



The Greek Economic Recovery Plan (Greece 2.0)

'Greece 2.0', the Greek Economic Recovery Plan has been laid out with the European Investment Bank (EIB) agreeing to manage a **total of 5 billion euros**. EIB technical, financial and environmental experts identified high-impact projects, priority sectors and effective financial structures.

"Greece 2.0.," aspires to not only create 200,000 jobs but also to increase GDP by 7.0 points in the next six years. The Plan contains **170 projects**.

Budget

The total cost of the Greek plan is €31 164 331 515. The country is going to receive €**17.8 billion in grants and €12.7 billion inexpensive loans** over the next six years. Using these funds and utilizing the loans, "Greece 2.0" seeks to mobilize investment that would boost the Greek GDP by 7% by 2026.

The Council's approval allows the disbursement of €4 billion to Greece in pre-financing (13% of the total allocated amount).

The European loan funding available will be **offered only to private investors and can supply no more than half of project costs**. It will be channelled through domestic and international banks and financial institutions.

The Loan Facility of € 12 728 million shall allocate at least 37% of its funds to activities supporting the climate transition, such as efficiency and demonstration projects for the private sector with significant energy savings or reduction of greenhouse gas emissions, new resources energy sources' capacity (solar and wind) and smart energy systems.

The Plan aims to mobilize significant forces from the private sector, boosting private investment and **using Public-Private Partnerships** to make significant public investment efforts.

Structure

The Greek Recovery Plan consists of four pillars: Green, Digital, Social, and Economic and Institutional reform.

- 1. Green transition: that focuses on energy efficiency and buildings renovation, renewables, electro-mobility, climate resilience, and environmental protection. The investments include, among others:
- Extensive renovation programmes for households, businesses, public buildings and infrastructure.
 - The interconnection of Greek islands, which will significantly reduce the energy costs of households and businesses and energy storage investments.
 - Promotion of strategic urban actions.
 - Large investments in flood control projects, accompanied by changes in the use of irrigation networks and leak detection and smart water management.
 - Investments for the elaboration of urban plans that will inform validly regarding land use for 4/5 of the country.

Component 1.2 (Renovate) introduces reforms and investments in urban and spatial planning, as well as in the renovation of residential, commercial, industrial and public buildings to improve energy performance and reduce the carbon footprint. An Energy poverty action plan and Adaptation and mitigation interventions are also planned.

The green energy transition bid aims to invest **€6 billion of EU grants towards clean energy, with that sum intended to be topped up by €4.4 billion of private investment**. With the EU 'recovery and resilience facility' also offering loans, total liquidity for green power projects is expected to extend to some extra billions.

- 2. Digital transition. The investments of the Plan include, inter alia:
- Pre-installation of fibre optic infrastructure in buildings to facilitate the transition to the use of fibre optic networks by businesses and households.
 - Development of 5G network corridors on Greek highways.
 - Connection of the mainland with modern underwater fibre optic cables with the Greek islands.
 - Ensuring the interconnection and interoperability of systems and individual registers and individual applications between public bodies.
 - Information system for the management of transactions of the Public Administration with the citizens and businesses.
 - Digital transformation of companies, with the acquisition of equipment, cloud services and internet services, such as new electronic payment technologies, electronic invoicing, remote work, digital office, etc.
- 3. Private investment and economic reform. The Plan includes, inter alia:
- Strong incentives for private investment (green, digital transformation, innovation, extroversion).
 - Important infrastructure projects such as the northern part of the E65, the Northern Road Axis of Crete, a major road safety project, major irrigation projects through PPPs, the modernization also through PPPs of the railway network, etc.
 - Investments for the strengthening of culture,
 - Investment in tourism with interventions for mountain tourism.

- 4. Social cohesion and employment. The plan includes, inter alia:
- Employment programs aimed at increasing employment with particular emphasis on the development of digital skills and digital transformation of education.
 - Development of digital infrastructure in the classroom and interactive learning.
 - Upgraded equipment in the laboratories and research centres.

