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PERMANENT MISSION OF GREECE
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VERY URGENT

Ref. No. 6171.2/11/AS 391

NOTE VERBALE

The Permanent Mission of Greece to the United Nations Office at Geneva and other International Organizations in Switzerland presents its compliments to the Office of the High Commissioner for Human Rights and, following our Note Verbale Ref.No. 6171.2/9/AS 261, dated 15th February 2011, has the honour to forward, additionally, the responses, by the Greek Government, to the questionnaire on recent adjustments of public expenditure and the impact on those living in extreme poverty.

The Permanent Mission of Greece to the United Nations Office at Geneva and other International Organizations in Switzerland avails itself of this opportunity to renew to the Office of the High Commissioner for Human Rights the assurances of its highest consideration.



Geneva, March 3, 2011

To: The Office of the High Commissioner for Human Rights
UN Independent Expert on the question of human rights and extreme poverty
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Questionnaire on recent adjustments of public expenditure and the impact on those living in extreme poverty

Question 1

Greece is facing the challenge to ensure a swift reduction of its deficit and stabilise its debt dynamics in line with the EU and the IMF recommendations while improving the management of its public finances.

Towards this objective, the Greek government is implementing a strict fiscal adjustment programme. The economic programme is fully oriented toward securing fiscal sustainability, safeguarding the stability of the financial system, boosting potential growth and competitiveness and reducing unemployment while ensuring that the adjustment effort is fair and equitable.

For 2011, the government's fiscal policy has been set to deliver the program target of a €17 billion general government deficit. This would imply a deficit of about 7½ percent of GDP.

The design of the 2011 fiscal adjustment program has been guided by the need to preserve fairness, support the economy, and improve government efficiency.

To preserve fairness, adjustment measures have been targeted at those best able to share the burden, and specific initiatives have been introduced to support the unemployed and the most vulnerable.

To support the economy, reliance on new tax measures has been minimized / focused on eliminating wasteful public sector spending.

As regards **social security system**, 2010 has been important for the evolution of the system in Greece. Act 3863/2010 rationalised the pension system in order to ensure its viability, while it also took measures for the low-pensioners and older persons with inadequate income. Given the financial situation, the review of the system was necessary, so that it would be able to express the basic principles of social justice and to maintain its public character, ensuring at the same time its efficiency and long-term viability.

More particularly:

1. The new Act provides for a change in the way of calculating pensions (as from 1/1/2015) that will constitute of two parts:
 - a) **the basic pension**, which will be granted to all pensioners (who have instituted a right as from 1/1/2015) but also to all uninsured persons or those who do not constitute a right to pension, are 65 years old and reside permanently for 15 to 35 years in Greece, given that they have specific income criteria.
 - b) **the proportional amount of pension**, which is defined according to the total insurance period and the competent factor: a repayment rate that varies between 0.8% (300 to 4,500 days of insurance) to 1.5% (for 11,701 to 15,000 days of insurance). This provides for a minimum amount of pension and it also offers to the low-pensioners a decent pension level (360 euro for the year 2010, without calculating any reductions in cases that the necessary criteria are not fully covered).
2. New insurance regulations are introduced for all insured persons in Greece, adjusted to the current social and demographic conditions. i.e. a) the gradual increase of the age limit for full pension to 60 years (with 40 years of insurance) or to 65 years,

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with the exception of those working in dangerous and hazardous occupations (for which 15 years of insurance are enough), b) the gradual equalization of the pension age limits between men and women.

3. The social security system is being simplified as all public servants hired as from 1/1/2011 will be insured to the Social Security Institution (i.e. the Fund of employees in the private sector, IKA-ETAM). Furthermore, the pensioners receiving a pension from NAT (i.e. the Fund of seafarers) are also going to be insured by the IKA-ETAM from 1/1/2013. The reform reduces every possible loss to the pension amount that may come up because of different insurance Funds during the whole insurance period of the employee.

Questions 2 & 3

Fiscal adjustment is achieved through a combination of measures drawing on both the expenditure and the revenue side.

On the expenditure side, except for wage cuts in the public sector, there have been cuts in the Easter, summer and Christmas bonuses paid to pensioners (while protecting those receiving lower pensions). More specific:

Pension reductions:

-The 13th and the 14th pensions have been abolished for all pensioners¹². They have been replaced (only for those receiving less than €2500 a month), by introducing a new flat bonus of €800 a year. More specifically, they receive a Christmas allowance of 400 euros, an Easter allowance of 200 euros and a leave allowance of 200 euros.

-Since 1/8/2010 a contribution has been instituted for all pensions that exceed the amount of 1,400 euro, the "Pensioners' Solidarity Contribution" (EAS). Its aim is to help cover the deficits in the basic pension of the Social Security Institutions. The contribution amount differs from 3% to 10% depending on the pension amount³.

