



Greece

Trends, Recent Developments, “Feeding in” and “Feeding out”

A Study of National Policies

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Summary

As it has been the case over the last ten years, Greece's economic growth, in terms of its GDP, continues to remain at high levels, while some positive signs regarding the labour market situation have been observed over the last two years. The employment rate shows an upward trend during the last two years, while the unemployment rate has exhibited a downward trend during the period 2005-2006 (i.e. from 9.8% in 2005 to 8.9 % in 2006). Yet, women and young people are still confronted with higher unemployment rates than the national respective average, despite the implementation of various measures aiming at the reconciliation of family and work life, as well as of specific measures aiming at reducing youth unemployment. Moreover, the rate of long-term unemployment as a percentage of the total unemployment remains high.

In contrast, however, to the positive economic developments and the recent encouraging signs as regards the labour market situation in Greece, the problems of poverty and social exclusion remain almost unchanged. The poverty rate continues for some years now to remain at high levels (i.e. around 20%), despite the fact that the social protection expenditures, as a percentage of the Greek GDP, have been over recent years very close to the EU-25 respective average.

Overall, it may be argued that promoting both economic growth and social cohesion is hard to come by in the case of Greece. The Government appears to assume that the various growth and employment policies pursued would lead automatically to improved social cohesion. Yet, thus far, these expectations have not come true, given that the various growth and employment policies, by and large, are not underpinned by adequate provisions for the most vulnerable groups, let alone by modern and active social protection systems in order to deliver social progress. So, various socioeconomic groups at particular risk of poverty and social exclusion continue to be hardly hit by unemployment, low income and inadequate provision of social and health care services. This in turn implies that the gains from economic growth have not spread out to all members and segments of the Greek society.

The 2007 Implementation Report for Greece provides no evidence as to how the Lisbon recommendations and 'areas to watch' have been addressed to date by specific policies and measures. Instead, the response given to address the country-specific recommendations relies heavily on what is going to be implemented in the future through mainly the planned interventions under the Greek National Strategic Reference Framework 2007-2013.

As to the challenges identified for Greece in the 2007 Joint Report on Social Protection and Social Inclusion, the Implementation Report makes no explicit references. Moreover, it does not deal with the quantitative and qualitative impact of various measures and initiatives implemented in the domain of social policy, while only partially addresses the concerns expressed by the Commission over the lack of quantitative targets, timetables and budgetary implications. In general, the Implementation Report deals mainly with what has already been achieved and what is going to be implemented in the future (under the Strategic Reference Framework 2007-2013), but it fails to indicate any obstacles, gaps or drawbacks in the domain of social policy and especially in the social inclusion policy. Besides, no links are evident in the Implementation Report in relation to the E.U. Social Protection and Social Inclusion Process, while no reference is made to the OMC process neither to the Greek National Report on Strategies for Social Protection and Social Inclusion. Similarly, there is an absence of references in a consistent way with regard to the actions taken in improving governance in the social inclusion policy area in Greece.

Overall, it may be argued that the Implementation Report 2007 does not attribute equal importance to social policy alongside economic and employment policies. This, in turn, implies that the developmental character of social policy continues to be underplayed in Greece.

First Part

1. Short summary of the Implementation Report

It should be stated right from the outset that the 2007 Implementation Report for Greece provides no evidence as to how the Lisbon recommendations and 'areas to watch' have been addressed to date by specific policies and measures. Neither is there any reference, with only few exceptions, as to what has been achieved or what progress has been made in relation to these recommendations.

Instead, the Implementation's Report response on how these country-specific recommendations are being addressed, relies heavily on what is going to be implemented in the future through mainly the planned interventions under the Greek National Strategic Reference Framework 2007-2013.

In particular, there is no direct reply or any commitment in the Implementation Report as regards the fixing of a timetable for the implementation of pension reform with a view to improving long-term fiscal sustainability. Instead, it states that previous attempts to tackle the issue have failed due to the lack of preparation and limited dialogue with the social partners involved. It also refers to the process of a public consultation which was launched in spring 2006 and to the establishment of an Advisors Committee for the study of the social security system. The conclusions of this Committee are still expected to be published.

However, it should be noted that very recently there has been an effort by the Government to renew the social dialogue on the pension reform. Yet, the launching of the social dialogue has been confronted already by certain reaction mainly by the Greek Trade Unions and has brought about some social unrest. In this context, there is no visibility, as yet, for a strict timetable for the implementation of the pension reform in Greece.

Turning into examining the second recommendation for Greece, which concerns the need to modernize its public administration in order to ensure, among other things, effective use of Structural Funds, the response given in the Implementation Report refers exclusively to the planned interventions of the new OPs 'Public Administration Reform' and 'Technical Assistance' under the NSRF 2007-2013. For, as it is argued, these are expected to contribute to addressing this recommendation. Yet, the main objective of these future actions appear to be the improvement in terms of the absorption of the EU funding and less so in terms of the results and the impact of these actions on the Greek Public Administration overall. Besides, no reference is made to any action taken to date, and in particular over the last year, to improve the public administration system in Greece.

Similar to the above is the reply given in the Implementation Report as regards the third recommendation to 'modernise employment protection including legislation, reduce the tax wedge on labour, and strengthen active labour policies to foster flexibility and security in the labour market and transform undeclared work into formal employment'. The Report states that the implementation of the new OP 'Development of Human Resources' 2007-2013 is expected to

strengthen active labour market policies and to reduce undeclared work through targeted interventions. In this context, it is expected that employment rates, and in particular women's employment rates, shall rise. The active labour market measures expenditure as a percentage of GDP is also expected to rise from 0.17% to 0.5%, as well as the percentage of unemployed benefiting from these measures, i.e. from 4.5% to 10% of the unemployed. Overall, the whole reply with respect to this recommendation is only ten lines long. There are no quantitative objectives or any analysis of the actions to be taken –or even the intentions of the Government– with regard to reducing tax wage on labour, on the issue of flexicurity and on the transformation of undeclared work into formal employment.