Energy efficiency improvements

The Greek recovery program will include plans for up to 1.38 GW of pumped hydro and battery storage. PV arrays will be included among plans for around **€1 billion to be invested in upgrading national building stock, through measures such as energy efficiency improvements and smart energy systems.**

The partly operational electricity interconnector between the mainland and Cyclades islands will be expanded and the government also plans to devote cash to **setting the national fund for the development of renewables** on a firm footing, after previous financial travails.

Tackling energy poverty

The Plan writes that in Greece 12,5 % of the population live in houses with serious problems of dampness, leaks and rot windows and floors¹. In addition, the country's ten-year economic crisis has highlighted a phenomenon that has been raised in the international debate over the last 15 years: energy poverty, which may even exceed the social limits of income. In 2019, 17.9% of the total population reported an inability to heat their home (EU average 7.3%) and this percentage is rising to 34.1% among the economically vulnerable. Most houses in the country are built before the 1980s and 5 out of 10 have no thermal insulation.

The proposed energy poverty reform under the Environment axis includes the development of a National Action Plan defining the phenomenon and monitoring process and will propose policies and assess their effectiveness. In particular, it will provide for the **provision of financial mechanisms for the energy upgrading of households of vulnerable and other social groups** with specific consumption patterns.

In addition to improving living standards to levels that are good for the health of residents, **the savings from the cost of energy-intensive housing will affect positively the incomes** of vulnerable households by allowing them to cover more of their energy costs.

Social inclusion of vulnerable groups (€ 166 million)²

Creation of reintegration programmes and training of vulnerable social groups (homeless people, beneficiaries of minimum guaranteed income, Roma) into the labour market, digital retraining of elderly and people with disabilities in **new and housing programmes for vulnerable groups**. The project and its sub-projects promote social cohesion and more effective delivery of social services protection services to the most vulnerable.

¹ Page 48, Greece 2.0

² Page 107, Greece 2.0

Consistency with the NECP

According to the European Commission, the Recovery Plan is in line with the NECP, as well as with the priorities of the European Green Deal, the 2030 climate targets and the goal for climate neutrality by 2050.

The recovery and resilience plan includes reforms and investments serving all five dimensions of the NECP and Greece's ambitious decarbonisation goals focusing on renewable energy, energy efficiency and clean mobility.

The "Green Transition" pillar supports the transition towards a low-carbon energy system, with increased participation of renewable energy sources in energy consumption, improved energy efficiency of the domestic building stock (household, public and commercial buildings), and a "greener" and more sustainable transport system.³

Regarding renewable energy sources, the plan includes investments amounting to additional capacity of 6.5 GW by 2025. This equals 74% of the set target by 2030 through investments and contributing towards achieving the increased 55% net greenhouse gas emissions reduction target.⁴

The Plan also takes into account the recommendation of the European Commission on the need to ensure a just transition, in view of the planned phase-out of lignite, and to tackle the challenge of energy poverty.⁵

Finally, the Loan Facility is designed to allocate at least 37% of the value of the loans' portfolio towards the green transition, including biodiversity.

In the NECP, Greece estimated a total planned budget for all energy efficiency measures of € 11 billion and the goals were assessed by the Commission as credible but not sufficiently ambitious.⁶

The Renovate component uses € 2.19 billion covering a part of the NECP budget and some of the measures contained therein. At the same time, **substantial amounts of additional public funding will still be needed to mobilise the total volume of investments necessary** to deliver on the remaining energy savings required to achieve the objective set in the NECP and the long-term renovation strategy for 2030. Further, as the Commission pointed out in its NECP assessment, energy poverty is a significant problem and Greece has confirmed its intentions to address it to a great extent over the next 10 years.⁷

³ Page 27, Assessment of the European Commission on the Greek Plan
https://ec.europa.eu/info/system/files/com_328_6_sw_d_en.pdf

⁴ Page 69, Assessment of the European Commission on the Greek Plan
https://ec.europa.eu/info/system/files/com_328_6_sw_d_en.pdf

⁵ Page 35, Assessment of the European Commission on the Greek Plan
https://ec.europa.eu/info/system/files/com_328_6_sw_d_en.pdf

⁶ Assessment of the final national energy and climate plan of Greece, European Commission Staff Working Document, Brussels, 14.10.2020 SWD (2020) 907 final, pages 9-10

⁷ Page 69, Assessment of the European Commission on the Greek Plan
https://ec.europa.eu/info/system/files/com_328_6_sw_d_en.pdf

Link with the European Semester

The reforms and investments to be implemented represent a major opportunity to remove impediments to growth and thereby support the correction of the identified macroeconomic imbalances in 2019 and 2020.

