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**Stimulating a resilient recovery through
investments, digital transformation and
green economy**

e-Conference Proceedings

November 2020

The European Commission in collaboration with the Foundation for Economic & Industrial Research - IOBE organized a two-day e-Conference Wednesday 1 and Thursday 2 July 2020, entitled “European Semester – Greece 2020: Stimulating a resilient recovery through investments, digital transformation and green economy” (Web page: www.iobe.gr/EC_Conference2020/).

The Proceedings Report has been prepared by a team of IOBE researchers including Elias Demian, Ismini Patta, Sophia Stavragi, Maria Theano Tagaraki, Aris Valasiou, coordinated by Georgios Gatopoulos, Head of IOBE international macroeconomics and finance unit, and supervised by the General Director of IOBE, Professor Nikos Vettas. The judgments on policy proposals contained in this report express the opinions of researchers of IOBE and do not necessarily reflect the opinion of the members or the Board of IOBE nor of the European Commission.

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SUMMARY

The European Commission in collaboration with the Foundation for Economic & Industrial Research - IOBE organized a two-day digital Conference on 1 and 2 July 2020, entitled “European Semester – Greece 2020: Stimulating a resilient recovery through investments, digital transformation and green economy”.

The conference focused on the following three **strands of discussion**:

- The long-standing underlying challenges of the Greek economy, including its macro imbalances, notably the need to support investment and economic extroversion, enhance employment and social cohesion, and the role of the financial sector in this context
- The short-term EU and national policy response to the pandemic crisis and the role of new financial instruments, including the Recovery and Resilience Facility
- The required long-term structural reforms and investments, to support the green and digital transitions.

The conference achieved the following **objectives**:

- To raise awareness about Greece’s performance within the European Semester, highlight key areas of progress and challenges ahead, and increase ownership on the process.
- To raise awareness and discuss the economic and social policy responses to the pandemic crisis at EU and national level, and to clarify the issues confronting the economic recovery plans at both levels
- To tackle some key issues particularly about process, implementation and financing
- To provide insights about international and EU best practices in relation to reform priorities, inter alia, aiming to boost the economies’ resilience and competitiveness, reduce administrative burden, foster innovation, and promote sustainable and inclusive growth.
- To highlight areas where reform progress has been made, how Greece compares with other EU peers, and to allow for some initial discussions on key reforms and investments in areas where significant challenges remain and represent downside risks for Greece’s medium- and long-term sustainable recovery.

The coronavirus pandemic has been an exceptional challenge for Europe and the world. Greece successfully took swift action to limit the impact of the pandemic on health during its first wave and adopted a comprehensive package of measures to support the economy. Moreover, despite the crisis, the country has committed to continue to make substantial reforms.

For its part, Europe has taken unprecedented action through a series of packages to safeguard public health, protect the single market, and relaunch the European Economy. In particular, the EU Recovery and Resilience Facility would make very substantial resources available to Member States. The next challenge was to make full use of these resources to undertake the reforms and investments needed to restart the economy and take advantage of the opportunities of the green transition and the future digital economy. This would require the preparation of a Plan with reforms and investments linked together with priority goals, agreed

schedules and milestones. This would also require the development of the institutions needed to develop and implement such a Plan.

Concerning private financing, Greece stands in a better position than in the recent past. International investors have maintained their rating more recently due to the successful management and continued reforms. Banks have successfully begun to reduce their non-performing exposures and are in a better state to start funding investments, although significant challenges remain and credit to households continues to contract. The role of capital markets as well as the state's own real estate portfolio in providing additional financing resources for investment is key.

On the social front, despite the government's swift reaction, Greece is very vulnerable to the coronavirus crisis. The Recovery and Resilience Plan can help build an innovative, fair and more inclusive society. Resilience requires investment in skills, particularly digital skills. Tackling youth unemployment, promoting digital upskilling and vocational education and training, while eliminating child poverty and social exclusion, are also among the broad objectives of this recovery-driven EU financing. The EU Green Deal can translate into great opportunities for Greece, given the country's unique environment and biodiversity, its position at the frontier of agro-food science, and the plentiful availability of resources needed for renewables (sunshine, wind, tides, biomass). Developing a co-ordinated process that could join up those innovators at the frontier with the average business or farmer would be key. The authorities are striving to do this through an ambitious climate change plan and a forthcoming revision to the circular economy plan. The UN Sustainable Development Goals (SDGs) could provide further useful inspiration in this respect.

The main **policy priorities** highlighted during the conference interventions were the following¹:

- The need to build upon the comparative advantages of Greece, including the country's strategic geographical location, its unique environment and biodiversity, and its large human capital stock, while exploiting opportunity areas for productive investments. These areas touched upon four underlying themes, namely green policies, digital transformation, human capital skills, smart specialization and economic extroversion. Investments would notably help support productivity that remains weak and would contribute to bringing down the still high unemployment thereby fostering social inclusion. The need to continue structural reforms, notably in product markets and public procurement, and to move forward on privatisation. Deeper institutional reforms and reforms in higher education and research system are also needed to address the closed nature of Greece that cuts the country off from innovation and international social trends.
- The need to put targeted measures in place and use effectively the available funding resources put forward both at national and EU level in response to the pandemic crisis. This should be done in parallel to keeping the reform momentum and accelerate the convergence with EU good practices in relation to the on-going digital and green transformation of the economy.

¹ The judgments on policy priorities express the opinion of researchers of IOBE and do not necessarily reflect the opinion of the European Commission.

1. SCOPE OF THE CONFERENCE

The underlying theme of the conference was how to accelerate the Greek economy's recovery following the pandemic crisis, taking into account the financial instruments put in place by the EU and national authorities. Notably, the Conference discussed policies to effectively boost productive investments and economic extroversion lead to a growth path which is resilient, sustainable and inclusive, and which would accelerate the economy's digital and green transformation. The workshop raised a number of questions and aimed to achieve the following objectives in each of the following sessions:

- **Session 1. EU measures targeting a fast and resilient recovery;** the purpose was to raise awareness about the coordinated European and national policy response to the pandemic crisis and discuss key challenges and opportunities.
- **Session 2. Greece in the European Semester policy framework post COVID-19;** the purpose was to raise awareness about the European Semester economic policy framework and increase ownership of the process, focusing on the role of Greece in the post-pandemic era, as well as on key challenges and opportunities.
- **Session 3. New investments and reforms for recovery and resilience;** the aim was to raise awareness about the contemplated (at the time of the conference) 'Next Generation EU' initiative, its opportunities for investments and links with the EU Semester and Greece's parallel on-going reform agenda.
- **Session 4. Financing the economy – challenges and key recovery accelerators;** the aim was to discuss the pivotal role of both public and private investments, touch upon the view of international investors and highlight the critical importance of the banking sector, the capital markets, as well as of exploiting public sector assets.
- **Session 5. Green Deal for Greece – Greece's competitive advantage;** the goal was to highlight the green strengths, investment opportunities and policy priorities stemming from the European Green Deal for Greece.
- **Session 6. Policy reforms for Europe and Greece;** the discussion would present the view of international institutions on Europe's reform agenda and set the scene for Greece and how it should keep the reform momentum.
- **Session 7. Skills and employment in the post-crisis era;** the focus would be on the policies which can help to alleviate the significant skills mismatch of the Greek workforce, enhance digital needs, and better align the education system and vocational education with emerging needs in the labour market.
- **Session 8. Opportunities from digital transformation;** the central question was whether and how the improved digital governance in Greece can become one of the principal lasting consequences of the Covid crisis.
- **Session 9. Manufacturing, innovation and smart specialization: improving competitiveness;** the underlying theme touched upon the key policies needed for increasing innovative performance and extroversion for the Greek manufacturing.

The conference attracted a very large number of digital participants, exceeding 1,000 persons on each day, representing the academic, journalistic, diplomatic, social partner, and business communities. Among the high caliber speakers from the academic and business community, the program hosted two EU Commissioners, three Greek Ministers and one Nobel Laureate.

In the context of the welcoming remarks of the first day, **George Markopouliotis**, Head of the European Commission Representation in Athens noted the conference's critical timing given the ongoing pandemic crisis, which can be transformed into an opportunity, accelerating the economy's green and digital transition. He stated that the Recovery and Resilience Facility embedded into the EU Semester, as well as the new multi-annual financial framework represent an opportunity that Greece should not miss, in its objective to stage a resilient recovery. **Paul Kutos**, Head of Unit for Greece, DG Economic and Financial Affairs, European Commission, welcomed all "highly distinguished line-up of speakers", expressed his content that the conference was possible to take place for a second consecutive year, despite the unforeseen circumstances, and presented the three strands of discussion on which the conference would focus upon, namely (1) the long-standing underlying challenges of the Greek economy (2) the short-term EU and national policy response and financial instruments (3) the long-term structural reforms, namely on the green and digital transitions. **Ioannis Hadjiyannis**, Head of the Athens office, DG REFORM, European Commission, underlined the support provided to Greece in implementing structural reforms through more than 180 technical support projects, first by a special Task Force for Greece established in 2011, then by the Structural Reform Support Service established in 2016, and thereafter through DG REFORM established in early 2020. He stressed the importance of national ownership of reforms and noted a new technical support instrument in relation to the recovery and resilience plans of Member States, exceeding €800 million.

On behalf of the technical teams of the two co-organizing institutions, **Vasilis Nikitas**, Economic Analyst, DG for Economic and Financial Affairs, European Commission, and **George Gatopoulos**, Head of Finance and International Macro Unit, IOBE, both expressed their content that the event was taking place for a second consecutive year and their gratitude to all contributors, and commented on its highly topical timing, providing the opportunity to highlight key experts' and policy makers' view on reform priorities, on a public forum which raises awareness and ultimately enhances coordination and ownership of policy responses.

The report summarizes the individual conference sessions (chapters 2-9) and concludes with a discussion about conference takeaways (chapter 10). Links to the conference presentations, the full program, the background information memos and related sources are available in the Annex.

2. EU AND GREECE MEASURES TARGETING A RESILIENT RECOVERY

2.1 Session's scope

The purpose of the first session was to raise awareness about the coordinated European and national policy response to the pandemic crisis, key challenges and opportunities for Greece.

2.2 Summary of interventions

Paolo Gentiloni, Commissioner for the Economy, European Commission, gave a comprehensive overview of Europe's policy response to the challenges of the economic crisis stemming from the threat of Covid-19. He noted that the pandemic was an exceptional challenge for Europe and the world and that it had put Member States' welfare and health systems to the test. Recovery would depend on decisive policy actions and persistent efforts to enhance investments, *inter alia* in digital technologies.

The Commissioner referred to Europe's unprecedented response for safeguarding public health, protecting the single market, and relaunching the European economy, which showed its ability to take swift decisions. Given the size of the recession, he expected fiscal stimulus to continue in 2021, without prejudice to policymakers keeping up with the reform agenda. In relation to EU measures put in place already in March, the Commissioner mentioned the General Escape Clause, temporary State Aid guidelines, the SURE programme, EIB initiatives for businesses' liquidity and the ESM credit line for health care systems. He also stressed the EU recovery package's unprecedented nature in size (five times the EU annual budget) and principle (the EU borrows funds and transfers resources to Member States). Mr. Gentiloni further touched upon the significant investment opportunities stemming from the new EU funding support schemes, particularly in green and digital areas fostering innovation and inclusive growth in Europe. To exploit these new funding schemes, Member States need to come up with Resilience and Recovery plans, which will present their envisaged key reforms and investment priorities.