As regards the fourth recommendation, namely 'increase investment in compulsory and higher education, implement the reform of lifelong learning and improve quality and responsiveness to labour market needs, reduce early school leaving, and increase adult participation', the reply given points again to the planned interventions under the 2007-2013 OPs 'Education and Life-Long Learning' and 'Development of Human Resources'. In particular, the effort will be in the direction to raise public expenditure on education from 3.3% of the GDP to 5%, to increase the percentages of the general population aged 25-64 participating in life-long learning programmes from 1.8% to 6%, to reduce the drop out rate from 13.3% to 10%. Note should be made of the fact that there has been some confusion in this latter objective, given that the Report refers to the age group 18-24 (most probably by mistake) instead of the pupils aged up to 15 years old. Nevertheless, apart from these references to the future interventions, no other action appears to have been taken to date to dealing with the issues posed by this recommendation.

Finally, moving on to examining the response given in the Implementation Report with regard to the 'points to watch', no direct and specific replies are given in this respect apart from some indirect references which are being made in relation to some of these points under certain sections of the Report. Nevertheless, one needs to point out that some progress has been made in the implementation of policies to encourage women's participation in employment. On the other hand, it should be highlighted that a consistent active ageing strategy is clearly missing in Greece, while very limited efforts have been made to set up a research and innovation strategy and to increase investment in R&D.

2. Assessment of the Implementation Report

2.1 "Feeding out" aspects

Promoting both social cohesion and economic growth.

As it has been the case over the last ten years, Greece's economic growth, in terms of its GDP, continues to remain at high levels, while some positive signs regarding the labour market situation have been observed over the last two years. The employment rate shows an upward trend during the last two years, mainly due to the rising employment rates of people aged more than 25 years old, as well as of women. However, one needs to point out that these rates continue to lag behind the Lisbon Strategy objective or the EU-25 respective average, while the gender employment gap remains still high. As regards the unemployment rate, this has exhibited a downward trend during the period 2005-2006 (i.e. from 9.8% in 2005 to 8.9 % in 2006), remaining though higher than the EU-25 respective average, which stands at 8.2%¹. Yet, women

¹ European Commission (2007), Table17 M3, p. 12

and young people are still confronted with higher unemployment rates than the national respective average, despite the implementation of various measures aiming at the reconciliation of family and work life, as well as of specific measures aiming at reducing youth unemployment.

In contrast, however, to the positive economic developments and the recent encouraging signs as regards the labour market situation in Greece, the problems of poverty and social exclusion remain almost unchanged. This is reflected in that the poverty rate continues for some years now to remain at high levels, i.e. around 20%, which is well above the EU-25 respective average. And this despite the fact that the social protection expenditures, as a percentage of the Greek GDP, have been over recent years very close to the EU-25 respective average. Indeed, as evidence suggests, the impact of social transfers – except pensions- on reducing the at-risk of poverty rate in Greece remains constantly limited, i.e. around 3 percentage points.

Overall, it may be argued that promoting both economic growth and social cohesion is hard to come by in the case of Greece. The Government appears to assume that the various growth and employment policies pursued would lead automatically to improved social cohesion. Yet, thus far, these expectations have not come true, given that the various growth and employment policies, by and large, are not underpinned by adequate provisions for the most vulnerable groups, let alone by modern and active social protection systems in order to deliver social progress. So, various socioeconomic groups at particular risk of poverty and social exclusion such as jobless households, the very long-term unemployed, single parents, large families, young people, immigrants, minorities, Roma and disabled persons, etc, continue to be hardly hit by unemployment, low income and inadequate provision of social and health care services. This in turn implies that the gains from economic growth have not spread out to all members and segments of the Greek society.

In short, one can conclude that no appropriate mechanisms and channels have been established to date to ensure that all population groups are linked with economic growth. And this is congruent to the fact that social policy action in Greece appears, thus far, short of being articulated in the wider economic policy interventions as these are presented in the National Reform Programme and in the Implementation Report 2007.

The only sound initiative in this respect, which has been taken very recently by the Greek Government, is a bill of Law which foresees the establishment of a “National Fund for Social Cohesion”, which aims at the provision of financial allowances to persons with income below the poverty line.

Turning into examining other related policy areas which have a bearing upon promoting social cohesion, it seems at a first glance that the social inclusion and social cohesion perspective hardly pervade in a consistent way these policy areas.

More specifically, in the field of education, vocational training and life-long learning, two are the main quantitative objectives, which have been clearly stated: the decrease of the compulsory education dropout rate from 13,3 % in 2004 to 10,0% in 2010 and the increase of participants in Training Courses from 0,9 % to 7,0 % in 2015.

In particular, efforts have been under way for the systematic application of life-long learning programmes. To this end, Law 3369/2005 was fully activated in 2007 which concerns the expansion of life-long learning in Greece. In this respect, 9 Projects have been approved expected to provide life-long learning programmes to 25.000 participants, while 20 Projects

concerning the establishment of Life-Long Learning Institutes are under way. However, the considerable delay in the implementation of life-long learning measures in Greece has impeded the development of a comprehensive strategy, as well as the expansion of related activities. This is reflected in that, in 2005, the participation rate in education and training programmes for people 25-64 years old was 1,8 percentage in Greece compared to 10,8 percentage in EU-25. In 2006, the participation rate of employed persons aged 25-64 in education and training programmes was only 1,4 per cent against 10,6 per cent in EU-27, while the respective rates for unemployed were 2,2 against 7,8 per cent².

Overall it may be said that in spite the recent efforts in promoting life-long learning in Greece, the functioning of an integrated system of life-long learning linking formal and informal (initial and continuous) vocational education and training schemes, is still pending in Greece. In addition, as it has already pointed out in the Second Semester Report 2006 on Social Inclusion in Greece, one needs to underline that in spite the large scale implementation of various vocational training schemes since the mid '90s, heavily co-financed by the ESF, there is a persisting lack of a coordinated, cohesive and clear-cut vocational training policy and strategy in Greece. What is more, however, is that given the absence of a specific monitoring and evaluation mechanisms, it is difficult to track their impact to date on the labour market and the economy at large, let alone on social cohesion enhancing.

