administrative capacity, accountability, control, and coordination.

DONE

Action 13 - Extend the claw back ceilings for diagnostics, private clinics and pharmaceuticals to the next three years (key deliverable)

Law 4336/2015 extends the clawback mechanism to 2018 (Paragraph F.2) and sets the expenditure ceiling for EOPYY (Paragraph F.3). The authorities have also issued an MD extending pharma clawback and setting its amount as agreed up to 2018: Ref. ΟΙΚ Γ5/63587 (ΦΕΚ Β 1803 -20.08.2015)

DONE

Action 14 - Set out detailed preparations for a gradual nationwide roll-out of a GMI, including plans to set up of benefits registry and for social inclusion strategy

The Guaranteed Minimum Income scheme is designed to provide a genuine nationwide social safety net which targets scarce resources at those in most need. A revised roadmap was received on 18 November, together with detailed strategies on IT preparations, a proposal for the inclusion of entitled but vulnerable groups, and an anti-fraud strategy. The authorities plan to benefit from technical assistance for the social welfare review and for the GMI rollout from the World Bank and sent their letter of request on 13/11. Follow-up at technical level is planned to further specify work on the benefits registry.

DONE.

Action 15 - Adopt roadmap for the investment licensing reform

In line with the commitment, the Ministry of Economy, Development and Tourism adopted on 29 October 2015 a roadmap for the investment licensing reform (Protocol no. 110704/9397 – 29.10.2015). The roadmap was prepared in close co-operation with the World Bank, which is expected to provide technical assistance to the authorities in simplifying and streamlining the investment licensing procedures.

DONE

Action 16 - Establish three mobile enforcement teams on anti-smuggling

In line with the commitment, the authorities (as per DG Customs document of 29 September 2015) established three mobile enforcement teams on anti-smuggling on 1 October 2015, which have already become operational. The operations of the three mobile units will enhance the combat against smuggling, as they will be able to perform controls inter alia at national roads and border entrance points.

DONE

Action 17 - Reconvene the inter-ministerial spatial planning committee

A Joint Ministerial Decision has been signed and published. A parallel working group to advise the Planning Committee with the participation of TAIPED has been set.

DONE

Action 18 - Issue Joint Ministerial Decision for determination of notaries fees

In line with the commitment, a Joint Ministerial Decision, that reduced the fee of notary acts for property transactions up to EUR120,000 from 1.0 percent to 0.8 percent, was adopted on 9 October 2015 (Government Gazette B' 2170- Decision: 72386).

DONE

Action 19 - Launch impact assessment of selected reforms on competition, investment licences and administrative burden (key deliverable)

In line with the commitment, the authorities have launched an impact assessment of selected reforms on competition, investment licencing and administrative burden. The Ministry of Economy, Development & Tourism concluded on 29 October 2015 the Letters of Intent and the draft Terms of Reference with the Centre of Planning and Economic Research (KEPE) and with the Business Environment Observatory of SEV (Hellenic Federation of Enterprises). KEPE will assess the impact of selected reforms in food manufacturing, building materials and retail trade, while SEV will perform the ex-post impact assessment of the development on business parks.

DONE

Action 20 - Energy package: begin implementation of the gas market reform according to the agreed timeline, prioritising distribution tariffs; implement a scheme for the temporary and permanent capacity payment system [NB: technical discussions with the Commission on the permanent scheme likely to go beyond October]; modify electricity market rules to avoid that any plant is forced to operate below their variable cost; regulate according to the final decision of the Council of State on the netting of the arrears between PPC and the market operator; implement interruptible contracts as approved by the European Commission; revise PPC tariffs based on costs, including replacement of the 20% discount for energy-intensive users; discuss with the European Commission the design of the NOME system of auctions (key deliverable)

Gas market reform: the implementation of the reform is progressing. Capacity payment: a temporary scheme including agreed modifications has been notified to the EC for its approval with subsequent implementation. Discussions on the permanent scheme were launched and technical discussions with the Commission will require several further weeks. A modification of electricity market rules was

adopted. On the netting of the arrears, a Council of State decision is pending, which makes not possible to deliver this action, hence a delay is justified. Interruptible contracts: ministerial decision to be signed following approval from the EC, technical implementation will require one to two months. Revision of PPC tariffs: a paper was received from PPC which indicates that tariffs will be reduced, the extraordinary general assembly was called for 7 December with on the agenda the revision of the 20% discount for energy-intensive users. NOME: discussions with authorities are ongoing following feedback from the institutions on the authorities' proposal.