In relation to Greece, the Commissioner praised the authorities' quick policy response to the pandemic crisis and welcomed progress with pursuing substantial reforms. He further stressed the importance for the country to prepare in order to exploit productively the substantial resources, notably under the Recovery and Resilience facility. He further explained that the next challenge was to make full use of these resources to undertake the reforms and investments needed to restart the economy and take advantage of the opportunities of the green transition and the future digital economy. This would require the preparation of a Plan with reforms and investments linked together with priority goals, agreed schedules and milestones. This would also require the development of the institutions needed to develop and implement such a plan. Moreover, the Commissioner set out his assessment of the competitiveness of the Greek economy, which was broadly shared by the authorities. Notably, its challenges related to its investment gap, poor productivity level, high unemployment and vulnerability to social exclusion, while key reform areas for Greece included tax administration, public financial management, civil justice system, digital performance in public and private sector and active labor market policies. Mr. Gentiloni further noted the comparative advantages of the Greek economy, namely its geographical location and

potential key role in the region, its renewable energy resources, its wonderful environment and biodiversity and its large human capital stock, which all offered significant growth prospects in sectors such as agro-food, transport and logistics, tourism and ICT technologies.

Christos Staikouras, Minister of Finance, Hellenic Republic, gave a comprehensive overview of Greece's policy response to the health and economic crisis. He noted that the EU reaction had been swifter than in past crises and stressed that the two remaining challenges related to the size and duration of the recession as well as to the prevailing uncertainty. He characterized the EU recovery package as ambitious and flexible (mix of grants and loans), with an emphasis on digital transformation and green economy development. In relation to Greece's recovery Plan, the Minister noted that the country had started preparing concrete and realistic proposals.

The Minister outlined the measures that the government took already in the early stages of the pandemic crisis, since March. He noted that the main objectives besides protecting public health were to support households and businesses, support employment, enhance liquidity, and maintain social cohesion. In this context, indicative measures included tax deferrals, special allowances, short-time employment schemes, VAT reductions, refundable advance payments, state guarantees, extension of unemployment benefits, as well as targeted interventions in tourism, health sectors and maritime transportation, reaching a total cost of €24 billion or 13% of Greece's annual GDP.

Mr. Staikouras further highlighted the Greek authorities' policy priorities for the short- and medium term. He stressed the importance of fiscal support measures in the short term but also the need for a balanced mix between monetary and fiscal policy as well as the need for prudent fiscal policy building on fiscal credibility and in conjunction with structural reforms in the medium term. In that context, he argued in favor of a gradual reduction of tax rates and social security contributions, measures enhancing the stability and liquidity of the banking system, tackling NPLs, boosting both public and private investments, improving the insolvency code, implementing the asset development plan and accelerating digital transformation in the public sector. The Minister noted that the government's reform agenda is on track, including through laws on micro-finance, corporate governance, environmental R&D, regulation for doing business, arrears clearance and investments in green infrastructure. He emphasized that a National Growth Strategy is currently under completion, which focuses on how to attain the objectives of strong, sustainable and inclusive growth, with high quality jobs and investments, on the basis of enhanced productivity and competitiveness.

In relation to Greece and the EU framework, the Minister welcomed the new EU financing instruments which will be used not only to strengthen the economic recovery through closing the negative output gap, but also to improve the economy's supply side and composition of growth, close the investment gap, safeguard social cohesion and tackle the demographic challenges. Mr. Staikouras further expressed his view expecting that the EU fiscal rules and targets for Member States will remain under revision for as long as the pandemic impact is on-going and at least until 2021.

During the **Q&A session**, the moderator **Nikos Vettas**, General Director of IOBE, Professor, Athens University of Economics and Business, asked the presenters' view on the EU Member States economic challenges including high debt and low productivity. The Commissioner

highlighted that investments and productivity in the EU had been lagging already prior to the pandemic crisis, and argued that a strong, common EU response is needed as a signal to financial markets. At the same time, the debt challenge in the medium term remains, requiring “political wisdom” to choose the way and timing for transiting to a tighter fiscal stance, expecting this change after 2021 and in any case not before the economies reach their pre-pandemic GDP levels, in order to avoid a double dip recession. On the same issue, the Greek Minister agreed and complemented the fact that despite the large size of Greece’s public debt, its profile exhibits non-negligible risk mitigating features.

2.3 Main takeaways

The session gave an overview of the economic policy responses to the pandemic crisis at the EU and national level. It highlighted the need for fiscal support measures in the short term but also the importance of prudent fiscal policy in the medium-term building upon fiscal credibility and in conjunction with structural reforms.

3. GREECE IN THE EUROPEAN SEMESTER POLICY FRAMEWORK POST COVID-19

3.1 Session’s scope

The purpose was to raise awareness about Greece’s progress within the European Semester economic policy framework, while focusing on the key challenges and opportunities rising in the post-pandemic era. Senior European Commission officials presented the main policy issues highlighted in the Country Report Greece 2020 (European Commission, 2020a) and the Draft Council Recommendations (European Commission, 2020b). In turn, a senior representative of the Hellenic Ministry of Finance presented the authorities’ National Reform Programme (Hellenic Republic, 2020) and how last year’s council recommendations have been addressed.

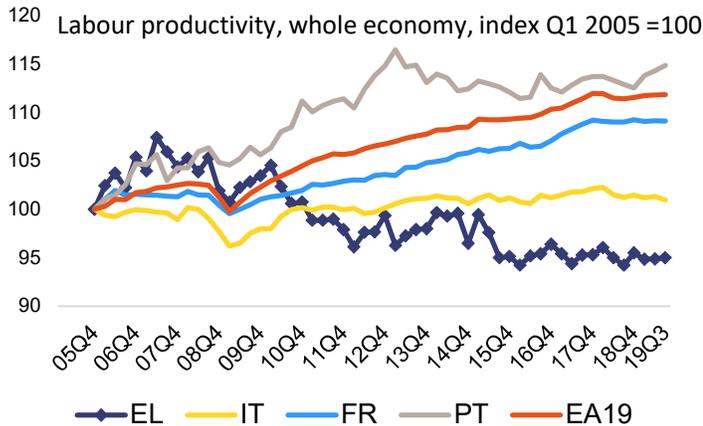
3.2 Summary of interventions

Declan Costello, Deputy Director General, DG Economic and Financial Affairs, European Commission, touched upon the long-lasting challenges faced by the Greek economy, progress made during the past year, the immediate challenges raised by the pandemic crisis, how the European Semester framework adjusted to the unforeseen crisis, as well as opportunities and policy priorities forward. In relation to the legacy economic challenges faced by the Greek economy, Mr. Costello highlighted the high NPLs and high public debt, the persistent current account deficit and weak export performance and the significant productivity and investment gaps which also relate to the weak potential growth estimates (Figure 1).

In relation to the latest country specific recommendations, Declan Costello underlined the need to support employment and businesses’ recovery, to promote investments, as well as to complete outstanding reforms in line with the post-programme commitments. Making a special reference to the green and digital transition, he outlined indicative sectors which offer attractive investment potential, including environment and energy, transportation, connectivity infrastructure and digital skills and services. Last but not least, he highlighted the

flexibility introduced within the European Semester framework in the context of the extraordinary crisis circumstances, such as the activation of the general escape clause of the Stability and Growth Pact, the various funding schemes and the Recovery and Resilience Fund to be managed via the European Semester.

Figure 1: Labor productivity trends in Greece and the Euro Area



Source: Presentation by Declan Costello, 1 July 2020

Barbara Kauffmann, Director, DG Employment, Social Affairs, and Inclusion, European Commission presented the social policy angles of the European Semester Country Report for Greece. In relation to labor market developments, she acknowledged that unemployment has been dropping until the pandemic crisis, but raised concerns in relation to several structural elements:

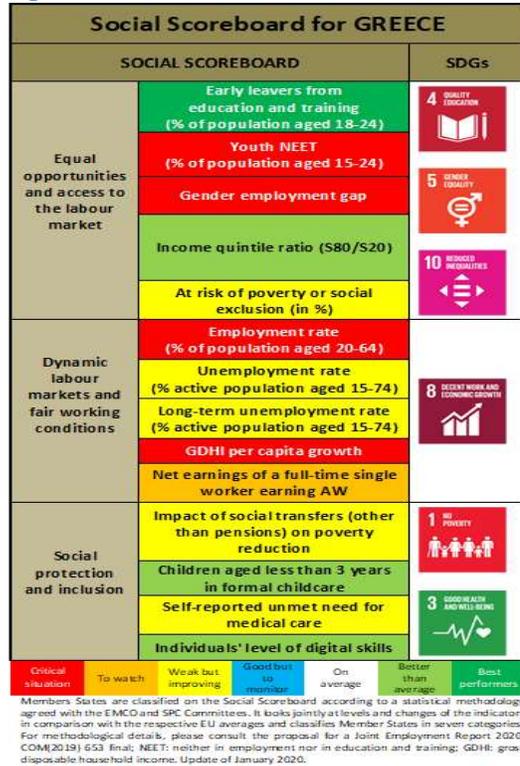
- long-term and youth unemployment remain very high;
- the gender employment gap is significant;
- the effectiveness of activation policies has been low;
- youth skills appear to be lagging;
- the risk of poverty and social exclusion remains high;
- inequalities persist in relation to access to medical care.

From a social policy perspective, Barbara Kauffmann noted the areas where Greece showed progress and the ones where sizable gaps remain, in the context of various indicators of the Social Scoreboard (Figure 2). In particular:

- Greece is a top performer in showing the lowest early school leaving rate
- Big progress was made in relation to income inequality, participation in early childcare and digital skills
- Despite the remaining gaps, systematic progress was recorded in relation to unemployment, poverty and impact of social transfers, as well as access to healthcare
- Sizable gaps remain in the areas of youth not in employment, education or training, low employment rate and gender employment gap

In the context of the currently challenging situation in the labour market due to the pandemic crisis, Ms. Kauffmann welcomed the short-term employment support scheme (Synergasia) put in place by the Greek authorities, which is in line with the spirit of some of the draft Council recommendations.

Figure 2: Social scoreboard for Greece 2020



Source: Presentation by Barbara Kauffmann, 1 July 2020

Michael Argyrou, Chairman of the Council of Economic Advisors, Ministry of Finance and Greece's Representative at the Eurogroup Working Group, presented Greece's progress and challenges in relation to the latest National Reform Programme. He expressed the view that prior to the pandemic crisis the government's growth friendly policies had started to be appreciated by markets, as reflected through improving economic sentiment, lower government bond yields, higher growth forecasts, increasing bank deposits and real estate market recovery. Nonetheless, he also acknowledged looming shortcomings in the economy's supply side, which impede long-term potential growth rates, capital stock investments and total factor productivity. In order to reverse the vicious cycle in a virtuous one, he emphasized on the opportunities in green and digital sectors and the need for inclusive growth.

In relation to the authorities' response to the sizable pandemic crisis, he distinguished policy priorities in three dimensions. First, in the immediate time horizon, Mr. Argyrou pointed out that while the recession is inevitable, effective crisis management at an early stage has mitigated its impact while it has significantly improved the credibility of the Greek state vis-à-vis the citizens. An increase in citizens' trust towards the authorities is important given that it can translate into side benefits such as improving the historically weak tax compliance. Second, in the medium term, a recovery strategy including targeted fiscal support is warranted. This would include a boost in public investments, privatizations, institutional changes, lower tax wedge. In that objective, financing opportunities provided by Next Generation EU are crucial to improve recovery and cohesion. Third, in the medium and long term, Mr. Argyrou re-iterated the importance of structural reform policies which will improve the economy's potential growth prospects.

