



PORTUGAL

EU/IMF FINANCIAL ASSISTANCE PROGRAMME

2011-2014



*Banco de Portugal*

EUROSYSTEM



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## EU/IMF FINANCIAL ASSISTANCE PROGRAMME

**2011-2014**

Portugal: Request for a Three-Year Arrangement Under the Extended Fund Facility,  
IMF Country Report No. 11/127, June 2011. | Council Implementing Decision on  
Granting Financial Assistance to Portugal, 17 May 2011.



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## 1 EU / IMF FINANCIAL ASSISTANCE CONDITIONS

<b>Facility</b>	IMF EFF - Enhanced Fund Facility (under emergency financing and exceptional access)	European Union EFSM - European Financial Stabilisation Mechanism	European Union EFSF - European Financial Stability Facility
<b>Length</b>	36 months	36 months	36 months
<b>Total amount</b>	SDR 23.742 bn (approximately 2306% of quota*)	€26 bn	€26 bn
<b>Disbursements</b>	Up to 13 quarterly tranches subject to conditionality	Up to 14 installments (which may be disbursed in one or more tranches) subject to conditionality	Up to 14 installments (which may be disbursed in one or several loans) subject to conditionality
<b>Repayment of principal</b>	From 2015 to 2024 (For each tranche, 12 equal semi-annual repayments between 4.5-10 years from original drawing date)	Principal repaid at each tranche's maturity	Principal repaid at each tranche's maturity
<b>Average maturity</b>	7.5 years	7.5 years	7.5 years
<b>Cost</b>	<ul style="list-style-type: none"> <li>Interest: Basic rate of charge (SDR interest rate + 100 bp) + surcharge of 200 bp on credit outstanding above 300% of quota (surcharge increases to after 3 years)</li> <li>Commitment fee charged on amounts available for each 12-month period (from 15 to 60 bp depending on amount made available). Refunded as funds are drawn</li> <li>Service charge of 50 bp on each amount drawn</li> <li>Interest paid quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Cost of EU funding for each tranche + 215 bp margin + administrative costs</li> <li>Interest paid annually</li> </ul>	<ul style="list-style-type: none"> <li>Cost of EFSF funding + 208 bp margin + administrative costs</li> <li>One-off service charge of 50 bp on each loan</li> <li>Interest paid annually</li> </ul>

\* Portugal's quota in the IMF is SDR 1029.7 million.

## 2 MACROECONOMIC SCENARIO | As a % of GDP, unless otherwise indicated

	2009	2010	2011	2012	2013	2014	2015	2016
Real GDP (% change)	-2.5	1.3	-2.2	-1.8	1.2	2.5	2.2	2.0
Consumer prices (% change)	-0.9	1.4	3.5	2.1	1.4	1.5	1.5	1.6
Unemployment rate (%)	9.6	11.0	12.1	13.4	13.3	12.0	10.8	9.8
General government balance*	-10.1	-9.1	-5.9	-4.5	-3.0	-2.3	-1.9	-1.8
General government debt	83.0	93.0	106.4	112.2	115.3	115.0	112.9	111.0
Current account balance	-10.9	-9.9	-9.0	-6.7	-4.1	-3.4	-2.7	-2.2
Net International Investment Position	-110.4	-107.5	-116.9	-123.3	-123.4	-121.4	-119.0	-116.4

\* In line with programme objectives, the general government deficit should be below €10 068 million in 2011; €7 645 million in 2012; €5 224 million in 2013, €4 521 million in 2013 and €4 521 million in 2014.

**2011-May Public Finances**

- Prepare a comprehensive report on 10 SOEs posing the largest potential fiscal risks to the state. The report would cover (i) concrete plans, per enterprise, for reducing its operational costs, consistent with an average cut of at least 15 percent in the sector over 2009 levels; (ii) a planned revision of the tariffs.
- Prepare a comprehensive inventory of the existing tax expenditures (including all types of exemptions, deductions and reduced rates), by type of tax, along with their costing estimates.
- Approve a standard definition of arrears and commitments.
- Establish a temporary task force of judges to clear tax cases worth above EUR 1 million.