DONE (some sub-actions require follow up at technical level)

Action 21 - Adopt through legislation the restructuring plan for 'OASA - Transport for Athens' agreed with the institutions (key deliverable)

Law 4337/2015 reflects the agreement with the authorities. However, implementation of the restructuring plan has stalled and it has led to the resignation of the Board. There is lack of clarity around the selection process of the new Board, and in particular against the commitment to follow international best practices.

DONE (with clear implementation risks)

Action 22 - Produce a roadmap for the implementation of the revised Code of Civil Procedure

The code of civil procedure is one of the major reforms voted in July. To ensure effective and smooth implementation of the main part of the code by the 1st of January 2016 the authorities have built up a road map taking into consideration the various types of actions that need to be done, from training of judges and clerks, informing the professionals and the public, to putting in place all the necessary tools and conditions of implementation. The action plan with its annexes and timetable has been delivered on 7 November 2015.

DONE

Action 23 - Issue a presidential decree which shall specify the terms for the establishment of the appropriate infrastructure of the auction announcement webpage, the required conditions and the other details for the respective publications

When the reform of the code of civil procedure was discussed in 2013-2014 it was decided to renovate the system of information of the public on auctions moving to purely electronic publications of the auctions documents to increase the information of the public. An IT problem emerged during the implementation of the adopted Presidential Decree and related procurement constraints make it not possible to complete before April 2016 the interactive system provided for by the presidential decree. On the basis of an action plan proposed by the authorities, it was agreed with the institution to suspend the presidential decree to allow resuming paper publication and avoid a legal vacuum. A transitional system has been put in place by 13 November which makes the paper publications also visible on a website. Hence the main purpose of the action – electronic information provided to the public - is achieved, even if the system put in place provisionally is less efficient and user friendly that what has been expected. .

DONE (authorities to provide regular updates of plan)

Action 24 - Ensure that ELSTAT has access to administrative data sources in line with the Art. 17 of Law 4174/2013 amended by 4254/2014 and 4258/2014, and the Memorandum of Understanding signed between ELSTAT, the Ministry of Finance (GSIS), the Secretary General for Public Revenues (SGPR) and IKA signed on 17/04/2014.

The authorities have identified issues with the previous legislation not being sufficient to allow SGPR to provide personalised information. For this reason, new legislation was adopted in Parliament on 19 November 2015 addressing the legislative gap. On this basis it is expected that the data will be transmitted to ELSAT permanently and continuously.

DONE

Action 25 - Integrate into ETEA by 1st September 2015 all supplementary pension funds and ensure that all supplementary pension funds will be only financed by own contributions from 1 January 2015

A memo was provided on the integration process, which has advanced but has not fully completed yet. The government has committed to adopt legislation repealing nuisance charges for journalists, with implementation from 1 January 2016, in the context of the broader pension reform expected in the coming weeks that will address court rulings on past pension reforms, which would entail a broader revision of contributions and benefits also for this group of contributors.

PENDING (to be completed as part of the pension reform)

Action 26 - Technical amendment to ensure abolition of the refund of excise tax on diesel oil for farmers from October 2016

The technical amendment was included in the Minibus law.