Please note that pensioners receiving a disability pension or those receiving a total disability benefit, are excluded from this special contribution.

Regarding **housing**, due to the financial crisis and the funding problems that Workers Housing Organisation (OEK) is facing, all loaning programmes as well as all the financial benefits to its beneficiaries, are being suspended until 28/02/2011⁴. During the suspension period OEK is reviewing the rationalization of the housing programmes and is trying to make its criteria more objective, so that they can be compatible with the Organisation's financial possibilities. OEK is also examining the construction of new houses according to modern standards, always bearing in mind the best interest and service of its beneficiaries.

¹ Law 3845/2010 *Measures for the application of the support mechanism for the Greek economy by euro area Member States and the International Monetary Fund/ Published in the Official Gazette A. 65/ 06.05.2010*

² There is an exception from the seasonal bonus restriction in some cases regarding disabled people (high degree of disability) /Law3896/2010, article 32

³ art.38, Act 3863/2010, OG 115 A'

⁴ Ministerial Decision 15349/492/29-7-2010 and 26502/786/31-12-2010

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Question 6

The Workers' Housing Organisation (OEK) loan schemes are anticipated to restart functioning from 1/3/2011.

Question 10

Severely affected by the economic crisis, Greece is facing a major challenge: to build a social net against poverty and social exclusion, particularly for the next few years. So, the period of the crisis, will be dedicated to **build a social safety net**, with a number of targeted measures to the people at risk of poverty so as to limit the impact of the crisis. This "social safety net" against social exclusion, includes access to basic services, such as medical care, housing and education is a priority, during the crisis.

(a) Employment

In the field of employment the Ministry of Labour and Social Security, in order to fight unemployment plans and implements, in collaboration with the Public Employment Services, (the Manpower Employment Organisation (OAED), targeted programs for the retention and increase of the number of jobs and for the successful integration of young persons, women and social vulnerable groups in the labour market. Indicative we refer the following:

a.1. Creating incentives for businesses to retain jobs by reducing non-wage costs

- (i) Subsidisation Programme for 200.000 full time jobs, through subsidisation of employers' social insurance contributions, for the preservation of at least 400.000 job positions, in enterprises and employers in general of the private sector (beginning: October 2010).
- (ii) Four-year Special Programme promoting employment for 40.000 unemployed persons, through subsidisation of social insurance contributions (beginning: April 2010).
- (iii) Two-year Special Programme promoting employment for 25.000 unemployed persons, through subsidisation of social insurance contributions (beginning: April 2010).
- (iv) Subsidisation Programme for the acquisition of work experience targeting 10.000 unemployed 16-24 years old, newly entrants in the labour market (beginning: October 2010).

a.2. Active labour market policies with special focus to young unemployed and women

- (i) Re-integration voucher programmes which aim at providing incentives for the unemployed to enter the labour market by converting the unemployment benefit into financial support for finding a job or entering a training programme of their choice. (a.2 L.3845/6-5-2010, OG 65 A').
- (ii) Subsidisation by OAED of employers' social insurance contributions for hiring newly entrants in the labour market under 25 years old, with wages equal to 84% of the minimum wage, as defined by the National General Collective Agreement (a.74 L.3863/2010, OG 115 A').
- (iii) Integrated Programmes of a) for cases of lay-offs and b) local interventions in prefectures with intense unemployment (mainly in West Macedonia and Thrace), based on local support networks of the social partners, local administration, the third sector of economy and vocational education and training. In the prefecture of Kastoria relative measures are already being

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implemented.

- (iv) Programmes aiming at the structural adaptability of employees and businesses with 50 or more employees, hit by the economic crisis (beginning: November 2010).
- (v) Continuation of programmes for new job positions and new entrepreneurs, focusing on the unemployed young and women, and on vulnerable groups (such as the disabled, ex-prisoners and former drug addicts).
- (vi) Tax incentives for young entrepreneurs up to 35 years old (a.69 L.3842/23-4-2010, OG 58).

(b) Social Economy and Social Entrepreneurship

The draft of an act concerning social economy and social entrepreneurship is under way. Moreover, the establishment of a Social Economy Fund for granting micro-credits and loans to support social enterprises is envisaged.

(c) Other measures to mitigate the negative impact of ongoing interventions in the framework of the support mechanism

-In the framework of targeted actions and in an attempt to deal with the current economic crisis, the Greek authorities distributed at the beginning of 2009 a '**special social cohesion allowance**' to long-term unemployed persons, low income pensioners and categories of disabled persons⁵.