Moreover, it is worth noting that Greece presents a diminishing trend in public spending on education from 3,14% of GDP in 2004 to 3,09% of GDP in 2007³, despite the fact that in the Greek NRP 2005-2008 a target was set for an increase of public spending on education. This was set to reach 5% of the GDP by 2008. Yet, no reference is made in the Implementation Report 2007 as to whether progress has been made towards reaching this target or whether this target still holds valid.

As regards gender equality policy, a number of legislative arrangements ended the barriers for women to be employed in Maritime jobs and the Coastal Services. In addition, Article 8 of Law 3491/2006 provides for the establishment of a National Committee for Gender Equality, to act as a permanent social dialogue forum. All these actions undoubtedly contribute to the strengthening of gender equality, though the issue of equal payment for the same work remains a challenge ahead, which has not, as yet, been addressed.

In the field of family policies that promote re-conciliation of work and family life, the Implementation Report 2007 refers to the arrangements foreseen by the new Law 3528/2007 for those employed in the public sector, while the Greek Ombudsman is responsible for the monitoring of the implementation of the principle of gender equality in the private sector.

The active ageing challenge still lacks a comprehensive strategy and the development of an integrated policy. To date, the action taken in this respect is merely exhausted in the provision of employment related projects for unemployed persons aged more than 45 years old, while very recently a Special Social Solidarity Fund has been established with the aim to provide financial benefits, as well as vocational training courses, to the unemployed aged more than 50 years old who are victims of massive discharges.

² European Commission (2007), Table 23 M4, pp. 110-111

³ Economic and Social Committee (2007), p. 21

As regards the active inclusion policy, it still lacks an overall strategy and continues to be heavily based upon the provision of uncoordinated and not related active labour market measures and financial transfers to people in need or to people suffering a severe disease.

The National Health System in Greece is currently, once again, under a process of re-organization and modernization through the re-establishment of primary health services, the re-introduction of the family doctor and the re-organization of health services at regional level (Law 3527/2007). According to the Government, this re-organization is expected to lead to a decrease of the operational cost of the health system, while no assessment has been made as to its expected impact on the health status of the population and especially on the health status of the members of vulnerable groups and of people living in remote rural and insular areas.

Moreover, no reference has been made throughout the Implementation Report as regards the significant gaps in various aspects of the National Health System and its inability to offer adequate health services to all people. For example, the results of a survey on the situation of the Intensive Care Units in hospitals for adults and for children reveal that a number of equipment and personnel gaps in these units lead to 3.000 deaths of patients every year⁴.

Despite the existence of an adequate legal framework, flexible employment contracts are not as diffused in Greece as in the majority of the EU Member-States. These kinds of jobs seem not to be attractive both by the employees and by the employers due to different reasoning. The increase of attractiveness of flexible employment arrangements ought to be based upon a policy that would ensure workers security and at the same time a reasonable cost for the employers. It should be pointed out, however, that no reference is made in the Implementation Report as regards the combination between employment flexibility and security and no measures are referred in relation to the achievement of the flexicurity objective. In other words, a lot has to be done in the domain of flexicurity in Greece.

In general, it appears that social cohesion is rarely among the stated goals of the abovementioned measures which have been taken in several related policy areas. Even in the few cases where it is explicitly stated, they do not make it clear as to how this goal is to be achieved or what is the expected impact of the implementation of these measures on the socioeconomic situation of vulnerable groups.

Ensuring an adequate income from work.

The adopted wage policy in the public sector as well as in the private sector of economy, which is determined through the process of Collective Bargaining, continues to ensure that the payrise remains just above the annual inflation rate. Apart from this, there have been neither any substantial tax allowances for the employed, nor any substantial increase on the work related subsidies. Given this, no substantial decrease in the in-work-poverty-risk rates should be expected in the near future. Needless to say that these rates remain well above the EU-25 respective average: i.e. 13% in 2005 for Greece against 8% for EU-25⁵.

⁴ "Ta Nea", 2 Nov. 2007, p. 14

⁵ European Commission (2007), Table 19.A10, p. 83

Targeting job creation at vulnerable groups.

The reported increase of employment rates and the decrease of unemployment rates give no indication as to whether these developments have had a positive impact upon the labour market situation of vulnerable groups. The Implementation Report states that the higher employment rates are due to an increase in the employment of young and women, but neither all women nor all young people are confronted with poverty and social exclusion.

The members of vulnerable groups can participate in job creation programmes for the unemployed or in programmes specifically targeted at them, being mainly implemented by the Manpower Employment Organization or other relevant Agencies. These programmes are being financed under the O.P. "Employment and Vocational Training" and the 13 Regional Operational Programmes. Almost 30.000 members of various vulnerable groups have been benefited during the time period 2003-2007.

It is worth noting that the Labour Market Programmes expenditure, as a percentage of the Greek GDP, reveals a significant decrease during the time period 2000- 2005 (0,69 against 0,50 per cent) which is totally due to a considerable downward trend of public expenditure on active labour market measures (0,26 per cent in 2000 against 0,06 per cent in 2005⁶). According to the Implementation Report, the National Strategic Reference Framework objectives for 2013 include also an increase in the ALMP expenditure, as a percentage of GDP, from 0,17 to 0,5, as well as an increase in the percentage of the unemployed to be benefited from ALMPs (from 4-5% to 10%).

Addressing territorial differences and regional gaps.

Territorial differences and regional gaps still exist in terms of regional disparities in employment, income distribution⁷ and poverty rates⁸, although structural interventions have been under way over a number of years in order to alleviate them. The reported interventions regarding the development of rural areas and the geographically less favoured areas for the time periods 2000-2007 and 2007-2013 are not counterparted by an estimation of their impact on the decrease of poverty and social exclusion in these areas. In general, this kind of structural interventions aims at the economic development of the areas under consideration, which in turn would contribute to the upgrading of the standard of living of these areas. In practice, this relationship between economic development and the decrease of poverty at national or local level is not so direct and depends heavily upon the distribution of gains among the inhabitants of a local area.