DONE

Action 27 - Rectification of technical mistake in the omnibus act concerning the 2014–15 tax and SSC debt instalment schemes

The authorities and the Institutions agreed to rectify the legislation of the 2014 and 2015 instalment schemes, following a mistake in the tightening of the conditions of the plan made in August. In addition, the law was further strengthened to ensure that debtors who are compliant to their instalment plan but face new tax debt will be excluded from the instalment plan if they do not pay the new tax in time, with a transitional period allowing limited slippages until end of 2017. It is also agreed that debtors in instalment schemes will be allowed to enrol new taxes into the basic 1 year instalment scheme if they do so before due date for tax payment expires. Debtors above a threshold of 50 000 euros will need to establish their incapacity to repay faster. Part of the problem faced by the tax debtors come from a piling up of taxes payments in the second part of the year. The authorities committed to improve tax smoothing possibilities through a general plan to be delivered by end March 2016 along with the collection strategy and which will include re-profiling of payment deadlines of main taxes (CIT, PIT, property taxes etc.) following best practice in other European countries. The plan will, inter alia, define the timeline for implementation of the re-profiling throughout 2016 and 2017.

DONE

Action 28 - Secondary legislation for Early retirement law for public sector

MD issued FEK 2325 B/27.10.2015.

DONE

Action 29 - Circular implementing Law 3865/ 2010 Law for public sector, Repealing new date for pro- rata of Law 3865/2010 in public sector and reinstate 1.1.2015

The relevant circular was published on 10 November 2015, with ADA number: ΑΔΑ: ΩΤΑ3Η-ΚΧΚ, additional reference Αρ.Πρωτ. 124069/0092.

DONE

Action 30 - Issue all Ministerial Decisions for the implementation of all pension provisions. These decisions should include an explanation that minimum pensions should also be subject to early retirement penalties (e.g. when provided at the age of 62 with 15 years of contributions).

All Ministerial Decisions have been issued (see MS 28 and 31).

DONE

Action 31 - Other amendments on the omnibus act and other laws on pensions:

- ***The following addition needs to be made to both the public sector and main laws: For those who can retire on a full pension before the age of 67 with less than 40 years of contributions, the contributory period will be progressively adapted to 40 years by 2022.***
- ***Review and repeal as appropriate exceptions to those subject to the provisions of sub-bullets aa), bb) and ee), of bullet b', paragraph 3 of the article 56 of PD 169/2007 and article 4 of Law 3660/2008 (A'78).***
- ***Amend paragraph 4 of public sector law, specifying 67 percent or higher disability grade.***

Legislation was adopted on 17 October 2015 (L4337/2015, art. 14, par. 1, 2, 3 and 4) and MD issued FEK 2311 B/ 26.10.2015.

DONE

Action 32 - Finalisation of credible strategy for addressing the issue of non-performing loans.

The NPL strategy recommend specific actions to accelerate NPL resolution, including by removing any unnecessary legal or other impediments to NPL servicing and disposal while protecting vulnerable households consistent with the Bank of Greece Code of Conduct. Following comments sent by the Institutions to the Authorities, the NPL strategy has been agreed. The government will adopt before the end of the year key legislation included in the strategy, including on NPL servicing and sales markets, as well as to develop fast-track solutions to speed up NPL resolution for key segments of loans.

DONE

Action 33 -Amendments to the household insolvency law: legislate primary and issue secondary legislation to tighten the eligibility criteria for protection of the primary residence while protecting the vulnerable debtor in line with the proposal made by the institutions.

A substantive agreement in line with the Eurogroup statement of 14 August was found, and legislation was adopted by Parliament on 19 November 2015. The approach is time limited with a three year sunset clause for applying for the protection of the primary residence. A market-based "liquidation test" is applied to all debtors falling under the scheme. A social safety net is established for the most vulnerable households who could not afford to make the repayments determined by the court on the basis of the market based liquidation test, whereby the state will contribute to the payment towards the

creditors. For a range of other debtors, an 'intermediate protected' scheme establishes a repayment plan under which the secured creditor must receive at least as much as it would receive if the primary residence was actually liquidated, taking account of the capacity to pay. Secondary legislation is needed for the implementation of the scheme and is expected to be adopted within one month so that the scheme can start on 1 January 2016. Adjustments to the adopted legislation may be required in this process as information becomes available to the institutions on the coverage provided by the legislation.

