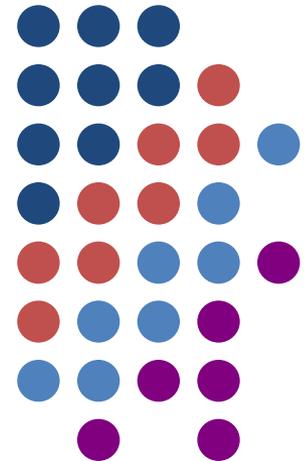


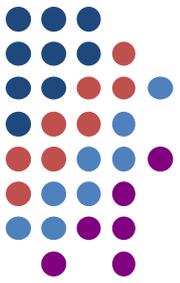
A New Economic Plan for Greece: What future?

Louka T. Katseli

**Prof. Emeritus, National and Kapodistrian University of Athens
Ex Minister of Economy, Competitiveness and Shipping**



1. Points of Agreement

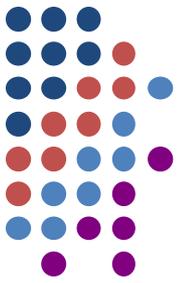


- **Greece:** a country of enormous potential!
Infinite natural resources, cultural assets, renewable energy potential, gateway to Europe – Asia and Africa, entrepreneurial population.
- After ten years of harsh austerity policies and “structural reforms”, results are disappointing and prospects uncertain.

In 2019:

- ✓ GDP per capita in Greece remains low relative to EU average.
- ✓ Structural competitiveness, as measured by the current account deficit to GDP ratio, remains a point of concern (-1,5 % as opposed to 2,7 for EU – 27)
- ✓ The rate of people at risk of poverty (after social transfers) is 30%, as opposed to 21,1% in the EU -27.
- ✓ Investment to GDP ratio remains 10 percentage points lower than the EU average, down from 27% in 2007 (12,5 % vs 22,0%).

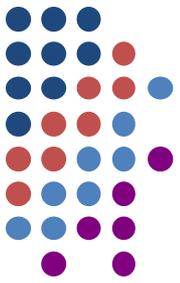
2. Why the past and present failures?



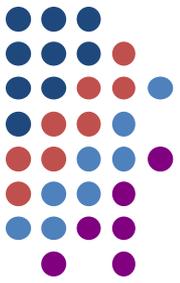
The cause of poor performance is:

- ✓ **NOT** the lack of “ownership of reforms” by Greek governments as the IMF and the Troika proclaimed.
- ✓ **NO** government or society can be expected to “own” a program that consists of harsh austerity policies and a series of structural measures which were more often than not fiscal – consolidation measures in disguise. Ill-designed policies exacerbated the drop in disposable incomes, unemployment, over-indebtedness and inequalities. It is a miracle that social unrest has been kept at a minimum over the past 12 years during which most Greek families saw their livelihoods severely affected.
- ✓ **NOT** low productivity: during the pre-crisis period, there were periods of positive growth in both labour productivity and total factor productivity.

3. Is there a single most important cause of poor performance?



- Albert O. Hirschman (The Strategy of Economic Development, 1958)
“Underdevelopment occurs not because of lack of capital: capital can easily be raised; it occurs not because of lack of skilled people: people can be trained; it occurs because of the failure of a society to organize itself for development...”
- **Low quality of governance**, both in the public and private sectors , is the Achilles’ heel of Greek economic and social development.



4. What is needed for quality of governance to improve?

1. *Credible Vision and Purpose*

that give meaning to our collective actions and can mobilize stakeholders : starting points of great companies and countries .

- ✓ Economic growth is at best a means to an end, does not provide a vision.
- ✓ Economic transformation needs to go hand-in-hand with social and environmental transformation.



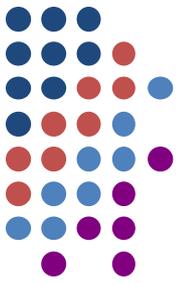
Greece 2030: A Roadmap for Prosperity and Well Being

Prosperity & Well Being:

- ✓ Human Security
- ✓ Decent Livelihoods
- ✓ Solidarity and Social Cohesion
- ✓ Participation, Democracy, Rights and Responsibilities
- ✓ Sustainability and Rights of Future Generations

A Seven – Step Road Map





4. What is needed for quality of governance to improve?(cont')

2. *A Medium-term Sustainable Strategy*

to mitigate uncertainty by defining roles, tasks and responsibilities of public, private and social stakeholders, stabilizing the regulatory environment, introducing key performance indicators (KPIs) and committing to realistic timetables for task implementation:

- ✓ Investment performance cannot improve when tax and regulatory environment changes continuously.
- ✓ Public services need to be accountable for delivering predetermined outcomes.