The plan puts particular emphasis on front-loading mature **public investment projects and promoting public and private investments in priority sectors**, including those contributing to the digital and green transition.

In line with the country-specific recommendation, the plan presents a number of investments promoting **renewable energy** and electricity interconnection, **increase the energy performance of public, residential and non-residential buildings**, the **renewal of urban areas**, safe and sustainable logistics, environmental protection and infrastructure, very-high-capacity digital infrastructure.

These measures are complemented by the establishment of the loan facility, which is going to distribute the loan component of the plan through financial institutions, an equity platform, and InvestEU, and creates financial incentives for the private sector to increase private investments.⁸

Relevant parts in detail

Component 1.2: Renovate (€ 2 711 million)

Reform 1: Energy poverty action plan (by Sept 2021)

The reform consists of the adoption of an action plan to address the challenge of energy poverty. The strategy outlines **targeted policy measures to improve the energy efficiency of residential buildings among economically vulnerable households**.

Relevant investments:

→ Investment 1: Energy renovation on residential buildings (by the end of 2025)- € 1.253 billion

The investment comprises renovations that shall yield significant primary energy savings. It shall improve the digitalisation of final energy consumption through **energy management systems** and promote the deployment of e-mobility infrastructure, such as **charging stations for electric vehicles**. It shall also provide earmarked funds targeting energy-poor residences, thus **establishing a link with the reform** aiming to prepare an energy poverty action plan.⁹

→ Investment 2: Interventions in residential areas and in the building stock (by the end of 2025)

This investment comprises:

⁸ Page 45, Assessment of the European Commission on the Greek Plan
https://ec.europa.eu/info/system/files/com_328_6_swg_en.pdf

⁹ Page 10, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

1) Climate change **adaptation and mitigation interventions in 16 urban and coastal areas** such as the **protection of urban landmarks** of significant importance and the **promotion of the climate neutrality of cities**; -€ 160 million

2) The regeneration of the former industrial area of Votanikos / Elaionas at the heart of Athens; -€ 116 million

4) Other strategic interventions selected through an open call to municipalities that shall promote climate change adaptation and contribute to primary energy savings-€ 31 million+€ 77 million +€ 47 million.¹⁰

→ Investment 3: Energy and entrepreneurship (by the end of 2025)-€ 450 million

The investment provides **financial support to private companies for energy-efficient renovations of their buildings** and processes. It includes two sub-programmes: (a) energy efficiency renovations in the tertiary and secondary sectors for medium, large and very large enterprises and (b) installation of energy-efficient equipment in very small enterprises.

→ Investment 4: Energy upgrade of public sector buildings (by the end of 2025)-€ 200 million

The investment contains the renovation of public buildings and the energy upgrade of street lighting infrastructures.

→ Investment 5: Infrastructure development and restoration in the former royal estate in Tatoi-€ 40 million

The investment comprises the renovation of buildings and upgrading their energy efficiency and infrastructure networks at the Tatoi estate and the creation of walking and cycling routes in its vicinity. The project shall deliver a green, renovated and freely accessible area for recreation to the inhabitants, as well as a new landmark for tourists.¹¹

Reform 2: Preparation of Urban Plans in implementation of the urban policy reform (by the end of 2025)-€ 250 million

This reform consists of the preparation of Local Urban Plans, of Special Urban Plans, the definition of the Development Rights Transfer Zones, and the delimitation of settlements, as well as addressing land use issues related to the recognition of (municipal) road access.

The reform shall address weaknesses and gaps in zoning and land use with a view to promoting sustainable economic activity and protecting the environment. The Local Urban Plans shall include a dedicated chapter on climate change measures and prevention and management of climate-related risks.