In other words, the reported structural interventions in the domain of regional cohesion aim mainly at the economic development of local areas, while the social cohesion goal seems not to be a direct objective of these interventions.

⁶ European Commission (2007), Table 19.A, p. 77

⁷ Economic and Social Committee (2007), p. 23

⁸ Kikilias E., Gazon E., (2005), p.2

Assessing the impact on social protection systems.

The Implementation Report re-states a number of reforms in the health care sector (regional distribution of hospitals, etc, family doctors, etc), although there is no information on the quantitative impact of these measures on the health status of people living in remote areas or on people confronted with poverty and social exclusion. Similarly, the Implementation Report does not present a strategy for reforming the pension system. A study on social security and pension's system problems which was launched in spring 2006 has not yet been completed.

Addressing the contribution of fiscal policies

Public fiscal policies in Greece cannot be considered as a mechanism for redistribution in favour of the vulnerable groups, while, thus far, appear rather short of being able to address adequately the financial needs of social policy related areas. The fact that public expenditures on the education system⁹ and the labour market measures¹⁰, as a percentage of GDP, present a diminishing trend over the most recent years is indicative of this situation. And this in spite the fact that the Government's efforts in recent years have been concentrated on the elimination of tax evasion, the decrease in government consumption expenditures and the increase in public revenues. In any case, the diminishing trend of public expenditures on education and Active Labour Market Measures as a percentage of GDP can hardly be considered as a boosting tool for building up human capital in relative terms revealing a diminishing interest of policy makers in social policy issues in comparison to economic development policies.

Moreover, taxation policy relies more on indirect and less on direct taxes and as a result it rather penalizes the poorest group in society and less so the richest group. For, the lowering of direct taxes to persons has a disproportional impact on persons with low incomes through the increase of indirect taxes on consumption of goods and services. Besides, tax relief does not affect low income persons or families whose yearly incomes are not taxable.

2.2 "Feeding in" aspects

Links with the EU Social Protection and Social Inclusion Process

It should be stated right from the outset that no links are evident in the Implementation Report in relation to the E.U. Social Protection and Social Inclusion Process. It is not an exaggeration to say that nowhere in the Report the OMC process is mentioned, neither any reference is made to the Greek National Report on Strategies for Social Protection and Social Inclusion.

Nevertheless, under the "Social Cohesion" section (of only three pages length) of the Implementation Report, a short description of various measures is made which are related mainly to the promotion of employment and social inclusion of the vulnerable groups. Most of these measures had been presented in the Greek NRSSPSI, though no explicit reference is made in this respect.

⁹ In 2004, the public expenditure on education was 3.15 per cent of GDP and decreased to 3.09 in 2007 : Economic and Social Committee (2007), Table 4.4, p.10

¹⁰ In 2000 the LMP expenditure was 0.69 per cent of GDP and dropped to 0.50 in 2005: European Commission (2007), Table 19.A7, p. 77

Furthermore, the Implementation Report does not make any reference on the issue of stopping the transmission of poverty among generations. Child poverty still remains a challenge of low priority in Greek social policy agenda. The description of employment promotion and generally social inclusion measures in favour of young people, women, disabled persons, immigrants and cultural minorities does not reveal either the coverage rate of these measures or the impact on the socioeconomic situation of vulnerable groups. Moreover, active ageing measures remain very scarce.

The only response of the Greek Government to the fundamental challenge regarding the high poverty rates appears to be a draft bill of Law foreseeing the establishment of a "National Fund for Social Cohesion" which will provide financial allowances to people with incomes below the poverty line.

Links to 2007 Joint Report challenges

There are no explicit references to the challenges identified for Greece in the 2007 Joint Report on social protection and social inclusion. As mentioned above, the main challenges identified for Greece remain still not properly addressed and need a better targeting.

In general, the Implementation Report 2007 does not deal with the quantitative and qualitative impact of various measures and initiatives implemented in the domain of social policy, while only partially addresses the concerns expressed by the Commission over the lack of quantitative targets, timetables and budgetary implications¹¹.

2.3 Aspects related to governance

It should be stated right from the outset that despite the fact that improving governance has been repeatedly reported in all Greek NAPs on Social Inclusion as one of the major challenges, this has not as yet been taken up as a key priority for action in the Greek social policy. And this is reflected in the Implementation Report 2007, given that no reference has been made in a consistent way with regard to the actions taken in improving governance in this area.

Unless, therefore, specific governance related arrangements are made to improve the efficiency and efficacy of the various interventions/measures under implementation which aim –directly or indirectly- at tackling poverty and social exclusion, the impact of the related measures on alleviating poverty will continue to remain extremely low and, thus, insignificant.

Monitoring and assessment of impact policies

As it has been repeatedly emphasised in previous Assessment Reports, the problems of poverty and social exclusion continue to be addressed from a limited perspective by the various competent Government Department and Agencies. In this context, there is a profound lack of a coherent monitoring system to monitor progress of implementation of related measures and to evaluate their impact on poverty.

¹¹ European Union Council, (2007), p. 15

Thus far, and in spite the good intentions expressed in all the previous NAPs on Social Inclusion, including a commitment for the creation of a National Council for Social Protection, no concerted action has been taken to establish the proper mechanisms and procedures that would ensure the overall coordination, monitoring and evaluation of the social policy initiatives under implementation. Undoubtedly, the absence of such mechanisms is to be found in almost all policy areas in Greece, which is greatly related to the absence of an “evaluation spirit and culture” in the country.

Involvement of stakeholders

It should be pointed out from the outset that bureaucracy and closed procedures remain still dominant in Greece, restricting, thus, any flexibility for adopting new ways of policy decision making, which, among other things, would facilitate the participation of various stakeholders including, in particular, civil society organisations. Thus, involvement of civil society organisations in the design, implementation, monitoring and evaluation of the measures related to social inclusion remains still very minimal, being mainly confined to the implementation phase and particularly as regards the implementation of the ESF’s co-financed actions.