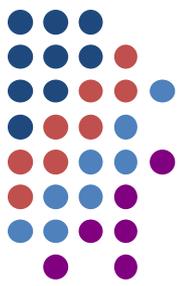


Greek Agenda 2030

- ✓ Commitment to UN sustainable goals (and EU Green Deal).
- ✓ Economic, social and environmental transformation cannot be a “final” but an “early” push.

A Seven – Step Road Map





4. What is needed for quality of governance to improve?(cont')

3. *Carefully Designed, Coherent Policies*

that are properly sequenced, promote vision and are an integral part of declared strategy:

- ✓ Fair burden sharing is a prerequisite for “ownership”.
- ✓ Policies that exacerbate inequalities or environmental degradation are not sustainable.
- ✓ Stop- go policies enhance uncertainty.
- ✓ Policy coherence needed, especially across ministries and across levels of governance (EU, national, regional, local)

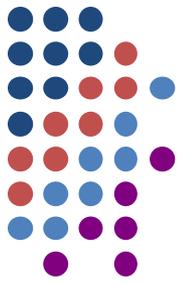


Coherent, properly sequenced policies to improve governance and promote sustainable transformation

- ✓ Improve regulatory business environment,
- ✓ Promote e- governance and administrative reforms,
- ✓ Strengthen public health system,
- ✓ Promote digitalization in public, private and social sectors
- ✓ Provide clever incentives for greening of activities, renewable energy and circular economy, especially in the agro-food and tourist sectors,
- ✓ Build consensus for reforms with long-term impact: education, judicial and social benefit reforms.

A Seven – Step Road Map





4. What is needed for quality of governance to improve?(cont')

4. Transformation of Policies into Concrete and Manageable Projects

eg *Fight Tax Evasion*:

- ✓ What actions needed?
- ✓ Who is responsible?
- ✓ What KPIs?
- ✓ What timeframe?

Red tape reduction for companies:

- ✓ How many ministries are involved?
- ✓ Who is project leader?
- ✓ Who monitors needs and outcomes at the company level?

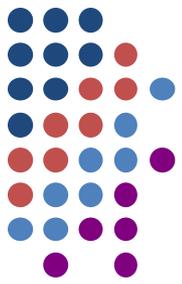


Project Selection : For each policy area, identify projects to be implemented at national, regional and local levels:

- ✓ In collaboration with private sector, identify and select 3-5 emblematic investment projects in each region (eg. thematic cultural parks, assisted-living housing complexes, thermal spas, agricultural waste management , medical tourism projects etc)
- ✓ Set project-specific KPIs.

A Seven – Step Road Map





4. What is needed for quality of governance to improve?(cont')

5. Effective Implementation of Policies and Projects

- ✓ Maturation process (licensing, infrastructure & regulatory requirements, legal obstacles etc.)
- ✓ Effective project management.
- ✓ Anticipation of legal actions.
- ✓ Building partnerships to safeguard sustainability.

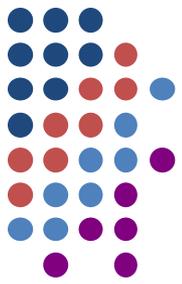


Project Implementation:

- ✓ Forge PPPs.
- ✓ Secure adequate funding and use EU funding opportunities (eg. Recovery and Resilience Fund)
- ✓ Mobilize innovative financial instruments (Factoring, Supply-chain financing, Crowdfundiing, Diaspora Bonds etc)
- ✓ Ensure local support for project implementation.

A Seven – Step Road Map





4. What is needed for quality of governance to improve?(cont')

6. *Monitoring and Evaluation*

- ✓ Creation of intra-ministerial network of Policy Antennas for monitoring implementation.
- ✓ Creation of an independent Policy Evaluation Agency.

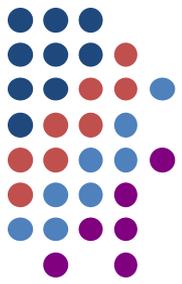


Effective Monitoring and Evaluation System:

- ✓ Monitor progress by project and policy outcomes .
- ✓ Evaluate results as well as short-run and long-term outcomes

A Seven – Step Road Map





4. What is needed for quality of governance to improve?(cont')

7. *Communication of Outcomes*

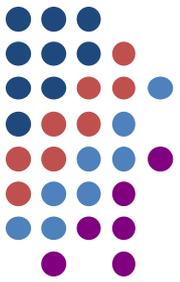
- ✓ Linking concrete outcomes to vision, strategy and policy choices.
- ✓ Highlighting alternatives.
- ✓ Dissemination of results.



***Communicate Progress and Outcomes
(NOT Intentions)
to All Stakeholders to Build Credibility ...***

A Seven – Step Road Map





*A bright future for Greece
is feasible...*

Let's do it!

A Seven – Step Road Map