Overall, Local Urban Plans will be produced for 700 municipalities or municipal units; five Special Urban Plans, will be produced, Development Rights Transfer Zones will be defined in

¹⁰ Page 11, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

¹¹ Page 12, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

50 municipal units, the delimitation of settlements will be determined in 50 municipal units and municipal roads will be determined in 120 municipal units. In total, measures will be implemented in at least 750 municipal units.¹²

Component 1.4: Sustainable use of resources, climate resilience and environment protection (€ 1.76 billion)

Relevant Investment: Flood mitigation projects (by the end of 2025)- € 110 million

The investment comprises interventions **reducing risks of flooding, providing water for irrigation purposes** in areas facing drought during the summer and enhancing surface water management efficiency in several areas in Greece.¹³

Component 2.1: Connect (€ 522 million)

Relevant Investment: Fibre optic infrastructure in buildings (by the end of 2025)-€ 131 million

The investment promotes the installation of the fibre optic infrastructure in residential and commercial buildings and end-users' connection with very high-capacity networks (VHCN) based on a demand subsidy (voucher) scheme that shall subsidize the costs of internal cabling and the connection fees (the one-off setup fee of broadband services).¹⁴

Component 3.2: Education and training (€ 2 311 million)

Under the Reform 3: Strengthening the Apprenticeship System (€ 690 million), a dedicated part of the allocated grants will contribute to **green skills and jobs and the green economy** as well as to the **renovation of EPAS buildings to improve energy efficiency and spatial functionality**.¹⁵

Relevant Investment: Establishment of Home Health Care & Hospital at Home systems (by mid-2025)

The investment concerns the **establishment of a home care system** for targeted groups of **patients with chronic disabilities**. Home care is combined with parallel organised support from health care units and concerns children, adolescents and adults with serious chronic health problems that cause long-term or permanent disabilities.

The investment shall implement five subprojects: 1) a needs assessment focusing on the identification of good practices, and the recording of the needs; 2) the implementation of telemedicine applications as monitoring tools for patient support; 3) the creation and implementation of a national registry for patients treated through home care; 4) the

¹² Page 13, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

¹³ Page 35, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

¹⁴ Page 50, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

¹⁵ Page 95, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

standardised therapeutic protocols, as well as quality and safety standards and 5) the establishment of eight Reference Sites.¹⁶

Component 3.4: increase access to effective and inclusive social policies (€ 611 million)

Reform 2: Disability (estimated cost € 12 million) contains **independent living assistance** for persons with disabilities, supporting social inclusion of people with autism spectrum disorders (ASD).¹⁷

Relevant Investment: Social Integration (by the end of 2025)

It consists of three subprojects:

- 1) Social reintegration of most vulnerable groups focuses on the support of the most vulnerable groups (Guaranteed Minimum Income beneficiaries, **Roma and homeless people**), aiming at their (re)integration in the labour market.
- 2) **Digital training of older people** and of persons with disabilities involves programmes of acquaintance, familiarisation and education of older people and persons with disabilities in new technologies, mainly in communication and internet-based and social media skills.
- 3) **Social housing focuses on providing housing support to the most vulnerable groups threatened by or facing homelessness** (estimated cost: €1.3 million):¹⁸

The programme is planned to be run in parallel in Athens and Thessaloniki, with the idea to provide 100 social housing through privately owned homes. **The landlords can access grants to renovate their homes** (estimated €10 000 for each unit), **if they agree to let (at low rent) to people selected by the local authority**. There's intermediation by the city and additional services offered by the social partners.

It is a pilot project that will be evaluated after implementation with a view to possible upscaling. It will operate in synergy with the existing Housing and Employment Programme financed by the national budget.

Component 4.4: strengthening the financial sector (€ 21 million)

Reform: New Loans Promotion – Establishment of the Credit Expansion Observatory

The Credit Expansion Observatory collect detailed data on the liquidity provided by banks to individuals and legal entities, in order to better design and implement targeted public policies that aim to increase access to finance. It shall monitor market liquidity, independently, as well as in relation to credit expansion, in the context of supporting the economy and making the most of the funding tools to meet liquidity needs of individuals and businesses.¹⁹

¹⁶ Page 108, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

¹⁷ Page 120, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

¹⁸ Page 121, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

¹⁹ Page 165, Annex to the Proposal for Council decision
https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

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