DONE

Action 34 - Publication of PM decision of the activation of the Government Council of Private Debt.

A Cabinet Act was issued on 6 October 2015 (FEK A 122/06102015) re-establishing the Government Council. The members of the working group that supports the operation of the Council were appointed by FEK 769 of 29 October 2015.

DONE

Action 35 - Adopt the OECD recommendation on pharmacy ownership to open to non-pharmacists.

The August omnibus law (Law 4336/14-08-2015, subparagraph D.12) provided for a Joint Ministerial Decision to define the criteria for an establishment licence of a pharmacy. The Joint Ministerial Decision was adopted on 29 October 2015 (Government Gazette B' 2330, Decision: Γ5(β)/Γ.Π.οικ.82829) and it is compliant with the spirit of the OECD's 2013 recommendation on pharmacy ownership, as assessed also by OECD. The decision removed the existing ownership restriction while introducing two conditions: (a) a pharmacist must participate with at least 20% in the limited liability company that operates the pharmacy and (b) the introduction of a limit on the number of pharmacies owned by one entity to 5, which is however subjected to an automated progressive relaxation of this from 5 in 2015 to 10 in 2020 (i.e. increase by one license per year).

DONE

Action 36 - Implement at least an additional 35 OECD toolkit II recommendations on beverages and petroleum products (Prior Action).

In line with the commitment, the authorities adopted 40 OECD toolkit II recommendations compared to a target for at least 35. These recommendations provide for the simplification of provisions in relation to the production of non-alcoholic beverages as well as to beer and wine manufacturing. Parliament adopted provisions with Law 4337/17-10-2015 (Articles 9, 19 and 21 - Government Gazette A' 129) that addressed 12 recommendations. Another 28 recommendations were addressed through the adoption of Ministerial and Joint Ministerial Decisions.

DONE

Action 37 - Adoption of the cabinet act to establish a committee for the inter-ministerial preparation of legislation.

The pending cabinet act for the establishment of the inter-ministerial committee for the investment licensing reform was adopted and published on the Government gazette on 14/08/2015 (Cabinet Act no.21 of 14/08/2015 – Government Gazette A' 96). The committee will organise, follow-up, co-ordinate and promote the necessary actions towards the simplification of the investment licensing procedures.

DONE

Action 38 - Take irreversible steps for the sale of the regional airports at the current terms with the winning bidder already selected.

Cabinet Act (PYS) adopted authorising the Ministers of Finance, Maritime and Defence to sign the Concession agreement.

DONE

Action 39 - Ensure implementation of all Government Pending Actions identified by HRDAF

The agreed number of actions have been completed which have paved the way for a number of ongoing tenders to proceed. Further work will be needed on upcoming tenders especially the Ministerial Decision required for distribution of revenue proceeds from ticket sales between OASA and Trainose;

DONE

Action 40 - Establish claw backs for 2015 for diagnostics and private clinics and delink the 2014 claw back for private clinics from the 2013 one (key deliverable). This includes - establishing the claw backs for 2015 for diagnostics and private clinics: the new MD must be published and the FEK number provided - on delinking the 2014 claw back for private clinics from the 2013 one: the new MD must be published and the FEK number provided

The following MDs were issued to meet the requirements set in the milestone:

- Setting expenditure for private clinics and diagnostics by category, Αριθμ. Γ3γ/70907 (ΦΕΚ Β 2059 -18.09.2015)
- Delinking the 2014 claw back for private clinics from the 2013 one, Αριθμ. Γ3γ/65273 (ΦΕΚ Β 2036 -17.09.2015).

DONE

Action 41 - Amend the legislation on grandfathering in light of highlighted issues on the period of price protection (data vs patent), and on the pricing mechanism. Insert a clause repealing conflicting provisions. All the following must be present in the final legislation: grandfathering must not apply; pricing mechanism must be satisfactory; protection period must be the shortest between data and patent; conflicting legislation must be repealed.