-It is provided for the coverage by the Self-Employed Insurance Agency (OAEE) of medical and hospital care for insured persons aged 30-65, who have stopped exercising their profession, for two years following the interruption of their insurance, conditional to certain prerequisites.⁶

-In 2011 a legislative regulation will be enacted for the extension of coverage of medical care for almost all the unemployed beyond the two-year period.

-Extension of programmes of social tourism, vacation and excursions to cover the self-employed (a.69 L.3863/2010, OG 115 A').

-Settlement of debts of heavily indebted individuals (L.3869/3-8-2010, OG 130 A')

-Granting of a special financial allowance of 100€ - 300€, to about 500.000 low-pensioners above 60 years old, covered by all insurance funds except OGA (Agricultural Insurance Organisation), who fulfil certain income criteria. The age limit does not apply to disability pensions. (End of 2010).

-by virtue of Law 3808/2009⁷ a '**social solidarity allowance**' is provided in order to support the families of salaried employees, pensioners and farmers who have a very low income as well as vulnerable social groups (after satisfying certain income and/ or social criteria), amounting from 300 up to 1300 euros, in two equal doses. So far, the first one has been distributed.

The beneficiaries of this financial assistance are the following:

a. Tax payers who during the fiscal year 2009 (data concerning the previous fiscal year 2008) bore the tax burden of persons who are in need of care (according to the provisions of article 7 of the Income Tax Code)

⁵ Law 3746/2009 "Deposits and Investments Guarantee Fund...." /Official Gazette A 27/ 16.02.2009, article 90

⁶ a.2 L.3845/6-5-2010, OG 65 A' and a.69 L.3863/2010, OG 115 A'

⁷ "Extraordinary social solidarity economic support, extraordinary social solidarity contribution of highly profitable companies and highly valued real estate and other laws" Official Gazette A. 227 10.12.2009

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b. Pensioners or those who are entitled to receive pension until this act enters into force by the OGA (Agricultural Insurance Organisation) or by any other organization of main insurance, including the organization for the public servants, on condition that they already are entitled to receive the EKAS (Pensioners' Social Solidarity Benefit).

c. Vulnerable social groups (persons with disabilities, persons suffering from renal disease or who have undergone transplant, unprotected children, financially weak persons (destitutes) and political refugees (1.500 persons).

d. Persons registered as long-term unemployed with the OAED (Manpower Employment Organisation).

Finally, it is pointed out that the Greek social insurance scheme continues to grant the Solidarity Benefit for Pensioners (EKAS) under the following income preconditions for the year 2010:

INCOME (€)	EKAS (€)
Up to 7.607,54	230,00
From 7.607,55 to 7.905,91	172,50
From 7.905,92 to 8.104,76	115,00
From 8.104,77 to 8.353,38	57,50

Nevertheless, a public debate has been initiated in order to be enacted a «**Chart guaranteeing minimum living conditions**» for the support of the most vulnerable groups in society.

-During 2011, improvement of the targeting of social expenses is expected in order for the social safety net to be strengthened.

More specifically, L.3845/2010 ["Measures for the application of the support mechanism for the Greek economy by euro area Member States and the International Monetary Fund / Official Gazette A. 65/ 06.05.2010"] provides authorisation by presidential decrees, in order all necessary extraordinary measures to be taken for the confrontation of special needs of the poor and vulnerable groups of population living under disadvantaged social conditions such as unemployment, old age, social exclusion, lack of income. (Article 2, par.2)

(d) Measures for the improvement of the standard of living

The Workers Fund Organization (OEE) implements social support and assistance programmes for its beneficiaries offering to them social services (2 excursion programmes, the Social Tourism and the Excursion Programme, one programme for book purchase coupons and one programme for entertainment coupons). The programmes for the year 2010 have been formed according to the programme of public expenditure cut-down. More specifically:

1. Social Tourism Programme

YEAR	Social Tourism Coupons
2007	501.955
2008	597.834
2009	744.000
2010	561.770

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2. OEE Organised excursion programmes for the year 2010