During the Q&A session, the moderator, **Angelos Athanasopoulos**, Editor-in-Chief of Politics, To Vima newspaper, asked on the means through which the economy can transition from a consumption based structure towards investments and exports orientation. Mr. Arghyrou opined that among the key priorities in order to achieve the transition and increase capital stock would be to foster competition, reduce entry barriers, provide right incentives to entrepreneurship, implement privatizations and improve the institutional performance, inter alia by minimizing red tape.

3.3 Main takeaways

The session gave an overview of Greece's progress and challenges reflected through the official reports in the context of the European Semester 2020. The discussion highlighted policy making priorities in order for the economy to accelerate its recovery from the pandemic crisis in the short term, as well as improve its potential growth prospects in the medium and long term.

4. NEW INVESTMENTS AND FINANCING THE ECONOMY²

4.1 Sessions' scope

Sessions 3 and 4 had a two-fold objective in relation to prospects and policy instruments for financing investments. Firstly, to raise awareness about the contemplated (at the time of the conference) 'Next Generation EU' initiative, its opportunities for investments and links with the EU Semester and Greece's parallel on-going reform agenda. Secondly, to discuss the pivotal role of both public and private funding investments, touch upon the view of international investors and highlight the critical importance of the banking sector, the capital markets, as well as of exploiting public sector assets.

Greece's protracted economic crisis has resulted in major investment gaps in several sectors. Total fixed investments in Greece were at 11.4% of GDP in 2019, lagging all EU peers and standing 10 ppts of GDP below EU average (Figure 3).³ The smooth financing of the economy is key for Greece's swift recovery following the pandemic crisis as well as for its resilient and sustainable growth in the long-term. The current juncture presents a challenging opportunity whereby the Covid-19 severe economic hit is partially offset by unprecedented liquidity provision measures both from a monetary and fiscal perspective at the national and European level.

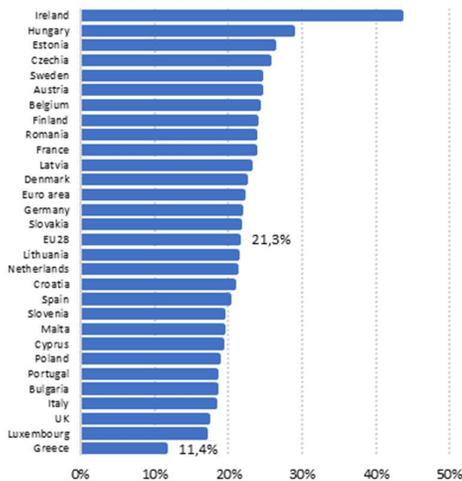
The sessions involved senior participants from the EU and Hellenic authorities, the domestic banking sector and capital markets, as well as the international investment community. It focused on the 3 pillars of financing the economy:

² This chapter presents the discussions and takeaways of two conference sessions, entitled respectively "New Investments and Reforms for Recovery and Resilience" and "Financing the economy – challenges and key recovery accelerators". Due to the important inter-linkages between the two discussion strands, the main outcomes are presented jointly in a single chapter of the conference proceedings report.

³ An overview of stylized facts, recent trends and challenges faced by Greece in relation to channels financing domestic investments, including through the banking system, capital markets, EU funds and public investments are presented in (IOBE, 2020).

- The private sector through banks and capital markets
- The public sector mainly through the public investment budget
- EU funds and programmes with a special focus on the pandemic crisis response initiatives including the (contemplated at the time of the conference) Next Generation EU

Figure 3: Gross Fixed Investments across the EU in 2019 (% of GDP)



Source: Eurostat

Hence, the sessions aimed to address, mainly, the following questions:

- What are the main challenges faced by Greek banks in financing productive investments? What other policies need to be introduced to restart bank financing?
- How can Greece enhance households' investments in domestic capital market instruments? How can Greece develop a capital market for smaller firms?
- How important are both the size as well as the allocation of Greece's public investment programme?
- How do international markets and rating agencies assess the impact of the pandemic on Greece's credit rating? How do they assess Greece's longer-term access to capital markets?
- The Coronavirus Response Investment Initiative as well as the contemplated 'Next Generation EU' provide precious liquidity resources to Member States, including Greece. How can Greece be better prepared in order to timely absorb such resources?
- How will the 'Recovery and Resilience Facility', be aligned with the European Semester procedures?

4.2 Summary of interventions

Maarten Verwey, Director General, DG Economic and Financial Affairs, EU Commission, focused especially on the new, €750 billion new recovery instrument – the so called 'Next Generation EU' package– which through loans and grants (via the 'Recovery and Resilience

Facility’) will enhance public investment levels, according with the EU objectives in the context of green economy, energy efficiency, digital transition. He stressed the close relationship between Member States’ reform momentum in the context of the European Semester framework and the utilization of the additional EU resources for financing public investments. He also explained that a Member State might use the Recovery and Resilience Facility (RRF) on a voluntary basis, following the European Semester the plans agreed with the EU and the recommendations it gets. He highlighted the novel element of the RRF in that it is a mix between grants and loans, which will inter alia fund itself by tapping the capital markets. Maarten Verwey stressed the urgent priority for Greece to put the right framework conditions in place in order to timely absorb the RRF resources. He explained that all Member States need to formally present comprehensive plans by April 2021, including policy priorities on reforms and investments as well as their implementing structures, hence significant preparatory work is required. These plans shall include milestones and targets and need to be agreed with the EC, for this reason, timely consultation with the EC services will be key. For the case of Greece, he noted examples of areas where the new EU funds could be absorbed, such as human capital development, reforms tackling the skills mismatch, or improving the energy efficiency

Alex Patelis, Chief Economic Advisor to the Prime Minister of the Hellenic Republic, made clear the strong commitment of the government to making further reforms. He presented the top four reform priorities of the government, namely to attract investments fostering the green and digital transition, enhancing the economic transformation to a more open and productive economy, as well as boosting employment and improving the skillset of the workforce. Notably, providing incentives for investment, reducing incentives for undeclared labour, and strengthening national savings are among the main reform priorities. Alex Patelis further referred to the necessity of implementing a consistent national growth strategy, which will exploit and complement the role of the European Structural Investment Fund (ESIF) and the ESPA programs. He highlighted the sizable opportunity stemming from the ‘Next Generation EU’ as growth and recovery instrument within the European Semester Framework. Particularly, he referred to the governmental investment and growth plans that Greece would present already by October in the context of the European Semester procedure. Those plans will use as input the growth report under completion by the independent committee of experts headed by professor Pissarides, which highlights in a comprehensive manner policy priorities for the country’s return to a sustainable growth path in the medium and longer term. He also stressed the importance of an adequate implementation structure, as well as of the set of specific targets. He also listed some ongoing plans and investments especially those related to the energy sector and to the digitization of the Greek economy.

Eirini Chrysolora, Journalist at Kathimerini, moderated the third session, while focused on the ‘Next Generation EU’ recovery fund as of utmost importance for the EU future. She addressed questions and her concerns on an eventual conditionality following the ‘Next Generation EU’ plan, specifically the Recovery and Resilience Facility loans. In addition, she highlighted the relaxation of the EU fiscal rules and discussed the prospects of whether it will be extended to the next year.

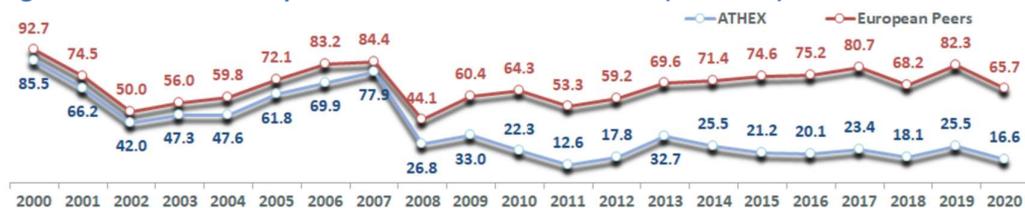
Michele Napolitano, Senior Director Europe, Fitch Ratings, recalled Greece’s first upgrade to BB in February 2020, noting that the Fitch-Ratings kept the rating unchanged in April 2020,

due to the successful management of the crisis and continued reforms, although it had changed Greece's outlook from positive to stable in light of the pandemic. He explained that Greece's outlook would be reviewed within the year, while focusing on criteria such as political stability, the World Bank Governance indicators, and the role of Institutions, while expressed the positive view that such indicators have been gradually but systematically improving in the past years. He also expressed his optimism on Greece's medium term prospects, due to the public surplus achieved in the past years and the relevant liquidity buffer, in addition to the forthcoming stimulus through EU's recovery fund and 'Next Generation EU' package.

Fokion Karavias, CEO of Eurobank, welcomed the measures already taken at a national and international level to support liquidity amid the pandemic crisis and stressed the banks' role to provide credit to the economy, starting from a challenging albeit more solid position than the one banks were facing back in 2010. He noted that the banks had successfully begun to reduce non-performing exposures and he stressed the importance to continue to do so to facilitate investment financing. He also mentioned the example of a large securitization deal recently executed by one of the four systemic banks. Besides, the TEPIX II loan guarantees program to firms, has helped to maintain and strengthen the credit expansion trend to non-financial corporations observed as of 2019. He also referred to the importance of ECB's PEPP program and its decision to include the Greek bonds into its asset purchase scope and other liquidity support measures to SMEs via the banking sector in conjunction with the EIB, co-financed by EU funds and national public resources.

Socrates Lazaridis, CEO of the Athens Stock Exchange (ATHEX) brought a capital market perspective, by emphasizing the potential to further exploit its financial instruments to fund the next generation of highly innovative SMEs. He pointed out that Greece ranks far below EU peers in terms of equity market capitalization (Figure 4). He added that Greek capital markets have significant scope to provide higher liquidity and to enhance corporate governance practices in line with international good practices. He further noted that while local institutional investors have fairly limited assets' size, the share of foreign institutional investors in ATHEX holdings is relatively high. As a policy recommendation in order for domestic institutional investors to strengthen, he made reference to other countries' incentive schemes for household savings in combination with the development of the second and third pillars of social security. In the context of complementary financial instruments through the capital markets, he also referred to two alternative programmes: a) the 'SME Pre-Listing Support Program' offered by the European Bank of Research and Development in cooperation with ATHEX, b) the Roots Program, which aims to accelerate the growth of SMEs by ensuring their capital market readiness and access to financing opportunities.

Figure 4: Total market capitalization in Greece and the EU (% of GDP)



Source: S. Lazaridis presentation 1 July 2020, FESE Members

Nicola De Michelis, Director of Smart and Sustainable Growth and Programme Implementation in DG REGIO, of the European Commission, estimated that almost 35% of public investment comes from ESIF funds. He highlighted the fact that ESIF funds were meant to finance strategic investments across Member States targeting key areas such as transportation and energy. While noting that necessary actions were underway to improve the implementation and control of ESPA structural funds, he pointed to the need to make the best and timely use of the newly agreed affluent liquidity. Promoting investments in green, digital, and carbon neutral economy is a good policy choice forward. In that context, he advised the authorities to prepare in advance their priority lists, to improve their governance and public procurement systems, while noting that investment projects should be streamlined to achieve complementary goals, not competitive ones.