**Financial Stability**

- Direct all banking groups subject to supervision in Portugal to reach a core Tier 1 capital of 9 percent by end-2011 and 10 percent by end-2012 and maintain it thereafter, with banks required to present by end-June 2011 plans on how they intend to comply with these requirements.

**2011-Jun Financial Stability**

- Design a program of special on-site inspections to validate the data on assets that banks provide as inputs to the solvency assessment.

**2011-Jul Competitiveness**

- Eliminate “golden shares” and all other special rights established by law or in the statutes of publicly quoted companies that give special rights to the state.
- Submit to Parliament a law, already agreed with social partners, to align and reduce severance payments on all new contracts (fixed term and open-ended).
- Finalize calibration of fiscal reform to reduce unit labour costs via deficit-neutral reduction in labour taxes.

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**2011-Aug Public Finances**

- Conduct and publish the results of a survey of arrears of general government entities and SOEs for all categories of expenditure as at end-June.
- Publish a fiscal strategy document for the general government which will specify 4-year medium-term economic and fiscal forecasts, supporting analysis and underlying assumptions, and 4-year costings of new policy decisions.

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**2011-Sep Financial Stability**

- Seek evaluation of the enhanced solvency and deleveraging assessment framework by a joint team of experts from the EC, the ECB and the IMF.
- Improve disclosure on non-performing loans by adding a new ratio aligned with international practices to the current ratio that covers only overdue loan payments.

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**2011-Nov Financial Stability**

- Amend legislation concerning credit institutions in consultation with the EC, the ECB and the IMF to strengthen the early intervention framework and introduce a regime for restructuring of banks as a going concern under official control.
- Amend the Insolvency Law to better facilitate effective rescue of viable firms and support rehabilitation of financially responsible individuals.

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**2011-Dec Public Finances**

- Based on assessment from EU/IMF technical assistance on the budgetary implications of main PPP programs, recruit a top tier international accounting firm to complete a more detailed study of PPPs and identify areas for deeper analysis by an international consulting firm.

**Financial Stability**

- Amend the relevant legislation to strengthen deposit insurance framework by authorizing bank resolution financing and introducing depositor preference.

### **Competitiveness**

- Submit to Parliament legislation revising the Competition Law, making it as autonomous as possible from the Administrative Law and the Penal Procedural Law and more harmonized with the European Union competition legal framework.
  - Review the efficiency of support schemes for co-generation and renewables and propose possible options for reducing the implicit subsidy.
  - Review the Code of Civil Procedure and prepare a proposal addressing the key areas for refinement.
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### **2012-Feb Public Finances**

- Prepare a report on SOEs based on forecast financial statements assessing their financial prospects, potential government exposure, and scope for orderly privatization.

### **Competitiveness**

- Take all necessary legal, administrative, and other steps to make arbitration for debt enforcement cases fully operational.
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**4 STRUCTURAL MEASURES IN THE MEMORANDUM OF UNDERSTANDING ON SPECIFIC ECONOMIC POLICY CONDITIONALITY (European Union)\***

**2011-May Public Finances**

- 3.22 • Prepare a comprehensive report on 10 SOEs posing the largest potential fiscal risks to the state. The report would cover (i) concrete plans, per enterprise, for reducing its operational costs, consistent with an average cut of at least 15 % in the sector over 2009 levels; (ii) a planned revision of the tariffs.
- 3.4 • Prepare a comprehensive inventory of the existing tax expenditures (including all types of exemptions, deductions and reduced rates), by type of tax, along with their costing estimates.
- 3.1 • Approve a standard definition of arrears and commitments.
- 3.35 • Establish a temporary task force of judges to clear tax cases worth above EUR 1 million.

**Financial Stability**

- 2.3 • Direct all banking groups subject to supervision in Portugal to reach a core Tier 1 capital of 9 percent by end-2011 and 10 percent by end-2012 and maintain it thereafter, with banks required to present by end-June 2011 plans on how they intend to comply with these requirements.