Primary legislation has been amended in the Omnibus Act of 19 November, the required Ministerial Decree has been issued and the price bulletin has been submitted for consultation and is expected to become binding in the next days. The grandfathering of the prices for generics and off-patent drugs has been eliminated, although prices will adjust gradually until June 2017. In addition, the authorities have legislated a clawback ceiling for hospital drugs for 2016-18, for which the spending had considerably increased and which was not covered under the existing ceiling for pharmaceuticals. The ceiling on hospital expenditure on pharmaceuticals de facto implements a global clawback on all public expenditure on pharmaceuticals in Greece. On the issue of the threshold, an agreement has been reached on the timetable and the rate of reduction. The agreed changes have been incorporated in a Ministerial Decree (still under full translation). The legislation may need be re-specified through further legislative changes if the definition proves not comprehensive enough to ensure it covers all public pharmaceutical expenditure for hospital drugs. Further, the authorities will take structural measures to contain spending, including (i) negotiating reimbursement prices for high cost and innovative medicine; (ii) awareness campaigns on the use of generics; (iii) improve the structure of profit margins of pharmacists in order to create incentive to sell less expensive medicine; (iv)

obligatory prescription guidelines for all patients and closer monitoring of prescriptions to reduce reliance on high-cost medicine and increase penetration of generics. The February 2015 price bulletin was published, and the next price bulletin reflecting the new prices will be issued by February 2016. Further structural measures may be needed in 2016 to bring actual spending on pharmaceuticals close to the clawback ceiling.

DONE

Action 42 - On INN prescriptions: relevant circular must be published on “Diaygeia” and must be sent to IDIKA. ADA number must be provided

The relevant circular, re-instating the obligation to prescribe based on the active substance was published on 15/09/2015, with the following number Αριθμ. πρωτ.: 62170/12.8.2015.

DONE

Action 43 - Issue MD freezing the 2015 level of clawback up to 2018 for private clinics.

The authorities, as agreed, issued an MD setting expenditure for private clinics and diagnostics by category up to 2018, Αριθμ. Γ3γ/70907 (ΦΕΚ Β 2059 -18.09.2015).

DONE

Action 44 – Issue MD freezing the 2015 level of clawback up to 2018 for diagnostics (or reducing it, in view of forthcoming price cuts)

The authorities, as agreed, issued an MD setting expenditure for private clinics and diagnostics by category up to 2018, Αριθμ. Γ3γ/70907 (ΦΕΚ Β 2059 -18.09.2015).

DONE

Action 45 – Repeal MD FEK 1117/2015, in order to re-enforce sanctions and penalties as a follow-up to the assessment and reporting of misconduct and conflict of interest in prescription behaviour and non-compliance with the EOF prescription guidelines

The authorities have issued MD Αριθμ. C5 (a) / 70068 Γ5(α)/ 70068 (GG II 2232 /30.10.2015) repealing no. Αριθμ. Γ5:C5 (a) / 70068 34 043 (GG 1117 / B / 2015) and establishing the new minimum percentage targets prescribing generics in volume and limits in pharmaceutical expenditure for each doctor depending on the specialisation, the number of patients for whom prescribing and regional unity of the country. The MD reinstates and amends no. Y9 / oik. 53768/ΦΕΚ 1796/B'/2014..

DONE

Action 46 – Amend the gas reform law approved in August as part of the Omnibus bill to i) restore full eligibility for all customers outside the EPA areas (article 82) and ii) state RAE's competences on transmission tariffs (article 88).

Legislation adopted as agreed.

DONE

Action 47 - Repeal of article 2(3) of law 4328/2015 concerning the legal assignment of unpaid rents to the Revenue service and replacement as required.

Following comments on 12 November, the legislative proposal with the amendment on abolition of the assignment of rents was finalised and was passed in the Omnibus Bill of 19 November.

DONE

Action 48 - Find compensation, if the government changes the provisions related to VAT on private education.