The absence of a “spirit and culture” that promotes and enhances a process of genuine consultation and social dialogue has also a bearing upon this situation.

It should be pointed out, once more, that despite the fact that over recent years certain arrangements have been made for a transfer of competencies to local authorities, involvement of regional and all the more local levels continues to be restricted to the implementation phase of certain social policy related actions and especially those co-financed by the ESF. However, one need to highlight the fact that the transfer of competencies to local authorities has not been accompanied by the provision of adequate means. Thus, local authorities continue to have low level of human and financial resources.

Overall it may be said that the centralised character of the decision making process restricts flexibility at local level and impedes the development of local partnerships based on horizontal cooperation. Moreover, the inadequacy of broader human resources infrastructure and appropriate institutional arrangements at local level, undoubtedly impede the development of coherent approaches to the local dimension of poverty and social exclusion and especially of child poverty. It may thus be argued that a move towards decentralisation and more autonomy along with human resource capacity building at the local level is considered necessary.

In general, it may be said that in Greece, very little has been done in mobilising and consulting those concerned in the area of social inclusion in terms of policy design and preparation arrangements. This was clearly reflected in the drafting of the NRSSPSI 2006-2008, which was hardly open to participation by N.G.O.’s, Local Authorities and social services providers, preventing, thus, a thorough discussion on the issues at stake.

Summing up, genuine consultation in Greece is profoundly missing. Consultation and cooperation with stakeholders in general and, in particular, with the Social Partners remains at low levels and it is mainly reflected in their “formal” participation in a few Committees, which usually concern the implementation process and not the decision making process.

Coordination and joining up of economic, employment and social policies

Undoubtedly, policy efforts to combating poverty and social exclusion in Greece are reflected in a range of measures which are being implemented in various fields such as: employment, education, social protection and care, etc. Yet, no evidence is there that these measures are underpinned by a mainstreaming approach, let alone by a comprehensive policy and strategy. For, most of these measures remain partial and do not pervade all areas -neither all levels- of policy making in these fields. Besides, they appear fragmented and, thus, they are lacking synergy and close interaction between themselves.

These weaknesses, in their turn, are related to the fact that there are no any permanent institutional arrangements in Greece for the coordination and mainstreaming of social inclusion policies. The establishment of a National Council for Social Protection which was announced in 2005 and which could contribute to promoting a multidimensional and coordinated approach is still pending. Neither any arrangements are there for articulating the priorities set at national level with the responsibilities of Regional or Local Authorities. In this respect, appropriate coordinating mechanisms or structures are, thus, urgently needed. The need for a systematic analysis and continuous monitoring of the changes taking place in this policy area should also be given a high priority for action.

Overall, one may conclude that the absence of a solid institutional setting, i.e. a permanent institutional mechanism or structure, can be considered among the main factors impeding the development and application of a multi-dimensional and integrated approach to preventing and addressing the problems of poverty and social exclusion. For, such an approach cannot be ensured by one Authority alone. And in the case of Greece, it appears that promoting social inclusion has not as yet become a cross-Government priority. Besides, there is a lack of a structured consultation and coordination procedure. Whenever a need for such a procedure arises, "ad hoc" arrangements (e.g. committees) are applied which, nevertheless, are confined within the boundaries of a few related Government Departments and Organisations.

Second Part

3. A short overview of new reforms and changes in relevant key trends since 2006.

3.1 New evidence on key indicators

- **Macroeconomic and labour market developments**

Over the last decade, Greece has lived through a period of sustained economic growth. Real GDP has been kept growing at an accelerated pace, especially since 1996, having achieved in 2006 a rate of growth of 4.3%, which is well above the respective EU-25 average (i.e. 3%)¹². Furthermore, Eurostat's projections, for the years 2007, 2008 and 2009 indicate that the Greek GDP growth rate will remain at high levels: 4.1% in 2007,

¹² Eurostat, Structural Indicators Database.

3.8% in 2008 and 3.7% in 2009, and certainly higher than the respective EU-25 projected averages (2.9% in 2007, 2.4% in 2008 and 2.4% in 2009).¹³

The sustained economic growth that Greece has lived through over recent years is reflected in the GDP per capita expressed in Purchasing Power Standards (PPS), which shows a steadily improvement: from 85% in 1997 it increased to 96.9% in 2006 (EU-27=100). Yet, it should be noted that based on the data expressed in relation to EU-27=100, the Greek GDP per capita in PPS (i.e. 96.9%), though steadily increasing, is still below the EU-25 average, which stood at 103.9% in 2006¹⁴. Furthermore, forecasts for the period 2007-2008 indicate that the gap between Greece's GDP per capita in PPS and the respective EU-25 average is getting narrower: that is, in 2007 it will stand at 98.4% against 103.9% for EU-25 and in 2008 at 99.3% against 103.8% for EU-25¹⁵.

Turning into examining the labour market situation, one observes certain positive developments, which are mainly the result of the good economic performance that Greece has been experiencing over the recent period. The employment rate has shown, since 2001, an increase by 4.5 percentage points, while, partly as a result of this, the difference between the respective rates of Greece and the EU-25 average has been shortened by 2.5 percentage points over the same period¹⁶. Yet, and although it exhibits a steady, but slow, trend of catching-up with the respective EU-25 average, it continues to lag behind by 3.7 percentage points (61% in 2006 against 64.7% for EU-25).

The gaps between Greece and EU-25 appear to be much greater in the employment rates for young people (26.2% against 36.7% for EU-25 in 2003 and 24.2% against 37.3% for EU-25 in 2006¹⁷) and for women (44.5% against 55.1% for EU-25 in 2003 and 47.4% against 57.4% for EU-25 in 2006)¹⁸. This means that young people and women in Greece are still at a disadvantage in the labour market. The employment gender gap, in particular, remains very high. As regards the employment rates for people aged 55-64, these appear to be more or less the same between Greece and EU-25: 41% against 40% in 2003 and 42.3% against 43.7% in 2006¹⁹.

