



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

Brussels, 27 November 2015

Milestones for the disbursement of the third sub-tranche of the Greek ESM programme

Note for the Eurogroup Working Group

As agreed by the Eurogroup on 14 August, EUR 16 bn was to be disbursed to Greece in several instalments, starting with a first disbursement of EUR 13 bn in August. The ESM Board of Directors has approved the disbursement of an additional €2bn following the completion of a 1st set of milestones.

Annexed to the present note is a list for a 2nd milestones which have been specified by the European institutions and the technical feasibility of which has been discussed with the administration. The successful completion of these milestones would provide a basis for the EWG to decide to release the remaining €1bn of programme finance that remains from the decision of 14 August. The EWG is invited to endorse this set of milestones which should be completed by 11 December, 2015 so as to enable the disbursement to place in a timely manner no later than 18 December 2015.

Annex – 2nd set of milestones

Fiscal and fiscal structural reforms

1. After presenting to KYSIP, the Authorities will propose to the institution for discussion a concept note or policy paper outlining options for the key decisions on the design of the **independent revenue agency**, in order to ensure faster drafting and adoption of the legislation in time for the first review.
2. The Authorities will take measures to secure **revenue collection**: (i) Adopt measures, including legislative if necessary, for cross-checking registrations of fuel storage tanks (fixed or mobile) to combat fuel smuggling; (ii) appoint a procurement committee to be able finalise the purchase of software for VAT network analysis to combat VAT carousel fraud;
3. **Health**: The Government will (i) issue the Ministerial Decision on the implementation of hospital clawback; (ii) issue a Ministerial Decision to revise downward the prices of diagnostics from private providers to align the spending to clawback ceiling.

Financial sector reforms

4. Operationalize the **HFSF selection panel** for the appointments of all members and chairman including (i) reaching agreement on a binding Terms of Reference for the selection process, (ii) having the HFSF submit to the EWG a proposal on the remuneration of Selection Panel members which has been agreed with the European institutions, and (iii) agreeing a timetable for the next steps with the aim of completing appointments by end-December 2015.
5. **Household insolvency legislation**: (i) Adopt secondary legislation on the financial assistance scheme for vulnerable households to facilitate the required payments required under the household insolvency law. (ii) The Bank of Greece will issue a decision on the procedure and criteria to be used for determining the maximum of borrower repayment capacity, the amount that creditors would have received in case of emergency enforcement and the potential prejudice to the creditors; (iii) Provide a detailed implementation plan to establish a Credit and Wealth Bureau by end-June 2016 as an independent authority that will identify borrowers' payment capabilities for the facilitation of banking institutions.
6. **NPL Strategy**: (i) adopt the relevant legislation enabling licensing and regulation for non-bank service providers and loan transfers, to be effective as of 1 January 2016. For loans secured by the primary residences as well as loans of SMEs and consumers, the implementation framework will be finalised in the context of the first review of the ESM programme; (ii) initiate preparatory work to update and amend the out-of-court debt resolution law. (iii) Propose a coordination mechanism overseen by the Bank of Greece with a mandate to consider large debts to both private and public creditors and identify and execute specific NPL resolution action. (iv) Submit a Presidential Decree to establish a debt information network and debt information centres (vi) Bank of Greece to appoint a single special liquidator and introduce a performance-based remuneration scheme for liquidators in consultation with HFSF (vii) HFSF to nominate an executive board member and internal team dedicated to NPL resolution; (viii) Set up a new project structure for implementing and monitoring the NPL strategy including the establishment of a special coordinating secretariat and project management office at the Bank of Greece to support the Government Council for Private Debt Management.

Structural Reforms

7. The authorities will follow up as agreed with OECD and adopt or otherwise address 10 more recommendations of the **OECD toolkit II** on beverages and petroleum products in addition to those completed in the context of the first set of milestones.
8. The authorities shall issue in agreement with the institutions a Ministerial Decision to (re-) convene the inter-ministerial committee for **regulated professions**.
9. On **structural funds**, the authorities will (i) implement Law 4314/2014 on European Structural and Investment Funds, adopt all associated delegated acts and any other measures indispensable for the activation of the available funds and ensure the fulfilment of significantly-delayed ex-ante conditionalities. (ii) For the 5 motorway concession projects and for the metro and waste water and solid waste projects, the authorities will: (a) draw an action plan with agreed timelines with concessionaries and/or contractors and including necessary actions to resolve bottlenecks; (b) agree with the institutions and set-up an inter-ministerial coordination committee to monitor the implementation of the action plan and to ensure the necessary decisions are taken timely.
10. **Spatial planning and forestry law:** The Authorities will (i) present the institutions with the proposals for potential improvements of the law 4269 on spatial planning. (ii) agree with the institutions the content of and submit the Presidential Decree on forestry definitions.
11. **Energy:** The Authorities will take irreversible steps (including announcement of date for submission of binding offers) to privatize the electricity transmission company, ADMIE, unless an alternative scheme is provided, with equivalent results in terms of competition and prospects for investment, in line with the best European practices and agreed with the institutions to provide full ownership unbundling from PPC.
12. **Privatisation:** The Authorities will (i) **endorse a plan for the new privatisation fund so that it can be become operational as soon as possible in early 2016** and (ii) complete the Government Pending Actions identified by the institutions for 2015Q4.

Public Administration

13. The authorities will (i) adopt a law to reform the **unified wage grid**, effective 1 January 2016, setting the key parameters in a fiscally neutral manner and consistent with the agreed wage bill targets and with comprehensive application across the public sector, including decompressing the wage distribution across the wage spectrum in connection with the skill, performance, responsibility and position of staff. (ii) commit to continue the **attrition rule** in 2016 while the ratio for the years 2017-2019 will be set in the MTF5 2016-19.