The removal of the VAT exemption on Private education was estimated to raise just over €300 million. The Omnibus Act of 19 November abolished VAT on private education and included compensation through a lottery tax, an excise on wine, and some changes in road tax estimated to raise just under €300 million.

DONE

Action 49 - Review and repeal as appropriate the amendments to the pension system introduced in Laws 4325/2015 and 4331/2015 (articles 21, 24, 28, 31, 37, 38, 39, 75, 76) in agreement with the institutions.

Correction to the amendment repealing AKAGE for supplementary funds (4325/2015) legislated in the minibus law, article 57 par. 2 and 3, 5.11.2015

Law 4331/2015 (articles 21, 24, 28, 31, 37, 38, 39, 75, 76) were addressed in the October Law 4337/2015 (article 52 par. 1 h and par. 3).

DONE

Annex 1: Actions to be taken by Greece ahead of the next disbursement (set of Prior Actions)

Annex 1:

AA	Action	Status: Done or Pending
1	Finalise comprehensive strategy for the financial system	Done
2	BoG to issue all provisions to implement the Code of Conduct	Done
3	Finalise a medium-term technical assistance plan with the European Commission	Done
4	Criminal law on tax evasion and fraud and abolition of Code of Books and Records fines including those of law 2523/1997	Done
5	Issue Circular on fines and legislation on fines for breach of accounting code and retail receipts	Done
6	Issue ministerial decision to extend indirect bank account register	Done
7	Issue MD to specify details of transfer of SDOE staff to GSPR	Done
8	Develop a cost plan for the promotion of and facilitation of electronic payments with Bank of Greece and the private sector	Done
9	Secondary legislation for the Fiscal Council	Done
10	Legislation to upgrade the OBL (key deliverable)	Done
11	Present plan to complete clearance of arrears	Done
12	Agree with EC on details of action plan on public procurement (key deliverable)	Done
13	Extend the claw back ceilings for diagnostics, private clinics and pharmaceuticals to the next three years (key deliverable)	Done
14	Set out detailed preparations for a gradual nationwide roll-out of a GMI, including plans to set up of benefits registry and for social inclusion strategy	Done
15	Adopt roadmap for the investment licensing reform	Done
16	Establish three mobile enforcement teams on anti-smuggling	Done
17	Reconvene the inter-ministerial spatial planning committee	Done
18	Issue JMD for determination of notaries fees	Done
19	Launch impact assessment of selected reforms on competition, investment licences and administrative burden (key deliverable)	Done

20	Energy package: begin implementation of the gas market reform according to the agreed timeline, prioritising distribution tariffs; implement a scheme for the temporary and permanent capacity payment system [NB: technical discussions with the Commission on the permanent scheme likely to go beyond October]; modify electricity market rules to avoid that any plant is forced to operate below their variable cost; regulate according to the final decision of the Council of State on the netting of the arrears between PPC and the market operator; implement interruptible contracts as approved by the European Commission; revise PPC tariffs based on costs, including replacement of the 20% discount for energy-intensive users; discuss with the European Commission the design of the NOME system of auctions (key deliverable)	Done*
21	Adopt through legislation the restructuring plan for 'OASA - Transport for Athens' agreed with the institutions (key deliverable)	Done*
22	Produce a roadmap for the implementation of the revised Code of Civil Procedure	Done
23	Issue a presidential decree which shall specify the terms for the establishment of the appropriate infrastructure of the auction announcement webpage, the required conditions and the other details for the respective publications	Done*
24	Ensure that ELSTAT has access to administrative data sources in line with the Art. 17 of Law 4174/2013 amended by 4254/2014 and 4258/2014, and the Memorandum of Understanding signed between ELSTAT, the Ministry of Finance (GSIS), the Secretary General for Public Revenues and IKA signed on 17/04/2014.	Done
25	Integrate into ETEA by 1st September 2015 all supplementary pension funds and ensure that all supplementary pension funds will be only financed by own contributions from 1 January 2015	Pending
26	Technical amendment to ensure abolition of the refund of excise tax on diesel oil for farmers from October 2016	Done
27	Rectification of technical mistake in the omnibus act concerning the 2014–15 tax and SSC debt instalment schemes	Done
28	Secondary legislation for Early retirement law for public sector	Done
29	Circular implementing Law 3865/ 2010 Law for public sector, Repealing new date for pro-rata of Law 3865/2010 in public sector and reinstate 1.1.2015	Done
30	Issue all Ministerial Decisions for the implementation of all pension provisions. These decisions should include an explanation that minimum pensions should also be subject to early retirement penalties (e.g. when provided at the age of 62 with 15 years of contributions).	Done
31	Other amendments on the August omnibus act and other laws on pensions: <ul style="list-style-type: none"> • The following addition needs to be made to both the public sector and main laws: For those who can retire on a full pension before the age of 67 with less than 40 years of contributions, the contributory period will be progressively adapted to 40 years by 2022 • Review and repeal as appropriate exceptions to those subject to the provisions of sub-bullets aa), bb) and ee), of bullet b', paragraph 3 of the article 56 of PD 169/2007 and article 4 of Law 3660/2008 (A'78). • Amend paragraph 4 of public sector law, specifying 67 percent or higher disability grade. 	Done
32	Finalisation of credible strategy for addressing the issue of non-performing loans	Done