The unemployment rate in Greece, although it has shown a decline over recent years, remains still higher than the EU-25 respective average rate. That is, after reaching a peak of 12.7% of the labour force in 1999, it fell to 9.4% in 2003 (in relation to 9.1% for EU-25), but it showed a small upturn in 2004, reaching 10.2% (in relation to 9.3% for EU-25), which was followed by a downturn again in 2005 and in 2006 standing at 9.9% and 8.9% respectively (against 9% and 8.2% respectively for EU-25)²⁰. Unemployment in Greece continues to affect mainly young persons and women, remaining, thus, significantly higher than the EU-25 respective averages (see Table 1).

¹³ Eurostat, Structural Indicators Database.

¹⁴ Eurostat, Structural Indicators Database

¹⁵ Eurostat, Structural Indicators Database

¹⁶ Eurostat, Queen tree database

¹⁷ Eurostat, Queen tree database

¹⁸ Eurostat, Queen tree database

¹⁹ Eurostat, Queen tree database

²⁰ Eurostat, Queen tree database

Table 1: Unemployment rates

TOTAL	2003	2004	2005	2006
EU-25	9.1%	9.3%	9%	8.2%
Greece	9.4%	10.2%	9.9%	8.9%
MEN	2003	2004	2005	2006
EU-25	8.4%	8.6%	8.3%	7.5%
Greece	6%	6.4%	6.1%	5.6%
WOMEN	2003	2004	2005	2006
EU-25	9.9%	10.1%	9.8%	9.1%
Greece	14.3%	15.9%	15.3%	13.6%
YOUNG PERSONS (15- 24 years old)	2003	2004	2005	2006
EU-25	18%	18.4%	18.5%	17.3%
Greece	25.7%	26.5%	26%	25.2%
YOUNG PERSONS (MEN)	2003	2004	2005	2006
EU-25	18%	18.2%	18.3%	16.9%
Greece	18%	18.8%	18.7%	17.7%
YOUNG PERSONS (WOMEN)	2003	2004	2005	2006
EU-25	18%	18.6%	18.8%	17.7%
Greece	35.2%	35.6%	34.8%	34.7%

Source: Eurostat, Queen Tree Database

It should be noted that the difference between the unemployment rates of men and women in Greece, though it has shown a slight decrease in 2006, it remains still high: 13.6% for women against 5.6% for men²¹.

As regards the long-term unemployment rate, it should be pointed out that in Greece, despite its drop over recent years it remains still high and certainly much higher than the EU-25 respective average (4.8% against 3.7% for EU-25 in 2006)²². The Table below confirm this situation.

²¹ Eurostat, Queen tree database

²² Eurostat, Structural Indicators

Table 2: Long-term unemployment as a share of active population

TOTAL	2003	2004	2005	2006
EU-25	4%	4.1%	4.1%	3.7%
Greece	5.3%	5.6%	5.1%	4.8%
MEN	2003	2004	2005	
EU-25	3.7%	3.7%	3.7%	3.4%
Greece	3%	3%	2.6%	2.6%
WOMEN	2003	2004	2005	
EU-25	4.5%	4.6%	4.5%	4%
Greece	8.9%	9.4%	8.9%	8%

Source: Eurostat, Structural Indicators

Yet, it should be pointed out that the long-term unemployment rate as a percentage of the total unemployment has increased over the period 2001-2006 (i.e. from 52.7% in 2001 to 54.3% in 2006) and particularly since 2005, where it stood at 52.2% (see Table below).

Table 3: Long-term unemployment as a percentage of the total unemployment

	2001	2002	2003	2004	2005	2006
EU-25	46.1	44	44.6	44.1	45.6	45.4
Greece	52.7	52.7	56.3	54.8	52.2	54.3

Source: Eurostat, Queen Tree Database

- **Developments in key social indicators**

Over the last decade, Greece is making serious efforts to extend and improve its social protection system in terms of both quantity and quality. Part of this effort is reflected in the substantial increase of the social protection expenditures as a percentage of GDP, which appears to be just below the respective EU-25 average (see Table 4 below).

Table 4: Expenditure on social protection as % of GDP, Greece, EU-15, EU-25 averages

	2002	2003	2004
Greece	26.2	26	26
EU-25	27	27.4	27.3

Source: Eurostat, Queen Tree Database

When measured as expenditure per capita in Purchasing Power Standards (PPS), it is found that the expenditure on social protection in Greece remains below the EU-25 average. That is: 4084.8 PPS against 5586.5 PPS for EU-25 in 2001 and 4829.8 PPS against 6188.3 PPS for EU-25 in 2004²³. This low level of the per capita social protection expenditure (in PPS) is largely due to the fact that Greece still lags behind as regards its

²³ Eurostat, Queen Tree Database

GDP per capita in Purchasing Power Standards (PPS) in relation to the respective EU-25 average.

As regards the various categories of social protection expenditures, it should be pointed out that the expenditures devoted to “old age and survivors pensions” as a percentage of total social expenditures, although have shown over recent years a slight decrease in Greece, a considerable difference of 5 percentage points in relation to the EU-25 respective average remains. Almost half of the social expenditures in Greece are devoted to old age and survivors pensions, so the remaining resources are still limited for the rest of the functions of the social protection system.

**Table 5: Social protection expenditures by category
(% of total social protection expenditures)**

Category of expenditure		2001	2002	2003	2004
<i>Old age and survivors pensions</i>	EU-25	44.4	44.1	44	44.1
	Greece	49.9	49.3	49.2	49.3
<i>Unemployment compensation</i>	EU-25	6	6.1	6.4	6.3
	Greece	5.8	6.2	5.5	5.7
<i>Housing and Social exclusion</i>	EU-25	3.4	3.4	3.3	3.3
	Greece	5	4.6	4.5	4.5

Source: Eurostat, Queen Tree Database

In general it may be said that this evolution of social protection expenditures in Greece shows in quantitative terms a convergence trend to the respective EU mean average. Yet, the issue of quality in terms of efficiency and efficacy of social protection expenditures is still an open one, given that their increase over recent years appears to have had, thus far, only a limited impact on the distribution of income and in combating poverty.