**2011-Jun Public Finances**

- 3.10 • Approve definition of contingent liabilities.

**Financial Stability**

- 2.7 • Design a program of special on-site inspections to validate the data on assets that banks provide as inputs to the solvency assessment.
- 2.2 • Request banks to devise by 2011-06 medium-term funding plans to achieve a stable market-based funding position.
- 2.3 • Request banks to present plans by 2011-06 on how they intend to reach the new capital requirements through market solutions.

\* Numbering in the left column corresponds to that used in the Memorandum of Understanding on Specific Economic Policy Conditionality (European Union)

- 2.4
- Increase the bank solvency support facility, in line with EU state aid rules, with overall resources up to EUR 12 billion. EUR 1 billion will be made available in a separate dedicated account to be set up at the Bank of Portugal by end-June 2011. The remainder of the EUR 12 billion foreseen for the bank support fund will be deposited into the dedicated account consistent with the need for bank capital determined by Program reviews.

### **Competitiveness**

- 5.16
- Draft law ensuring the implementation of the new Directive on “Better Regulation” to increase competition in telecommunications sector.
- 5.2
- Transpose Third EU Energy Package.
- 7.1
- Intensify the implementation of the Judicial Reform Map. Audit of the backlog cases, including debt enforcement, insolvency, tax and labour cases. Assess the need for additional measures to expedite the resolution of the backlog.

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## **2011-Jul Public Finances**

- 3.23
- Review the tariff structure of central government SOEs to reduce the degree of subsidisation.
- 3.25
- Announce tighter debt ceilings to central government SOEs from 2012 onwards.
- 3.24
- Complete concrete plans to reduce central government SOEs operational costs by at least 15% on average.
- 3.30
- Report on fiscal risks from SOEs.

### **Financial Stability**

- 2.10
- Launch a process to sell Banco Portugues de Negocios (BPN) on an accelerated schedule and without a minimum price. To this end, submit a new plan to the EC for approval under competition rules. The target is to find a buyer by end-July.

### **Competitiveness**

- 1.3
- Finalize calibration of fiscal reform to reduce unit labour costs via deficit-neutral reduction in labour taxes.

- 7.19 • Eliminate “golden shares” and all other special rights established by law or in the statutes of publicly quoted companies that give special rights to the state.
- 5.1 • Adopt roadmap for the elimination of regulated tariffs in electricity.
- 4.4 • Submit to Parliament a law, already agreed with social partners, to align and reduce severance payments on all new contracts (fixed term and open-ended).

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### 2011-Aug Public Finances

- 3.18 • Perform, with the technical assistance from EC and IMF, an initial assessment, of at least the 20 most significant PPP and concession contracts, including the major Estradas de Portugal PPPs and covering a wide range of sectors.
- 3.12 • Publish a fiscal strategy document for the general government which will specify 4-year medium-term economic and fiscal forecasts, supporting analysis and underlying assumptions, and 4-year costings of new policy decisions.
- 3.2 • Conduct and publish the results of a survey of arrears of general government entities and SOEs for all categories of expenditure as at end-June 2011.

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### 2011-Sep Public Finances

- 3.3 • Enhance monthly reporting on budget execution on cash basis for the general government, including on a consolidated basis.
- 3.4 • Improve the annual report on tax expenditures.
- 3.5 • Establish quarterly fiscal targets.
- 3.7 • Prepare consolidated monthly report on arrears for the general government sector.
- 3.11 • Publish report on fiscal risks (annual).
- 3.13 • Fully implement the Budgetary Framework Law.
- 3.15 • Publish forecasts underpinning the budget.
- 3.16 • Adopt the Statutes of the Fiscal Council.