Dag Detter, Investment Advisor and former President of Stattum Holdings, Sweden, focused on how to manage public property and state assets more effectively to allow for additional financing resources for investment. He advised policy makers to timely prepare investment plans, as well as reforms enhancing their implementation, such as the cadastre. He focused on the assets side, emphasized the importance of good corporate governance and the need to exploit the full range of public assets portfolio, including the one owned by local governments.

Chris Allen, Resident Adviser in Athens, DG for Economic and Financial Affairs, European Commission, moderated the session, summarized the various set of instruments put forward by the presenters in relation to the options for timely narrowing the country's investment gap, commented on the crucial role of SMEs and the new EU funding tools put in place for a resilient and durable economic recovery.

4.3 Main takeaways

Investments are the main growth accelerators, closely related to the EU funds in the current juncture. Investments need to be meticulously prioritized, executed and monitored, according to a national growth strategy with clear view with respect to both the national and European objectives. Concerning private financing, the consensus was that Greece stood in a better position after the coronavirus crisis than in the recent past crises. Moreover, in the current juncture of the challenging coronavirus crisis, Greece has a liquidity buffer to its disposal, EU evolves with new financial tools to address the recovery, inter alia by temporarily relaxing its fiscal rules, and most importantly by making another step towards the European integration. The 'Next Generation EU' package is a novel ambitious instrument within the European Semester procedure, expected to play a pivotal role in the Member States' recovery prospects, as long they exploit it appropriately. Exploiting further the opportunities stemming from domestic capital markets and public sector assets are objectives that need to be further pursued and prioritized in the case of Greece.

5. GREEN DEAL FOR GREECE – GREECE’S COMPETITIVE ADVANTAGE

5.1 Session’s scope

This session included a discussion on the main challenges that Greece is facing towards adapting to the conditions of the Green deal and towards supporting EU to become the first climate neutral continent. Its goal was to highlight the green strengths, investment opportunities and policy priorities stemming from the Green Deal for Greece.

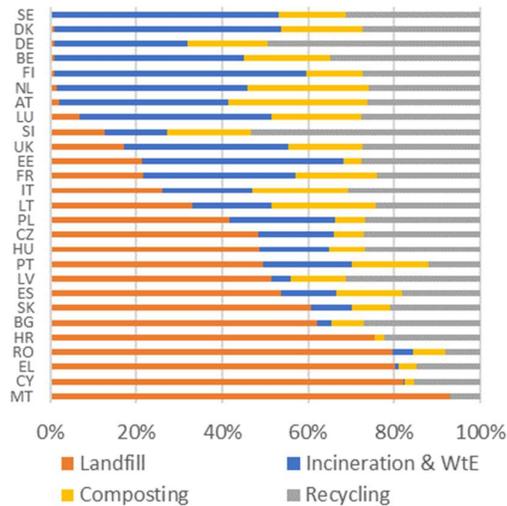
The panel that was moderated by Nikos Avlonas, president of the Center for Sustainability and Excellence, comprised by European and National officers, as well as members of the Greek academic community:

- George Kremlis, Principal advisor to the Prime Minister on energy, climate, environment and circular economy
- Tassos Haniotis Director, DG for Agriculture and Rural Development, European Commission
- Professor Phoebe Koundouri, Professor, Athens University of Economics and Business, President-elect, European Association of Environmental and Natural Resource Economists
- Lena Phillipou, Brand President, Chief Innovation Officer at Korres Natural Products.

The environmental sector in Greece is in a transition stage marked by changes in the legal framework (newly established environmental law, implementation of recent strategies for climate change adaptation, biodiversity, circular economy, revised energy and climate action plans). These are set to tackle challenges that the country is facing over the past years relevant to waste management, energy production and climate change. The transition to a greener environment is also marked by the new integrated European strategy on the Green deal, which sets specific targets in nine pillars. Despite recent progress, Greece lags its EU peers in relation to several performance metrics in the context of circular economy, energy and climate change targets. Indicatively in terms of circularity, Greece has yet to advance in terms of integrated waste management, since municipal solid waste management still relies mainly on disposal in landfills (80%) compared to larger shares for incineration, recycling and composting in the rest of EU27 (Figure 5).⁴

⁴ An overview of stylized facts, recent trends and challenges faced by Greece in relation to green policy transition are presented in (IOBE, 2020).

Figure 5: Municipal Solid Waste management in Greece for 2017



Source: Eurostat

Most of the pertinent questions discussed during the panel were referring to the effects of the COVID-19 pandemic on the progress towards achieving the goals of the Green deal and national environmental policies. The scope of most of them was to assess whether this new global challenge can become an opportunity to increase the competitiveness of the European economy, while improving environmental quality of the natural ecosystems and securing EU citizens from climate change. Indicatively, the discussion touched upon the following:

- Green Deal (GD) and the pandemic: Is the pandemic a threat or opportunity for green and climate action policies? What is the role that the Next Generation EU Recovery Package can play to enhance GD implementation? Which elements of the GD for Greece can be initiated and prioritized (i.e. energy, waste, from farm to fork etc)?
- What are the green strengths of the Greek economy: e.g. biodiversity, sustainable ecosystems, and renewables? How can Greek businesses build on these strengths to gain competitive advantage?
- How can the Green Deal strengthen the sustainability and competitiveness of Greek farms and agro-food businesses?
- What are the forthcoming policy priorities in the climate change adaptation strategy, also in view of current infrastructure gaps?

5.2 Summary of interventions

George Kremlis, Principal advisor to the Prime Minister on energy, climate, environment and circular economy, presented progress towards the revision of the Greek legislative framework and alignment with the European policies on environment and climate action. With regards to the transition of the Greek energy system, George Kremlis highlighted the importance of increasing the penetration renewable sources in the energy mix emphasizing not only on solar and wind but also on tidal and energy from biomass. The Just Transition fund will not be used only in the cities of the mainland (regions of Western Macedonia and the Peloponnese) but will also focus on supporting the transition of the Greek islands, most of which are not

connected to centralized/mainland energy systems. In terms of waste management, the National Waste Management Plan, being currently under revision, adopts the EU circular economy targets, higher recycling rates (35% by 2030), as well as full compliance with the EU waste and environment regulation.

Tassos Haniotis, Director, DG for Agriculture and Rural Development of the European Commission, underlined the importance of the “from farm to fork” pillar of the Green deal for the transformation of the agri-food sector and reducing pressure in natural ecosystems. Over the previous years, the EU agricultural system improved both in terms of environmental performance, since this was the only major system globally that reduced its emissions by more than 20% and economic output (increase of exports, improved income of farmers). The Greek agriculture sector is considered rather small based on its contribution to the Greek economy, however, it shows some efficiency improvements. Despite that, the identified challenges by Mr Haniotis include the restrictions of the farmers in using new technologies which can be also attributed to the overall limited R&D in the sector. What was needed was a co-ordinated process that could join up those innovators at the frontier with the average business or farmer. Moreover, to generate a net positive jobs and growth effect in rural areas, training of the key stakeholders (i.e. farmers) is vital. The EU Recovery package can support the digital and green transition in the Greek primary sector.

Phoebe Koundouri, Professor and Director of the ReSEES Research Laboratory, School of Economics, Athens University of Economics and Business, President-Elect of the European Association of Environmental and Resource Economists, highlighted the need to keep global emissions below 1.5°C compared to the pre-industrial era. Failing to do so will lead to extreme weather phenomena (droughts, floods, peri-urban fires) and economic losses that will limit productivity and increase poverty. In addition, Professor Koundouri noted that there was further useful inspiration provided by the UN Sustainable Development Goals (SDGs) and discussed performance towards achieving them. Despite the efforts at global and national levels, only few countries are on track to achieve the foreseen SDGs by 2030. Asia and the Pacific region have progressed more than other regions, while at the same time, rich countries generate negative spill overs for the rest of the world. A change in the production and consumption model is necessary. Greece progressed with regards to SDGs related to access to clean water, affordable energy and poverty, however, it is facing significant challenges in most of the rest goals. The proper distribution of the EU recovery fund and the Green deal call can support the redesign of the Greek economy so that the necessary foundations for creating a circular net zero economy are put in place.

Lena Philippou, Brand President, Chief Innovation Officer at Korres Natural Products, discussed how circularity and protection of ecosystems can become a mega brand for the cosmetics industry creating at the same time businesses, jobs and growth. Their business model is based on circular processes (planting endemic species and extracting valuable resources, zero waste) and this is one of the main elements that spurred market interest globally (main clients are in China and the US). The importance of R&D and proper collaboration with farmers and other stakeholders of the primary sector was highlighted as the main elements of success.

5.3 Main takeaways

Participants highlighted the competitiveness edge given by the unique biodiversity of Greece compared to other European countries, the position of Greece at the frontier of agro-food science, and the plentiful availability of resources needed for renewables be it sunshine, wind, tides or biomass. Notably, Greece lags behind in terms of environmental performance and climate action. The biggest challenges are related with waste management and energy transition. Closing the loop in different sectors of the Greek economy (i.e. agriculture, manufacturing) and proceeding following the circular economy principles will not only improve the status of natural ecosystems, since less raw materials will be extracted and generated waste will be reduced, but will also improve the Greek economy, creating jobs and growth. The COVID-19 pandemic should be considered as an opportunity for the reform of the agri-food sector where the efficiency of farming systems must be improved further, but with a significant reduction in environmental pressure. To achieve this, smart and green transition, facilitated by the available EU funds should spur R&D in the primary sector for higher added value products and ecosystem services. Circular economy is already a successful business model; replication across almost all economic sectors of the Greek economy will lead to jobs, growth and to better environmental quality of ecosystems. The implementation of the above, will support Greece to achieve the European and national targets (Greek legislative framework is currently under revision) and will improve the country's progress in achieving the SDGs.

6. POLICY REFORMS FOR EUROPE AND GREECE

6.1 Session's scope

The objective was to present the view of international institutions on Europe's reform agenda and set the scene for Greece and how it envisages to keep the reform momentum.

6.2 Summary of interventions

Adonis Georgiadis, Minister of Development & Investments, Hellenic Republic, argued that the main objective of the policy makers is to transform Greece to a business friendly country. In that context, he noted that the country's competitiveness ranking has improved by nine positions during the last year. He further announced the launch of operations of two landmark investment projects for Greece, the Hellenikon €8 billion urban project in Attica and Kassiopi project in north Corfu.

The Minister noted some of the steps taken so far by the administration in order to enhance the business environment: (1) a licensing reform law, (2) a Renewable Energy Sources licensing simplification (3) a tax law including provisions on VAT refund acceleration, VAT exemption for hotel construction and other tax relief (4) cadastre progress acceleration (5) forest maps promoting transparency and investor protection (6) tackle justice system challenges, inter alia through a plan to establish specialized courts for business cases, digitalization of administrative courts' decisions by early 2021 and by end-2021 for all cases (7) changes to pharmaceutical clawback aiming to boost investments in the sector and (8) acceleration of digitalization of public services accelerated.