Recent data, based on the “Statistics on Income and Living Conditions” Survey (EU-SILC 2003, 2004 and 2005), show that in 2003 the relative reduction of poverty rate in Greece were found to be 3.3 percentage points (24.3% before social transfers-except pensions- and 21% after all social transfers), in 2004 3 percentage points (23% before social transfers-except pensions- and 20% after all social transfers), whereas in 2005 this reduction was also found to be 3 percentage points (23% before social transfers-except pensions- and 20% after all social transfers). This implies that the impact of social transfers on reducing the poverty risk in Greece remains constantly limited.

Overall, the standard at-risk-of-poverty rate in Greece has remained over recent years among the highest in the EU-25 Member States, remaining almost unchanged (see Table 6).

Table 6: At risk of poverty rates, Greece-EU25 average.

		2003	2004	2005
Total	EU-25	15	16	16
	Greece	21	20	20
Men	EU-25	14	15	15
	Greece	20	19	18
Women	EU-25	16	17	17
	Greece	21	21	21

Source: Eurostat, Queen tree database

As it is shown in Table 6 above, while in 2003 there were no substantial differences between men and women as regards the national poverty rate (20% of men and 21% of women are situated below the poverty line), in 2005 the situation appears to have changed as the gap between them has widened (18% of men and 21% of women). This is due to the fact that the poverty rate of women has remained stable over the period 2003-2005, standing at 21%.

Moreover, one needs to point out that the elderly (more than 65 years old) continue to face a higher poverty rate than the average: 29% against 21% in 2003 and 28% against 20% in 2005, while the age categories with the lower poverty rate are 25-49 and 50-64 years old. Furthermore, one needs to highlight the high child poverty rates facing not only Greece, but EU-25 as well.

As regards the at-persistent-risk-of-poverty rate²⁴ in Greece, according to the latest available comparable data for the years 2000 and 2001, as released by Eurostat, it was found to be higher than the EU-15 respective averages: this rate was 13% in 2000 and 14% in 2001, while the respective rates for EU-15 was only 9% for both 2000 and 2001²⁵. Available data for 2002, suggest that the at-persistent-risk-of-poverty rate has remained at high levels, although it has been reduced from 14% in 2001 to 13%²⁶. Yet, comparisons with the respective rate for EU-15 cannot be made, due to the lack of comparable data for the year 2002.

Furthermore, based on the data regarding the relative position of the population with the lowest equivalised income, Greece presents one of the most unequal distribution of income among the EU-25 Member States, either in terms of the income quintile share ratio (see *Table 7* below) or in terms of the GINI coefficient. For, as the table below suggests, in 2003, 2004 and 2005, the wealthiest quintile group of the population (quintile income share ratio) had respectively 6.4, 5.9 and 5.8 times more income than the poorest one.

²⁴ "The share of persons with an equivalised disposable income below the the risk-of-poverty threshold in the current year and in at least two of the preceding three years. The threshold is set at 60 % of the national median equivalised disposable income". Eurostat, Queen Tree Database.

²⁵ 2000 is the latest year for which there do exist comparable data on at-persistent-risk-of-poverty rates.

²⁶ Eurostat, Queen Tree Database.

Table 7: Income quantile share ratio, Greece-EU25 average.

		2003	2004	2005
Total	Greece	6.4	5.9	5.8
	EU-25	4.6	4.8	4.9
Men	Greece	6.4	5.8	5.7
	EU-25	-	-	4.9
Women	Greece	6.3	6.1	5.8
	EU-25	-	-	4.8

Source: Eurostat, Queen tree database

Furthermore, according to statistical data for 2003, the GINI coefficient appeared to be higher in Greece than in EU-25 (35% against 29%). Yet, for the period 2004-2005, income inequality in Greece appeared to have been reduced, reaching 33% for both 2004 and 2005 against 30% for both 2004 and 2005 for EU-25.²⁷

3.2 Overview of recent policy and legislative developments.

- **NAPincl: Progress of implementation**

NAPinclusion: Most of the measures included in the social inclusion strand of the Greek NRSSPSI, especially those relating to the promotion of employment for vulnerable groups, seem to be under implementation, while the various social support measures and structures continue to provide a wide range of services. Yet, the quality and the impact of these services on the socio-economic situation of vulnerable groups are still matters which appear not to have been adequately addressed.

Moreover, one need to point out that no reference has been made in the Implementation Report as regards the establishment of the National Council for Social Protection. Instead, reference has been made for the first time for the establishment of a Coordinating Body for Social Protection implying thus implicitly that the abovementioned National Council has been abandoned. Yet, no explanation has been given in this respect.

A similar situation is to be found as regards the establishment of the National Observatory of People with Disabilities. This Observatory has been established in 2003 and re-established in 2006 (Law 3454), but its operation is still pending. No explanation is given in the Report for such a long delay regarding its operation.

²⁷ Eurostat, Queen Tree Database

Gender: Certain institutional arrangements have been made regarding the promotion of gender equality issues. Nevertheless, new substantial action in the field is not as yet evident.

Mobilisation and involvement of actors: As it has been repeatedly stated in previous assessment reports, the issue of mobilization and involvement of actors continues to be underplayed in Greece.

Mainstreaming: The reported actions regarding mainstreaming are referred only to the continuation of implementation of some relevant measures in the domain of gender mainstreaming in Education and Public Services. Apart from this, no progress has been made in taking specific action on mainstreaming social inclusion policy in other policies. It seems that the perception of mainstreaming by policy makers is confined to gender mainstreaming exclusively.