- 3.23 • Review the tariff structure of SOEs (local and regional levels) to reduce the degree of subsidisation.
- 3.25 • Announce tighter debt ceilings to SOEs from 2012 onwards (local and regional levels).
- 3.24 • Complete concrete plans to reduce SOEs operational costs by at least 15% on average over 2009 levels (local and regional levels).
- 3.23 • Review the level of service provision of SOEs at all levels (central, local and regional).
- 3.33 • Design, in consultation with the EC and IMF staff, the new structure that merges tax, customs and DGITA.
- 3.33 • Study to assess costs and benefits of merging the social security administration with tax, customs and DGITA.
- 3.35 • Make a new assessment of audit performance in the revenue administration.
- 3.35 • Apply interest charges on outstanding debt over the court appeal period.
- 3.35 • Implement new tax arbitration law.
- 3.37 • Report on the state of IT in the revenue administration and propose reforms.
- 3.49 • Draft law and other initiatives to ensure annual decreases of at least 1% per year in the number of central administration employees in 2012-14 and of at least 2% at regional and local levels.
- 3.50 • Draft legislative acts to: i) substantially revise existing exemption categories from NHS moderating fees and ii) increase moderating fees in certain services.
- 3.51 • Reduce tax allowances for healthcare by two thirds.
- 3.54 • Revise the pricing of the first generic introduced in the market
- 3.56 • Make compulsory the electronic prescription for medicines and diagnostic.
- 3.57 • Establish the monitoring system of prescription and assessment by individual doctor with future regular feedback.
- 3.58 • Measures to induce physicians to prescribe generic medicines and less costly available branded product (regulation or guidelines to doctors).
- 3.64 • Legislative and administrative framework for a centralised procurement system for the purchase of medical goods in the NHS.
- 3.70 • Increase in the number of USF units contracting with regional authorities.

- 3.71 • Present timetable to clear arrears in the health system and introduce standardized commitment control procedures.
- 3.72 • Present detailed description of measures aimed to achieve a reduction of EUR 200 millions in the operational costs of hospitals in 2012.
- 3.73 • Publish clinical guidelines and set up an auditing system of their implementation.
- 3.79 • Update annually the inventory of all practising doctors by speciality, age, region, health centre and hospital, public and private sector.
- 3.80 • Prepare regular annual reports, first to be published in March-2012, on the allocation of human resources in the NHS in the period up to 2014.
- 3.83 • Reduce costs for patient transportation by one third.

#### **Financial Stability**

- 2.6 • Seek evaluation of the enhanced solvency and deleveraging assessment framework by a joint team of experts from the EC, the ECB and the IMF.
- 2.9 • Improve disclosure on non-performing loans by adding a new ratio aligned with international practices to the current ratio that covers only overdue loan payments.
- 2.18 • Issue general principles on voluntary out of court restructuring in line with international best practices.
- 2.8 • Provide updates on banks' potential capital needs and evaluate their deleveraging process (to be repeated quarterly).
- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity (to be repeated quarterly). Assess guarantee programmes in place and set-up a Task Force to prepare contingency plans.

#### **Competitiveness**

- 7.23 • Eliminate exemptions permitting direct award of public contracts above and below the Public Procurement Directives thresholds.
- 7.27 • Establish rules ensuring ex-ante auditing/checks on public procurements by appropriate body.
- 5.3 • Take measures to improve functioning of Iberian gas market through regulatory convergence.