Álvaro Santos Pereira, Director of the Country Studies Branch, Economics Department, OECD, highlighted the features of the pandemic crisis, such as its global nature, its pervasive uncertainty, the fact that the shock affects both demand and supply side, as well as that this is like a marathon rather than sprint. He estimated that in most countries, GDP in end-2021 will be below the one in 2019, while sovereign debt burden is expected to heighten, especially for emerging markets. In the case of Greece, he emphasized the country's tourism exposure which translates into a sizable economic hit will, while legacy NPLs is another source of vulnerability. In relation to reform priorities, Mr. Pereira noted the need to remove competition barriers, especially excessive regulation in services, professionals, but also the need to enhance the scale up of companies, improve public administration efficiency, justice system's responsiveness, and active labor market policies. He acknowledged that the EU's role has been proactive this time, through showing flexibility as per fiscal and state aid rules, as well as through the Recovery and Resilience Fund.

Simeon Djankov, Director for Policy, Financial Markets Group, London School of Economics, highlighted the crucial factor of timely policy responses and commented that Europe's fiscal response until July (estimated around 5 percent of GDP) had been two to three times smaller than the respective fiscal package in the US, China and the UK (estimated between 15 and 20 percent of GDP). He acknowledged that the Resilience and Recovery Fund substantially narrows the gap, albeit with delay. Mr. Djankov further noted the sectoral heterogeneity of Covid impact but also the sectoral transformation which is currently under way. To that direction, he argued that the Resilience and Recovery Fund needs to focus on these sectors and SMEs, while overcome several administrative difficulties. He concluded that the crisis can be a catalyst for reforms, however these reforms need to be consistent, while their financing will be key, also given the banking sector's weak state.

Nikos Vettas, General Director of IOBE, Professor, Athens University of Economics and Business, noted some of the Greek economy's long-standing weaknesses such as low productivity and labor participation and high debt. At the same time, he highlighted four key priorities for a sustainable recovery: (1) *Funding for new businesses and investments from both public and private sources*. He stressed that funding and reforms are rather complementary with each other and inter-react to increase each other's effectiveness (2) *Re-allocation of resources towards a more extrovert economy, since current trade and investments flows are relatively small*. He argued that introversion is not only a source for imbalances, but also has important structural elements, since it cuts off the economy from world trends in innovation and green policies, (3) *Human capital*, since besides developing domestic talent, the economy can exploit its extensive diaspora and migrant resources, (4) *Institutions need to converge to other advanced economies, in order to foster social mobility, female participation, an effective justice and education system, as well as public administration*. In all, Nikos Vettas noted that policy targets needed to somehow align parts of the economic system, through forming some minimum political consensus, which will foster systematic progress, attracting both physical and human capital.

The moderator, **Paul Kutos**, Head of Unit for Greece, DG for Economic and Financial Affairs, European Commission, asked the panelists to pick their top three reforms they would advise Greece to prioritize. In response, the Minister noted the simplification of public infrastructure tenders, opening product markets, and accelerating the privatization program. In turn, Alvaro

Pereira selected progress in regulatory areas such as enforcing contracts, registering property and insolvency procedures. Simeon Djankov noted the need for progress in public procurement, registering property and labor force participation, including through reforming the pension system. Nikos Vettas talked about the merit to reduce the tax wedge, improve the judicial and education systems, while connect the latter better with research.

6.3 Main takeaways

The session illustrated the view of international institutions on Europe's reform agenda and set the scene for Greece reform priorities and how it envisages to keep the reform momentum. There was broad consensus that, while the progress on reforms in Greece was clear, there was a need for further reforms, including in public procurement and product markets more generally, as well as a need to move forward quickly on privatisation.

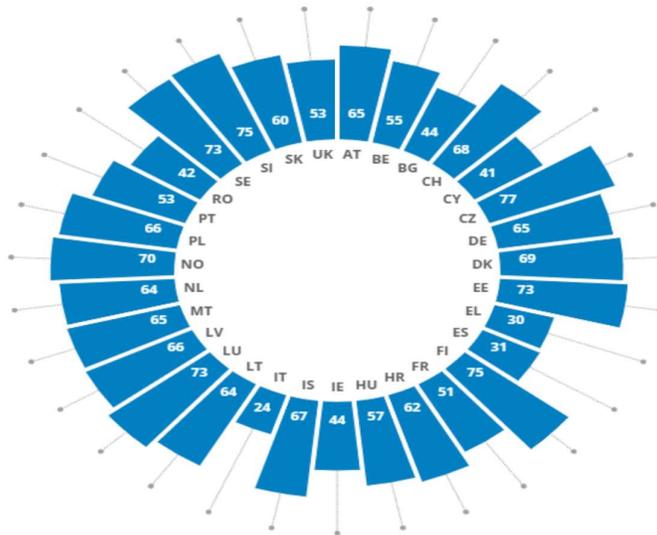
7. SKILLS AND EMPLOYMENT IN THE POST-CRISIS ERA

7.1 Session's scope

The transition from education to work remains challenging in Greece and skills mismatch is high. Systematic skill mismatches in the labour market hinder long run productivity growth and potential output. According to the ESI, a metric created by the Cedefop in order to provide an overall assessment of the EU's skills system, Greece ranked second from last in the EU in 2020, above Italy (Figure 6). In terms of the index components, Greece was 5th from the bottom in development, 4th from the bottom in activation, and last in skills matching. The shortage of digital skills remains a major obstacle for Greece in digitally transforming its society and the economy, weighing negatively on the country's growth prospects. The attractiveness of vocational education and training is low, although graduates have better employment prospects. The session's focus was on the EU and national policies which can help to alleviate the significant skills mismatch of the Greek workforce, enhance digital needs, and better align the education system and vocational education with emerging needs in the labour market.⁵

⁵ An overview of stylized facts, recent trends and challenges faced by Greece in relation to skills and employment are presented in (IOBE, 2020).

Figure 6: European Skills Index, 2020 (best score =100), EU-28



Source: Cedefop ESI Technical Report, 2020

7.2 Summary of interventions

Nicolas Schmit, Commissioner for Jobs and Social Rights, European Commission, noted that despite the government's swift reaction, Greece was very vulnerable to the coronavirus crisis. Specifically for the labour market, he estimated that around 160,000 jobs may be lost due to the crisis, also due to the economy's structure relying on services such as maritime transportation and tourism. He made special reference to the important financing opportunity for Greece through around 17.9 billion grants stemming from the Recovery and Resilience Facility. These resources could help Greece build an innovative, fair and more inclusive society. The Facility could notably finance much needed investment in skills, particularly digital skills. Fighting youth unemployment, promoting digital upskilling and eliminating child poverty and social exclusion could be additional objectives. The Commissioner noted that the Member States' Recovery and Resilience draft plans were expected already by October 2020, in which they were welcome to spell out the use of the funding, and their financing priorities including on peoples' skills and social protection. In the case of Greece, he noted the need to improve the efficiency of the social protection system, mitigate the crisis' social impact, boost the employment rate, address early school leavers without training and tackle child poverty. He praised short-term employment programs newly implemented in Greece, such as Synergasia, to be supported by SURE, made special reference to the Youth Employment Support (YES) scheme, focusing on school to work and job-to-job transitions, as well as the youth upskilling schemes funded through the European Social Fund, REACT EU, Youth Guarantee schemes and Vocation Educational Training aiming to ease the transition from schools to the job market. In all the above, the Commissioner noted that investment in digital skills is key, also given the economic and social transformations already under way (Green Deal, digitalization), which ask for new jobs and skills. He concluded by noting that the economic recovery needs to put people, social cohesion and resilience in the centre of policy priorities.

During the Q&A session, moderated by **Panos Tsakloglou**, Professor, Athens University of Economics and Business, the Commissioner confirmed that the Resilience and Recovery Fund can unambiguously be used to improve the educational system, vocational education and training, but also the absorption capacity of the administration in exploiting the newly available resources. The moderator further commented that the unemployment rate in Greece has been high even before the 2010 crisis, especially among youth and women.

From a global perspective on Greece, **Christopher Pissarides**, Professor LSE and University of Cyprus, 2010 Nobel Prize Laureate, noted the stylized facts of low labor productivity and low participation rate, mainly for women and youth. He further observed that the low-quality capital stock and recorded investment gap translated into low demand of high-quality labor. At the same time, while there is broad participation in higher education, there is not high-quality education. He argued that there is need for action to improve skills, training, but also to improve the investment climate, so as to break vicious circle. To this objective, the adoption of digital technology will be key, both on productivity and labour market participation. While he argued strongly in favor of expanding high-quality childcare services, and promoting digital skills, life skills, life-long learning, social recognition of jobs and jobs serving people, he stressed the merit of a gradual and systematic policy approach, which would start with low-hanging fruit, in a way to maximize the ownership of reforms, as well as the collaboration of social partners. Providing tax incentives to companies to train workers and promoting broader lifelong learning (certified by the government) are key.

Niki Kerameus, Minister of Education and Religious Affairs, Hellenic Republic, highlighted the pivotal role of skills expectations in the post-crisis era and acknowledged the need to bridge the gap that stems from the mismatch between graduate profiles and labor market needs. To that policy objective, she outlined the Ministry of Education on-going initiatives: (1) Legislation introducing new skills (“skills for life”) in the school curriculum. These would include cognitive, soft skills, promoting the values of volunteering, entrepreneurship, respect for the environment and diversity; the Minister further stressed the importance of digital skills by quoting a McKinsey study whereby 14 percent of current workers will need to change jobs by 2030 because of digital transformation, automation and Artificial Intelligence, while 87 percent of today’s executives feel they already experience skill gaps. Despite infrastructure deficiencies, the Minister explained they make efforts to implement on-line teaching on a broad basis, noted that there is progress in metrics related to early school leavers, high education attainment, R&D, albeit progress remains limited in relation to the employment rate and the reduction of poverty. (2) Vocational Education and Training: The Minister said they are planning the reinforcement of vocational education schools and improving their link with labor market needs also through active participation of social partners. (3) Higher education reforms: Niki Kerameus mentioned that the Hellenic authority for Higher Education was set up, which will be studying issues like the skills mismatch but also any changes in the academic map of Greece, in conjunction with labor market needs at the regional and national level; last but not least, the Minister raised the issue of universities’ evaluation, through a mechanism which will link the universities’ funding mechanism with the respective absorption rate of graduates by the job market.

7.3 Main takeaways

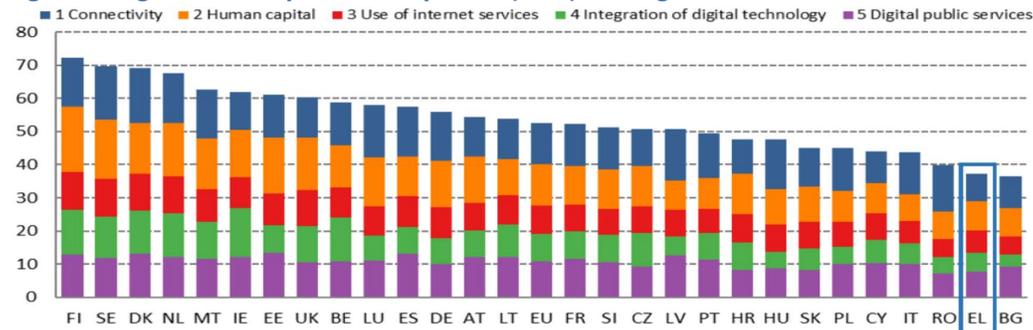
Supporting sustainable growth, modernising the Greek economy and speeding up labour market recovery will require skilled workers and better links between education and labour markets. There is significant potential in up-skilling and re-skilling the labour force, especially in terms of digital skills. The session provided both a global and national perspective on policies which can help to alleviate the significant skills mismatch of the Greek workforce, enhance digital needs, and better align the education system and vocational education with emerging needs in the labour market.