Regional and local interests: It may be argued that overcoming regional inequalities, from a social inclusion perspective, appears not to be the concern neither of the NRSSPSI, nor of the Implementation Report 2007. For, specific policy responses and measures to restrict the wide regional differences that exist within the country, and particularly the wide regional variations of poverty, are clearly missing.

- **Policy and legislative developments**

New Special Social Solidarity Fund

A Special Social Solidarity Fund has been established by the new Law 3252/2007. This new Fund aims to help unemployed persons aged more than 50 years old who used to be employed in diminishing economic sectors or live in localities confronted with high unemployment rates and who are threatened by social exclusion risks. The measures financed through this Fund is the financial support of unemployed persons who participate in activities like vocational training and re-training, the provision of subsidies for geographical and vocational mobilization, as well as of employment subsidies to unemployed who are required to offer social work.

Promotion of part-time work

Law 3448/2006 provides the opportunity to Local Authorities to employ with part-time contracts unemployed persons who had suffered either a massive discharge or an enterprise closing.

New Fund for Social Cohesion

According to a bill of Law presented in Parliament by the Ministry of Economy and Finance, a National Social Cohesion Fund (ETAKS)²⁸ is to be established aiming at improving efficiency of social spending. First of all, it is worth noting that for the first time an official poverty line is going to be approved by the Greek State. This poverty line is defined as the 60 % of median equivalised total disposable income, according to the methodology of the Survey on Incomes and Living Conditions conducted every year by

²⁸ This bill can be found at:
http://www.mnec.gr/exports/sites/mnec/el/press_office/DeltiaTypou/Documents/2007_10_17_SxedioNomou.pdf

the National Statistical Service of Greece, by virtue of European Council and European Parliament Directive 1177/2003.

The Fund will be financed with 100 million Euros this year to be increased by 500 million per year until 2011. By 2011 the budget of the fund will have risen to 2 billion Euros. The resources will come from the state budget and part of the special levies on mortgage loans.

The planned Social Cohesion Fund is expected to operate a variety of income support programmes, including subsidies for the purchase of heating oil by households below the poverty line. It is understood that each year, the Ministries of Health and Employment will submit programmes for supporting households or persons living below the poverty line, such as the long-term unemployed, single-parent and large families, disabled, etc. Programme proposals are to be assessed by ETAKS and submitted to the Finance Minister for approval. It is understood that eligibility criteria for beneficiaries will not depend solely upon declared incomes, as the widespread tax evasion makes this indicator unreliable. Other criteria, including employment and health situation, as well as family and property status will be taken in account and be left to vary from programme to programme.

Poverty rates in Greece are among the highest in the Community and have remained stable for the last two decades, or so. According to the National Statistical Service of Greece, the poverty line in 2005 (based on incomes for 2004) was 5.650 Euros per annum for an individual and 11.865 Euros for a four-member household. Based on this threshold, 19.6% of the population (almost two million persons) were said to be living in poverty in 2004. Greece has no guaranteed minimum income scheme, due to the technical difficulties involved in instituting such a scheme on the face of the prevailing undeclared incomes. There is a plethora of benefits instead, designed to minimize extreme poverty rather than to prevent its occurrence. Most of the benefits are flat rate, non-means tested and according to all existing evidence they have little impact on poverty. Spending on social protection in Greece is not much different to the EU average (26% of GDP, compared to 27.6% in EU), but efficiency is low. As a result of interventions, only 13% of people are lifted out of poverty in Greece, compared to 38.5% in the EU. By providing targeted assistance, the new fund (ETAKS) can be expected to improve the efficiency of social spending and have, at the same time, a noticeable impact upon poverty levels.

However, a number of either conceptual or practical issues have to be taken into account. For example, the provision of financial transfers to poor persons/ households can hardly meet the non financial aspects of poverty or they can not alleviate the causes of poverty. In other words, a financial transfer policy on its own, is inadequate to combat the causes of a multidimensional societal phenomenon such as poverty and social exclusion. The bill of Law under consideration does not foresee any integrated policy mixture in order to meet all dimensions of poverty. Moreover, the implementation of the equal opportunities principle appears not to pervade as a priority in the new bill. That is, no guarantees are foreseen that the poorest persons/ households will be the first target group benefited by the new Fund. Another very important practical aspect is the fact that in Greece it takes some time for a bill to be adopted and become a Law and, worse still, it takes a long time before a Law becomes fully operational.

- **Progress in relation to country-specific challenges identified in the 2007 Joint Report on *Social Protection and Social Inclusion***

As mentioned earlier in the First Part of the Report, there are no explicit references to the challenges identified for Greece in the 2007 Joint Report on Social Protection and Social Inclusion. Nevertheless, in examining the action taken to date in the social protection and social inclusion policy area, it may be said that almost all the main challenges identified for Greece remain still not properly addressed and need a better targeting.

In particular, no adequate action has been taken to promote the active social inclusion of the most vulnerable social groups. For, neither any financial 'safety net' scheme has been launched so far nor any upgrading or extending the provision of services to the most vulnerable social groups has been taken place. Moreover, very limited action has been taken to improve governance in the social policy area, while no arrangements have been made in order to facilitate and promote the mobilisation and full participation of all relevant stakeholders. Needless to say that monitoring and evaluation arrangements are still pending.

As to the efforts taken to ensure adequate and long term sustainability of the pension system, these are confined to the launching, very recently, of a social dialogue on the matter, which, nevertheless, has already triggered certain reaction and social unrest.

Provision of Primary Health Care services remains very inadequate in terms of both quality and quantity, while no action has been taken for the modernisation of the management of the whole Health Care system. Besides, a comprehensive framework for evaluating the quality of the services provided is still pending.

However, it should be noted that under the Greek National Strategic Reference Framework 2007-2013, a number of interventions have been planned, mostly with ESF co-financing, which, if timely and properly implemented, could contribute considerably to addressing some of the main challenges identified in the 2007 JRSPSI. In this context, synergy and coordination of action should be given a high priority, requiring, among other things, specific institutional arrangements.

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