	Spring Excursion Programme	Summer Excursion Programme	Autumn Excursion Programme	Winter Excursion Programme
Year 2011 (Data on budgets)	<u>Beneficiaries:</u> 4.290 <u>Expenditure:</u> 418.074,00€	<u>Beneficiaries:</u> 17.880 <u>Expenditure:</u> 3.274.540,00€	There is no budget yet	There is no budget yet
Year 2010	<u>Beneficiaries:</u> 3.900 <u>Expenditure:</u> 322.151,30€	<u>Beneficiaries:</u> 22.242 <u>Expenditure:</u> 4.599.499,62	<u>Beneficiaries:</u> 2.112 <u>Expenditure:</u> 182.961,36€	<u>Beneficiaries:</u> 960 <u>Expenditure:</u> 65.490,90 €
Year 2009	<u>Beneficiaries:</u> 3.900 <u>Expenditure:</u> 290.419,05 €	<u>Beneficiaries:</u> 28.446 <u>Expenditure:</u> 6.043.465,16	<u>Beneficiaries:</u> 2.232 <u>Expenditure:</u> 209.712,48 €	<u>Beneficiaries:</u> 960 <u>Expenditure:</u> 69.341,60 €
Year 2008	<u>Beneficiaries:</u> 2.376 <u>Expenditure:</u> 272.531,52 €	<u>Beneficiaries:</u> 28.080 <u>Expenditure:</u> 6.016.689,70	<u>Beneficiaries:</u> 2.160 <u>Expenditure:</u> 191.911,48 €	<u>Beneficiaries:</u> 1.350 <u>Expenditure:</u> 114.133,00 €
Year 2007	<u>Beneficiaries:</u> 9.360 <u>Expenditure:</u> 431.509,00 €	<u>Beneficiaries:</u> 37.884 <u>Expenditure:</u> 7.437.644,00	<u>Beneficiaries:</u> 588 <u>Expenditure:</u> 160.764,00€	<u>Unified Programme for Summer and Winter Period</u>

3. Book purchase coupons

Year	Book Purchase Coupons	Expenditure (EURO)
2007	210.600	3.462.071,47
2008	250.000	4.084.967,94
2009	260.000	4.160.000,00
2010	140.400	2.246.400,00
2011	141.000	

4. Entertainment (theater) Coupons

YEAR	SUMMER	SPRING	WINTER	TOTAL EXPENDITURE (EURO)
2007	110.000		350.000	6.025.000
2008	110.000		350.000	6.034.000
2009	110.000	15.000	350.000	6.139.000
2010	30.000		350.000	4.725.000
2011	30.000		180.000	2.950.000

5. Day care stations

Under the auspices of OEE operates modern Day Care Stations in privately owned buildings. There are 24 day-care stations in Greece, nine in Attica and 15 in other

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Prefectures. These day-care stations offer free services to beneficiaries' infants, age 8 months to 5 years old, based on social and economic criteria (children of families with many children, orphans, children of single parent families, of disabled persons, children whose parents have low income). Free hospitality of pre-school age children of OEE beneficiaries and quality educational services offer support and assistance to working mothers.

YEAR	BUDGET	EXPENDITURE (€)	NUMBER OF CHILDREN HOSTED
2007	1,800,000€	1.250.154	(2007-08) 1260
2008	2.550,000€	1.571.205,27	(2008-09) 1254
2009	2.550,000€	1.345,088,84	(2009-10) 1423
2010	2,270,000€	1.134.839,71	

6. Centers for working youth

Until 2010 29 Centers for working youth were operating in Attica and other Prefectures. They were offering training and creative work to OEE beneficiaries and their children, as well as to unemployed persons aged 9-49 (sewing, crafts, English, Greek dances). These units did not belong to an educational degree.

In 2009 the operational costs amounted up to 700,000 euro, but due to the low participation of trainees and their decline given the financial crisis, the Boarding Council of OEE decided unanimously to suspend the operation of the Youth Centers and to propose an Act for their abolition.

7) The Action "Reconciling family responsibilities and professional life" is part of the Operational Programme "Development of Human Resources" of the Ministry of Labour and Social Security and is co-financed by the European Social Fund (ESF) within the framework of the National Strategic Reference Framework for the period 2007-2013.

The Action aims at providing women beneficiaries with posts for the care and accommodation of infants, babies, children and adolescents in Structures (Infant Nurseries, Crèches [Day Nurseries], Nurseries of Integrated Care, Centres for the Creative Activities of Children (KDAP) and Centres for the Creative Activities of Children with Disabilities (KDAP MEA) and is targeted on the increase in women's employability and in their equal participation at work.

By virtue of JMD 0.8363/OIK.3.1434/29-04-2010, OEE has been appointed the beneficiary of the programme For the two annual cycles of the said Action (2008-2009 and 2009-2010). For this period the expenditures according to the budget as well as the expenses for the accommodation posts of the children have not been decreased. For the period 2008-2009 the budget amounted up to 47,000,000 euro while the funds for the accommodation posts for women and children who participated amount to 19,417,008.14 euro. On the other hand for the period 2009-2010 the budget amounted up to 61,288,000 euro and the funds for the accommodation posts for women and children who participated amount to 48,946,100 euro.

8) Furthermore during the period 2008-2009 OEE implemented a programme for the accommodation of children with disabilities in the Centres for the Creative Activities of Children with Disabilities that was funded by national funds, covered for the accommodation of 911 children and amounted up to 3,826,200 euro.