8. OPPORTUNITIES FROM DIGITAL TRANSFORMATION

8.1 Session's scope

The pandemic crisis has highlighted the importance of digital infrastructure for a resilient recovery, while acted as a catalyst for faster implementation of digital technology by the public administration. Greece's digital transformation performance has been improving, but remains well below EU average. The country's connectivity infrastructure, the level of digital skills, the degree of digitisation of businesses and the use of digital public services all lag significantly the respective of its EU peers. According to the overall Digital Economy and Society Index (DESI), Greece ranks second last in the EU (Figure 7).⁶

Figure 7: Digital Economy and Society Index (DESI) ranking of EU Member States in 2020



Source: DESI 2020 (data refer to 2019)

The session's central question was whether and how the improved digital governance in Greece can become one of the principal lasting consequences of the Covid crisis.

8.2 Summary of interventions

Kyriakos Pierrakakis, Minister of State and Digital Governance, Hellenic Republic, made reference to an on-going "digital spring" in Greece, which accelerates digital transformation, narrowing the gap with the other EU members. He explained that the Ministry had a strategy to catch up global best practice in terms of digitisation, while pursuing process simplification. In terms of quantified targets, he quoted cross-country empirical estimations in the past few years and noted that the goal is to reduce administrative burden in Greece from 6.8% of GDP

⁶ An overview of stylized facts, recent trends and challenges faced by Greece in relation to digital transformation are presented in (IOBE, 2020).

down to the EU average of 3.5% of GDP. To that objective, the Minister outlined the policy priorities around seven axes.

- (1) Digital services following good practice in the UK: the new single government portal (gov.gr) aims to act as the single gate through which citizens interact with the state, while it covers already 575 digital services including e-prescriptions and e-declarations.
- (2) Process simplification following good practice in Denmark and Portugal: the goal is to reduce the number of steps that are required in order to complete a specific process, such as the new child birth registration 1-stop process compared to 5 steps before.
- (3) Digital identity: set up and harmonize the citizens' safe key to access the digital rooms, through tax or e-banking identifiers, integrate a unique number for citizens ID cards
- (4) Telecommunications and infrastructure: enhance the access to ultra-fast broadband and fiber optics, implement a multi-band auction for 5G networks, which is expected by end-2020, create a business ecosystem around the auction.
- (5) Skills: the newly created National Digital Academy aims to offer upskilling opportunities for civil servants, unemployed and youth population.
- (6) Open Data: the administration aims to horizontally enhance the publication of anonymized data sets in line with existing legislation, in a way that improves data accessibility to all and promotes transparency, research and evidence-based decision making.
- (7) Cyber security: a parallel work package focuses on strengthening trust towards the digital technology and foresees the creation of a relevant public Authority.

From a business perspective, **Marco Veremis**, Co-founder and Executive Chairman of Upstream, Partner at BigPi Venture Capital, Member of the board of the Hellenic Federation of Enterprises (SEV), offered some useful observations on latest market developments in the technology sector in Greece. In particular, he noted that technology sector start-ups and scale-ups have grown to a market of close to €2.5 billion over 7 years, while they were quasi-inexistent before that. He offered specific examples of positive deals among technology companies and highlighted opportunities in sectors with R&D focus such as pharmaceuticals, food processing and energy. He also noted that foreign companies have been increasingly investing in sizable R&D and data analytics teams in Greece during the last few years. Amidst these optimistic trends and the fact that Greece ranks very high in terms of STEM graduates per capita, he also highlighted the paradox that the average citizen digital skills are seriously lagging despite an upper echelon of citizens performing very well. As a possible strategy to circumvent this, he alluded to the opportunities stemming from the extensive Greek diaspora trained in top foreign universities and having professional experience in highly innovative, leading industries abroad. In particular, Mr. Veremis explained how Greece, being an attractive place to live in, could attract part of highly specialized professionals including "digital nomads" for remote work opportunities, offering them non-domicile tax incentives, while profiting from their living expenses and consumption in the local economy. He quoted the MIT enterprise forum which estimated that Greece could attract up to 300 thousand potential digital nomads, whose average spending is close to €5 thousand per month. Such top class brains can educate local talent, and contribute to the upskilling of the domestic workforce, hence offering a multiplying economic effect.

Dimitris Papastergiou, Mayor of Trikala, President of the Greek Municipal Union (KEDE), argued that reforms can also happen at local level, while he brought insights on how local government's digital transformation and smart and green cities can foster innovation and citizens' engagement with public affairs. He noted that technology helps to rebuild trust between communities and the public sector and can improve the quality of democracy. He noted examples where his city implemented technology in a beneficial manner for citizens through digital municipal councils, multiple e-services offered at the local level, an e-platform for constructions. A smart city type of governance exploiting digital progress, artificial intelligence and machine learning can be applied in a wide range of local policies including waste collection, environmental protection and energy management. Their impact is positive on several fronts, since they reduce excessive red tape procedures, they reduce corruption opportunities, as well as increase the adaptability and engagement of citizens to changes.

Athanasios Savvakis, President, Federation of Industries of Greece (SBE), Chairman at the Hellenic Energy Exchange and Executive Director of Biosolids S.A.V, shared his market perspective about the EU Industry 4.0 strategy. He pointed to the need for a national plan based on other countries' best practices. He inter alia highlighted the importance of skills' enhancement, civil servants' training, investment in ICT sectors, funding for innovation investments, applied research projects, automation of production processes, expand the applications of artificial intelligence and internet of things. In the context of market niches within sectors with dynamic perspectives, Mr. Savvakis made reference to biotechnology, digital agriculture, digital manufacturing, digital tourism, transport & logistics, as well as educational services.

The session's moderator, **Giorgos Fintikakis**, Editor-in-Chief at the web portal Liberal.gr, explored the panelists' view as per whether Greece's public and private sector are ready to absorb the Resilience and Recovery Fund resources in the domain of digital transformation. From the public sector perspective, the Minister noted that the administration is ready because they know the existing needs, however acknowledged challenges in relation to the lengthy procurement processes and the difficulty to attract skillful personnel due to the public sector's pay gap. In terms of readiness at the local level, the Mayor expressed the view that a strategy is put in place, but mentality needs to further change even if there are signs that this has started to occur. Both representatives from the private sector believed that businesses are ready to encompass digital transformation, which will favor innovation and enhance international competitiveness.

8.3 Main takeaways

Both the public and private sector have key roles in upgrading and exploiting further digital infrastructure and technology. There is potential for significant steps towards advancing digital transformation in Greece. The discussion revealed the policy makers' main priorities including process simplifications, expanding the network of digital services, setting up digital identities, improving the infrastructure, enhancing skills, the use of open data and safeguarding cyber security. At the local level, infrastructure and citizens' involvement can be improved through smart cities type of governance. From the businesses perspective, the technology sector has been growing recently, while there was consensus on the need for

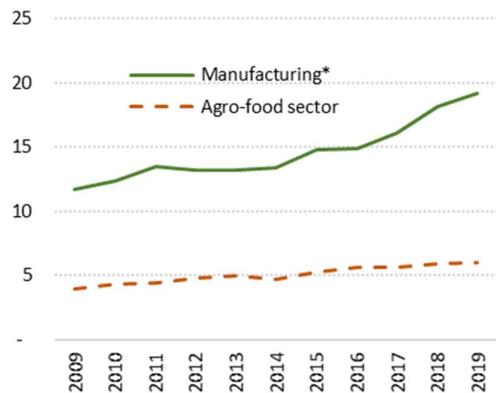
innovative market niches to get increasingly integrated into several industry production lines. Attracting “digital nomads” was identified as one non-negligible example which could offer significant direct and indirect benefits in the direction of the country’s digital transformation.

9. MANUFACTURING, INNOVATION AND SMART SPECIALISATION: IMPROVING COMPETITIVENESS

9.1 Session’s scope

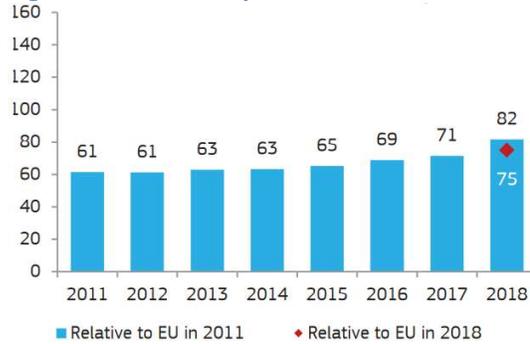
The last panel addressed the critical issues regarding innovation and smart specialisation and ways to utilise them to promote manufacturing, competitiveness, and economic growth in Greece. It highlighted key policies needed for increasing innovative performance and extroversion of the Greek manufacturing sector. Manufacturing’s gross exports have increased by almost 64% during 2009-2019 reaching €19.1 billion in 2019 (Figure 8). The upward trend is partly driven by agro-food sector performance, while basic metals and pharmaceuticals also represent significant export shares. Greece’s total innovation performance has improved since 2011 but remains well below EU average (Figure 9). Overall economy public and private spending on research and development as a percentage of GDP has increased since 2010 but is still significantly lagging the average share in the EU. While employment in research and development activities is increasing, the loss of skilled human capital (brain drain) is a major challenge for the Greek research and innovation system, especially when the weak links between academia and the productive sector are considered.⁷ Therefore, there is potential for significant improvement in innovative performance, internationalization and smart specialisation in Greece’s manufacturing sector.

Figure 8: Gross Greek exports, in € billion, 2009-2019



Source: Eurostat, ComExt. Note: Petroleum products are excluded from Manufacturing sector in this figure, while Agro-food sector includes both Food Manufacturing and Primary food.

⁷ An overview of stylized facts, recent trends and challenges faced by Greece in relation to innovation and manufacturing are presented in (IOBE, 2020)

Figure 9: Innovation performance in Greece

Source: European Innovation Scoreboard 2019

The main questions that the panel aimed to answer were:

- What are the key policies needed for increasing innovative performance in Greece?
- How can innovative and sustainable manufacturing play a more significant role in creating value in the Greek economy? What factors need to be addressed to strengthen the sector?
- How can smart specialisation policies be used to stimulate industrial modernisation?
- The pandemic crisis: a threat or rather an opportunity? Which is the role of the Next Generation EU recovery package?

9.2 Summary of interventions

Simos Anastasopoulos, President, Council on Competitiveness of Greece, CompeteGR, started the last session of the conference introducing the subject and the panel. Mr. Anastasopoulos claimed that the panel is about the new growth model of the country and a new manufacturing strategy that should be based on innovation and extroversion. To achieve these goals, it is necessary to link academic institutions with the markets and produce meaningful innovation that would be translated into products of global demand. Also, transforming the business environment to foster innovation and adapt to the challenges of the 4th Industrial Revolution is necessary. This path leads to a sustainable economic future benefiting the state and society.