33	Amendments to the household insolvency law: legislate primary and issue secondary legislation to tighten the eligibility criteria for protection of the primary residence while protecting the vulnerable debtor in line with the proposal made by the institutions	Done
34	Publication of PM decision of the activation of the Government Council of Private Debt	Done
35	Adopt the OECD recommendation on pharmacy ownership to open to non-pharmacists	Done
36	Implement at least an additional 35 OECD toolkit II recommendations on beverages and petroleum products (Prior Action)	Done
37	Adoption of the cabinet act to establish a committee for the inter-ministerial preparation of legislation.	Done
38	Take irreversible steps for the sale of the regional airports at the current terms with the winning bidder already selected;	Done
39	Ensure implementation of all Government Pending Actions identified by HRDAF	Done
40	Establish claw backs for 2015 for diagnostics and private clinics and delink the 2014 claw back for private clinics from the 2013 one (key deliverable) <ul style="list-style-type: none"> • On establishing the claw backs for 2015 for diagnostics and private clinics: the new MD must be published and the FEK number provided • On delinking the 2014 claw back for private clinics from the 2013 one: the new MD must be published and the FEK number provided 	Done
41	Amend the legislation on grandfathering in light of highlighted issues on the period of price protection (data vs patent), and on the pricing mechanism. Insert a clause repealing conflicting provisions. All the following must be present in the final legislation: - grandfathering must not apply; -pricing mechanism must be satisfactory; -protection period must be the shortest between data and patent; -conflicting legislation must be repealed	Done
42	On INN prescriptions: relevant circular must be published on “Diaygeia” and must be sent to IDIKA. ADA number must be provided.	Done
43	Issue MD freezing the 2015 level of clawback up to 2018 for private clinics.	Done
44	Issue MD freezing the 2015 level of clawback up to 2018 for diagnostics (or reducing it, in view of forthcoming price cuts)	Done
45	Repeal MD FEK 1117/2015, in order to re-enforce sanctions and penalties as a follow-up to the assessment and reporting of misconduct and conflict of interest in prescription behaviour and non-compliance with the EOF prescription guidelines	Done
46	Amend the gas reform law approved in August as part of the Omnibus bill to i) restore full eligibility for all customers outside the EPA areas (article 82) and ii) state RAE's competences on transmission tariffs (article 88).	Done
47	Repeal of article 2(3) of law 4328/2015 concerning the legal assignment of unpaid rents to the Revenue service and replacement as required.	Done
48	Find compensation, if the government changes the provisions related to VAT on private education.	Done
49	Review and repeal as appropriate the amendments to the pension system introduced in Laws 4325/2015 and 4331/2015 (articles 21, 24, 28, 31, 37, 38, 39, 75, 76) in agreement with the institutions.	Done

* (follow up needed)