Next, **Gregory Dimitriadis**, Secretary General of International Economic Affairs, Ministry of Foreign Affairs, and Chairman of Board of Enterprise Greece, stressed the substantial efforts being undertaken to transform Greece's economic diplomacy focusing on serving investors and businesses both domestic and abroad improving the country's financial standing and promoting sustainable development. An essential reform towards this direction is the new General Secretariat for International Economic Affairs, in the Ministry of Foreign Affairs. Their policy goals include improving the economic growth potential of the Greek economy, reinforcing Greece's contribution on achieving the Sustainability Development Goals (SDGs) of the United Nations, empowering the Greek companies to reorient toward exports while attracting and facilitating FDI. Those efforts aim to result in a better informed and proactive Greek Business Community regarding opportunities in foreign markets, an efficient global network for Greek businesses, an improved international standing for Greek companies, reduced red tape and other trade barriers.

A national strategy for trade and investment promotion for 2021, has also been produced. It will serve as the basis for a long-term strategy, aiming to transform economic diplomacy making it more modern and outward-looking. The Secretary General specified that internationalisation of the strategic priority sectors, such as manufacturing, the enhancement of innovative performance and implementation of smart specialisation policies are also priorities, reflected in the national strategic plan. Guided by smart specialisation and a sustainable development agenda, the reforms pursue to reveal the Greek companies' competitive advantage abroad and cultivate an unexploited potential in existing and new markets. Mr. Dimitriadis concluded that these ambitious reforms require funding and strong commitment. Thus, the financial support of the Next Generation EU recovery strategy is a necessary component for a sustainable and resilient economic recovery for Greece and Europe as a whole.

Dimitris Pontikakis, Economist, Directorate for Growth and Innovation, Joint Research Centre, European Commission, focused on smart specialisation strategy (S3) in Greece, the development so far and future opportunities. His presentation highlighted the importance of strategic planning in innovation and the renewed importance of industrial policy. Innovation policy capabilities now exist in many European regions, and there is progress with the governance framework thanks to S3 implementation. However, a major challenge remains regarding the coordination between research and innovation funding and other support for businesses, workers, and economic development in broader terms. The need to rediscover planning capabilities was emphasised by Mr Pontikakis.

Concerning industrial transition, constructing broad-based support coalitions among all affected economic and social stakeholders was recommended. To face this challenge, JRC has created a Working Group on Understanding and Managing Industrial Transitions. In the context of the group's mission, the review of Greece focuses on the sustainability transition, remarking the opportunities for investments and employment creation. Greece has small but notable production strengths in niches in renewables, in the storage of energy and shipbuilding and maintenance. The review examines industrial transition pathways that leverage a broad range of policies to transform the production and consumption systems, highlighting missing issues of the current system such as frameworks for public procurement, public procurement for innovation and ways to shape consumers' demand. The challenge is to build the missing links and turn them into a thriving industrial ecosystem.

There is a need for a panoply of actions under a coherent industrial development logic. Skills and Research and Innovation interventions are important, but more interventions in infrastructure in legislation, in regulation, and procurement are needed. For that reason, multi-level, multi-portfolio, multi-stakeholder, coordination is essential. Evidence-based support could significantly assist these efforts. JRC reviews are a tool that could help, but the need for an extensive national evidence-based support exists.

Manolis Dermizakis, Chair, National Council for Research, Technology and Innovation, and Professor, University of Geneva, stated that through the national council they aim to develop an ecosystem that connects basic research to innovation and entrepreneurial activity, a neglected area in Greece. To have an impact on the economy, it is necessary to develop the whole industry of production of knowledge since it cannot be sectorial predetermined. The

professor insisted that it should be a bottom-up approach, to allow smart researchers that Greece possesses in all sectors to develop projects and produce knowledge. The strengthening of knowledge production is also crucial for promoting IP production since Greece does not have the luxury to buy intellectual property (IP) from abroad due to its economic status. Another, important aspect to focus on is the training of people using research foundation, which is very weak in Greece. The country might have intelligent scientists, but the foundation in Greece lacks meritocracy, regular funding, structure, and proactive strategy.

Furthermore, Greece does not offer a proper investment environment. Mr. Dermitzakis insisted on the need to adopt a long-term strategy for being able to invest in specific activities. Entrepreneurial activities should not be dependent on funding that comes from structure funding from the EU. Greece should be more competitive, attracting foreign venture capital by strengthening the country's intellectual environment, which currently is very weak. Thus, it is a need to develop a system in Greece that puts production of knowledge as a top strategic priority. Second, it is critical to build a system that allows the produced knowledge to be translated into entrepreneurial activity. The professor concluded that difficult financial situations could be tangled by investing on basic principles and production of knowledge resulting, to some extent, on the generation of intellectual property and the establishment of a mechanism to translate it into entrepreneurial activity while keeping the foundation of production knowledge active and strong.

Michail Stassinopoulos, Executive Member of the BoD of Viohalco, President of Hellenic Production Industry Roundtable for Growth started by declaring that for decades, the manufacturing was almost absent in the public debate on growth strategies, ignored by policymakers. There is still a stereotype that Greece is not suitable for manufacturing. During the last decades, there have been no serious policy decisions to improve competitiveness in the manufacturing sector. However, the Greek manufacturing sector persisted during the crisis and increased exports by 65% in the last decades. Innovation cannot be linked exclusively to expensive academic research can also happen daily in a company since firms have to innovate to survive. There are several innovative, dynamic and extrovert companies in Greece that they could serve as case studies to policymakers. Though, there are obstacles to the regrowth of manufacturing, including high energy costs, an outdated, inflexible legislation system, and the depreciation schemes for investments.

Mr Stassinopoulos insisted that policymakers should take a closer look at manufacturing. The manufacturing of globally traded goods can enhance the value-added to the economy, to address the world markets, to maximise growth exponentially and it is a significant vector for digitisation, for having a green economy and for innovation. The manufacturing could offer the stability to confront any financial crisis, mitigating the general risk. Also, it could give opportunities to young people who attempt to innovate in a global field, even in smaller firms. Regarding, the link between academia and businesses, Greece is lagging. Companies are forced to develop their research centres because it is almost impossible to form long term projects with academia. The presentation finished by proposing that the government should look in installing a more sophisticated structure, also sector-specific, for the assessment of the opportunities arising from manufacturing.

9.3 Main takeaways

Simos Anastasopoulos, President at the Council on Competitiveness of Greece, CompeteGR, chaired the session and summarised the presentations by the panel members. The panel discussed the new growth model of the country bringing to the centre the terms of innovation, smart specialisation and a new manufacturing strategy to achieve sustainable economic growth. Substantial endeavors are commenced to transform Greece's economic diplomacy to a more modern and outward-looking model. An essential reform towards this direction is the establishment of the new General Secretariat for International Economic Affairs, in the Ministry of Foreign Affairs. What is more, a national strategy for trade and investment promotion for 2021, has also been produced. These efforts intend to encourage Greek firms to be more extrovert, create an efficient global network for Greek businesses and enhance the international standing for Greek companies. Industrial transition is also critical, as transforming the production and consumption systems is key to sustainable development. Skills and Research and Innovation interventions are essential, but more interventions in infrastructure in legislation, in regulation, and procurement are needed. Multi-level, multi-portfolio, multi-stakeholder, coordination in parallel with evidence-based support could significantly contribute towards this scope.

For achieving sustainable economic growth, it is vital to develop the industry of knowledge production, putting it as a top strategic priority. Translating the generated knowledge into entrepreneurial activity and Intellectual Property promotion are also important. Research foundation weak status significantly hinders any knowledge production efforts since it is deficient in meritocracy, regular funding, structure, and proactive strategy. Increase of competitiveness to attract venture capital was also mentioned as a pillar of paramount importance. Entrepreneurial activities should not be solely dependent on funding that comes from structure funding from the EU. Furthermore, a key role in economic growth could be played by the sector of manufacturing, which has not been prioritized during the past decades. Manufacturing focusing on exports can boost the value-added to the economy, and it could offer the stability to confront a potential financial crisis, mitigating the general risk. A careful assessment of the potential of Greek Manufacturing by the policymakers was recommended. Finally, linking universities and research institutes to the private sector should be urged. Companies are forced to develop their research centres because they find it almost impossible to form long term projects with academia.

10. CONCLUSIONS AND POLICY RECOMMENDATIONS

10.1 Farewell address by ECFIN

Chris Allen, Resident Adviser in Athens, DG Economic and Financial Affairs, European Commission, concluded the conference by offering an overview of its main takeaways. During the two days, discussions highlighted key reforms and investment opportunities for Greece for pursuing a resilient and sustainable recovery, while international experts offered useful insight about EU good practices in a wide range of areas. Among the common underlying themes that were brought up, Chris Allen noted that there was consensus in that the pandemic crisis had introduced an exceptional social and economic challenge, in that the emergency policy response at national level had been swift, that the EU response including through the Resilience and Recovery Facility, had offered a unique opportunity for productive investments in Greece, and that the reform momentum would need to continue without delays.

As a recap of the various sessions, Chris Allen noted that the first panels presented Greece's reform progress, challenges and policy recommendations within the European Semester. Senior EU officials had a chance to present the newly-established mechanism of the Recovery and Resilience Facility, highlighting the substantial funding opportunities for much-needed investments and reforms. In order to fully exploit such an instrument, the mechanism requires Member States to prepare and submit comprehensive Recovery and Resilience plans setting targets and milestones. Naturally, Greece has an interest to act pro-actively on this front, given its comparative advantages, such as the geographical location, its natural environment and rich biodiversity, as well as its human capital. In terms of long-standing structural weaknesses of the Greek economy that need to be tackled, several speakers highlighted the high unemployment rate, the large investment gap, the skills mismatch, the introvert orientation and the resulting risks of social exclusion.

Senior government officials had a chance to articulate the Greek side's main economic policy priorities including on green, digital, and employment, areas as well as its reform agenda that aims, among others, at promoting public procurement simplification, product markets competition, privatisations projects and further institutional reforms. The session focusing on financing investments a) highlighted that Greek banks continue to face challenges, although they are in better position than ten years ago, b) revealed that international investors' confidence is systematically improving, c) described efforts to promote capital market instruments including the stock exchange complementary plans on SME funding, and d) stressed the importance of exploiting public sector assets. Another session focused on the importance for human capital and skills enhancement and how this can be part of Greece's Recovery and Resilience plan, including through digital upskilling, measures to tackle the skills mismatch in the labour market, and higher education.

Furthermore, the conference highlighted key investment opportunities for Greece in at least three areas, each of which was discussed in a distinct session: (1) green economy in the

context of the EU Green Deal, but also on the basis of the country's unique natural environment and related opportunities for businesses, through which there is potential to enhance a "green brand" for Greece through a coordinated strategy, (2) digital transformation, building upon the "digital spring" triggered by the pandemic crisis, and relying upon both the public and private sector, central and local level initiatives, including smart cities and citizens' digital upskilling (3) manufacturing sector and sub-sectors with significant R&D and innovation contribution, for which there was consensus about their pivotal role towards increasing the economy's extroversion and hence acknowledgement of the need for a strategic cooperation to link innovation with productive opportunities.

Chis Allen, speaking also on behalf of the organizing committee, expressed his gratitude to all participants and contributors of the conference for their active involvement, while re-iterating the European Commission's will to continue the public dialogue on these crucial policy choices on future occasions.

10.2 Conference takeaways and policy priorities

The conference shed light on the following three policy **dimensions**:

- The short-term EU and national policy response to the pandemic crisis and the role of new financial instruments.
- The long-standing underlying challenges of the Greek economy and respective call for reforms aiming to increase productivity, social cohesion and extroversion.
- The opportunities arising for productive investments in areas such as green and digital transition, innovation sectors as well as in human capital.

The conference achieved the following **objectives**:

- It raised awareness about Greece's performance within the European Semester, highlighted key areas of progress and challenges ahead, while such public fora contribute to increase social stakeholders' engagement in pursuing the common objective.
- It provided an overview of the economic policy responses to the pandemic crisis, both at the EU level as well as at the national level.
- It provided insights about international and EU best practices in relation to reform policies, inter alia aiming to foster a resilient, sustainable and inclusive recovery.
- It shed light into areas with significant investment opportunities, which will facilitate the envisaged economic transition towards a more extrovert, innovative, digital friendly and green friendly growth model.

The on-going pandemic crisis has been an exceptional global health, social and economic challenge. Greece took swift action to limit the impact of the pandemic on health during its first wave and adopted a comprehensive package of measures to support the economy. Policy makers acknowledged the need for fiscal support measures in the short term but also the importance of prudent fiscal policy in the medium-term building upon fiscal credibility and in conjunction with structural reforms. There was broad consensus that, while the progress on reforms in Greece was clear, there was a need for further reforms, including in public procurement, product markets and privatisation.

In response to the coronavirus crisis, Europe has taken unprecedented action through a series of packages to safeguard public health, protect the single market, and relaunch the European Economy. In particular, the EU Recovery and Resilience Facility would make very substantial resources available to Member States. The conference presenters highlighted the imminent challenge for Greece to make full and efficient use of the newly available EU resources, while in parallel continue to undertake reforms and attract investments. This would require the preparation of a national Plan based upon priority reform milestones and investment targets, which take into account the opportunities stemming from green transition and digital economy. Not less importantly, participants highlighted the need to develop the institutional capacity in order to develop and effectively implement such a Plan.

Concerning private financing, despite remaining challenges, there was consensus that Greece stands in a better position than in the recent past. International investors expressed a cautiously optimistic view on Greece's recovery prospects, while there was evidence that banks continue to reduce their sizable non-performing exposures and are in a better shape to fund corporate investments. At the same time, discussions highlighted the importance to further exploit domestic capital markets and public real estate portfolio in providing additional financing resources for investments.

On the social front, Greece faces a second consecutive crisis caused by the pandemic, from a vulnerable starting position, given the high unemployment rate, the labour skills mismatch and metrics of social exclusion. To this effect, conference discussions pointed out that the Recovery and Resilience Plan can help build an innovative, fair and more inclusive society. Tackling youth unemployment, promoting vocational education and training, while eliminating child poverty and social exclusion, are among the objectives of this recovery-driven EU financing. Supporting sustainable growth, modernising the Greek economy and speeding up the labour market recovery will require skilled workers and better links between education and labour markets.

While the pandemic crisis acted as a catalyst for progress of digital transformation in Greece, the discussions revealed a significant potential and need for further acceleration. Both the public and private sector have key roles in upgrading and exploiting further digital infrastructure and technology. A resilient recovery requires investment in skills, particularly digital skills, hence there is scope for up-skilling and re-skilling the labour force with a particular focus on the digital front.

The EU Green Deal can translate into sizable investment opportunities for Greece, given the country's unique environment and biodiversity, its dynamic agro-food industry, and the rich availability of renewable resources. Smart and green transition, facilitated by the available EU funds can spur R&D in the primary sector for higher added value products. Circular economy is already a successful business model, hence its replication across most economic sectors of the Greek economy will lead to more jobs and higher growth. The authorities expressed their commitment to exploit opportunities stemming from the green sustainability agenda, including through their climate change plan and a forthcoming revision to the circular economy plan. Their implementation would support Greece to achieve the European and national targets and improve the country's progress in achieving the SDGs.

In the context of the economy's sustainable recovery, the discussions highlighted the importance of innovation, smart specialization and extroversion, which are inter alia enhanced by the manufacturing sector. In the context of an innovation oriented economic model, presenters evoked the pivotal role of the "industry of knowledge production", intellectual property rights and research foundations. In relation to export oriented manufacturing sectors, it was widely acknowledged that they boost the value-added of the economy, enhance participation in global value chains and diversify risks during economic crises.

Among the **policy priorities** that came up during the conference interventions, one may summarize a couple of major ones, as follows⁸:

- The need to build upon the comparative advantages of the Greek economy and attract productive investments. These areas touched upon four underlying themes, namely green policies, digital transformation, human capital skills, smart specialization and extroversion.
- The need to put in place targeted measures and use effectively and timely the available funding resources put forward both at the national as well the EU level in response to the pandemic crisis. This should be done in parallel to keeping the reform momentum and accelerate the convergence with EU good practices in relation to on-going digital and green transformation of the economy.

⁸ The takeaways on policy priorities express the opinion of researchers of IOBE and do not necessarily reflect the opinion of the European Commission.

11. REFERENCES

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- European Commission (2019a). *Country Report Greece, 2019 European Semester*.
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12. ANNEX A – LIST OF SOURCES

(1) Links to conference videos and presentations:

www.iobe.gr/EC_Conference2020/

(2) Links to conference factsheets:

www.iobe.gr/EC_Conference2020/memos.html

2020 European Semester Country Report for Greece:

https://ec.europa.eu/info/publications/2020-european-semester-country-reports_en

(3) Enhanced Surveillance Framework for Greece:

https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-financial-assistance/which-eu-countries-have-received-assistance/financial-assistance-greece_en

13. ANNEX B – CONFERENCE PROGRAM

European Semester e-Conference on Greece 2020

Stimulating a resilient recovery through investments, digital transformation and green economy

Wednesday 1 & Thursday 2 July 2020 | 15.00 – 19.00 (Athens time)

Day 1 | Wednesday 1 July

15:00 Welcome to e-Conference Day 1

Vasilis Nikitas, Economic Analyst, DG for Economic and Financial Affairs, European Commission

Opening Remarks

George Markopouliotis, Head of European Commission Representation in Athens

Paul Kutos, Head of Unit for Greece, DG Economic and Financial Affairs, European Commission

15:10 Session 1 | EU measures targeting a fast and resilient recovery

Paolo Gentiloni, Commissioner for the Economy, European Commission

Christos Staikouras, Minister of Finance, Hellenic Republic

Moderator: **Nikos Vettas**, General Director of IOBE, Professor, Athens University of Economics and Business

15:45 Session 2 | Greece in the European Semester Policy Framework post COVID-19

Declan Costello, Deputy Director General, DG Economic and Financial Affairs, European Commission

Barbara Kauffmann, Director, DG Employment, Social Affairs, and Inclusion, European Commission

Michael Arghyrou, Chairman of the Council of Economic Advisors, Ministry of Finance and Greece's Representative at the Eurogroup Working Group

Moderator: **Angelos Athanasopoulos**, Editor-in-Chief of Politics, To Vima

16:30 Break

16:35 Session 3 | New Investments and Reforms for Recovery and Resilience

Maarten Verwey, Director General, DG Economic and Financial Affairs, EU Commission

Alex Patelis, Chief Economic Advisor to the Prime Minister, Hellenic Republic

Moderator: **Eirini Chrysolora**, Journalist, Kathimerini

17:15 Session 4 | Financing the economy – challenges and key recovery accelerators

International Investor perspective: **Michele Napolitano**, Senior Director Europe, Fitch Ratings

Banks' perspective: **Fokion Karavias**, CEO, Eurobank

Capital market perspective: **Socrates Lazaridis**, CEO, Athens Stock Exchange (ATHEX)

ESPA perspective: **Nicola De Michelis**, Director Smart and Sustainable Growth and Programme Implementation IV, DG REGIO

Dag Detter, Investment Advisor and former President of Stattum Holdings, Sweden

Moderator: **Chris Allen**, Resident Adviser in Athens, DG for Economic and Financial Affairs, European Commission

18:10 [Session 5 | Green Deal for Greece – Greece's competitive advantage](#)

George Kremlis, Principal advisor to the Prime Minister on energy, climate, environment and circular economy

Green Deal: From Farm to Fork, **Tassos Haniotis**, Director, DG for Agriculture and Rural Development, European Commission

Academic perspective: **Phoebe Koundouri**, Professor, Athens University of Economics and Business, President-elect, European Association of Environmental and Natural Resource Economists

Business perspective: **Lena Philippou**, Brand President, Chief Innovation Officer at Korres Natural Products

Moderator: **Nikos Avlonas**, President, Center for Sustainability and Excellence

19:05 [Wrap-up of e-conference Day 1 | Nikos Vettas](#), General Director IOBE, Professor, Athens University of Economics and Business

19:10 [End of e-conference Day 1](#)

Day 2 | Thursday 2 July

15:00 [Introduction to e-Conference Day 2](#)

George Gatopoulos, Head of Finance and International Macro Unit, IOBE

Ioannis Hadjiyannis, Head of the Athens office, DG REFORM, European Commission

15:10 [Session 6 | Policy reforms for Europe and Greece](#)

Adonis Georgiadis, Minister of Development & Investment, Hellenic Republic

Álvaro Santos Pereira, Director of the Country Studies Branch, Economics Department, OECD

Simeon Djankov, Director for Policy, Financial Markets Group, London School of Economics

Nikos Vettas, General Director of IOBE, Professor, Athens University of Economics and Business

Moderator: **Paul Kutos**, Head of Unit for Greece, DG for Economic and Financial Affairs, European Commission

16:10 [Session 7 | Skills and employment in the post-crisis era](#)

Nicolas Schmit, Commissioner for Jobs and Social Rights, European Commission

Global perspective: **Christopher Pissarides**, Professor LSE and University of Cyprus, 2010 Nobel Prize Laureate

Niki Kerameus, Minister of Education and Religious Affairs, Hellenic Republic

Moderator: **Panos Tsakoglou**, Professor, Athens University of Economics and Business

17:00 Break

17:05 Session 8 | Opportunities from digital transformation

Kyriakos Pierrakakis, Minister of State and Digital Governance, Hellenic Republic

Business perspective: **Marco Veremis**, Co-founder and Executive Chairman of Upstream, Partner at BigPi Venture Capital, Member of the BoD, Hellenic Federation of Enterprises -SEV

Local government transformation: **Dimitris Papastergiou**, Mayor of Trikala, President of the Greek Municipal Union (KEDE)

'Industry 4.0' perspective: **Athanasios Savvakis**, President, Federation of Industries of Greece – SBE, Executive Director, Biosolids S.A.

Moderator: **Giorgos Fintikakis**, Editor-in-Chief, Liberal.gr

18:00 Session 9 | Internationalization, innovation, and smart specialization: improving manufacturing competitiveness

Gregory Dimitriadis, Secretary General of International Economic Affairs, Ministry of Foreign Affairs, and Chairman of Board of Enterprise Greece

Dimitrios Pontikakis, Economist, Directorate for Growth and Innovation, Joint Research Centre, European Commission

Manolis Dermizakis, Chair, National Council for Research, Technology and Innovation and Professor, University of Geneva

Business perspective: **Michail Stassinopoulos**, Executive Member of the BoD of Viohalco, President of Hellenic Production-Industry Roundtable for Growth

Moderator: **Simos Anastasopoulos**, President, Council on Competitiveness of Greece - CompeteGR

18:55 Farewell address - summary of conference takeaways | Chris Allen, Resident Adviser in Athens, DG Economic and Financial Affairs, European Commission

19:10 Conference close