- 5.13 • Report on consistency and possible overlapping of energy policy instruments.
- 5.10 • Report annually on action taken to improve the compensation schemes of new contracts in renewables (if any).
- 5.11 • Report annually on the cost and benefits of new investments in renewables, including the consequences for energy prices.
- 5.17 • Launch auctions of spectrum awarding new players the right to use “new” radio frequencies, and decrease mobile termination rates.
- 5.19 • Introduce standardized contracts, make explicit the right to free cancellation, and facilitate price comparison, in order to increase consumers’ mobility in fixed communications.
- 5.18 • Renegotiate existing contract with current provider and launch a new (non-discriminatory) tender for the designation of providers of universal services in telecommunications.
- 5.20 • Transpose the Third Postal Directive to liberalize Postal Services.
- 5.21 • Eliminate VAT exemptions in postal services to guarantee a level playing field.
- 5.22 • Strategic Plan for Transport to rationalize, better integrate and increase competition in the sector.
- 5.23 • Transpose EU Railway Package law and privatise the freight branch of CP and suburban lines.
- 5.28 • Present to the Parliament the amendments to sector-specific legislation under the Services Directive in order to further liberalise the sector.
- 5.30 • Law to improve recognition of professional qualifications: adopted for professions not regulated by Parliament; presented to Parliament for the other professions.
- 5.33 • Adjust the legislative framework in order to liberalise access and exercise of regulated professions: to be adopted for professions not regulated by Parliament; to be presented to Parliament for the other professions.
- 5.31 | 5.32 • Make adjustments to the legislative framework in order to reduce the number of regulated professions and eliminate unjustified reserves of activity and restrictions to advertising: adopted for professions not regulated by Parliament; presented to Parliament for the other professions.

- 6.1 • Present measures amending the New Urban Lease Act Law.
- 6.2 • Adopt legislation to simplify administrative procedures for renovation.
- 6.3 • Review the framework for the valuation of housing.
- 7.3 • Adopt roadmap for the implementation of the Judicial Reform Map.
- 7.6 • Present new law on Arbitration.
- 7.9 • Extend the new experimental civil procedure regime to 4 courts.
- 7.6 • Implement the Tax Arbitration Law.
- 7.15 • Introduce standardised court fee and special court fees for certain categories of cases to disincentivise spurious litigation.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

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#### **2011-Oct Public Finances**

- 3.38 • Prepare a strategic plan 2012-2014 for the revenue administration, including concrete actions to combat tax fraud and evasion, to strengthen audit and enforce collection based on risk management techniques.
- 3.34 • Prepare comprehensive plans to reform the revenue administration (including special chambers, reduction of number municipal tax offices, increase in auditing staff).

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#### **2011-Nov Financial Stability**

- 2.14 • Amend legislation concerning credit institutions in consultation with the EC, the ECB and the IMF to strengthen the early intervention framework and introduce a regime for restructuring of banks as a going concern under official control.
- 2.16 | 2.17 | 2.20 • Amend the Insolvency Law to better facilitate effective rescue of viable firms and support rehabilitation of financially responsible individuals.

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#### **2011-Dec Public Finances**

- 3.36 • Submit law to Parliament to strengthen the auditing powers of the revenue administration.

- 3.6 • Change budget execution rules to align with the definition of arrears and commitments.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.
- 3.14 • Draft law proposal to Parliament to reform local and regional finance laws.
- 3.26 • Prepare a plan to strengthen the governance of SOEs (at central, local and regional level).
- 3.31 • Frontload privatisation plans and prepare two additional companies for privatisation.
- 3.33 • Complete the design of the new structure that merges tax, customs and DGITA.
- 3.35 • Integrate the IT systems between the revenue administration and tax courts.
- 3.39 • Reduce management positions and administrative units by at least 15% in central government.
- 3.40 • Implement a second phase of the administration reform programme (PRACE).
- 3.41 • Submit law to Parliament to reduce management positions and administrative units in local administration.
- 3.41 • Take initiative to reduce management positions and administrative units in regional administration.
- 3.42 • Carry out a cost/benefit analysis of public entities (foundations, institutes, etc).
- 3.43 • Draft law on creation and functioning of public entities (foundations, institutes, etc) in central and local administration.
- 3.43 • Take initiative to regulate the creation and functioning of public entities in regional administration.
- 3.45 • Identify inefficiencies and duplications between the central, local and locally based central administration.
- 3.48 • Prepare plan of mobility of human resources within the administration.
- 3.19 • Based on assessment from EU/IMF technical assistance on the budgetary implications of main PPP programs, recruit a top tier international accounting firm to complete a more detailed study of PPPs and identify areas for deeper analysis by an international consulting firm.

- 3.50 • Legislation on automatic indexation to inflation of NHS co-payments.
- 5.52 • Reduce the public expenditure on public health-benefits schemes by 30% in 2012, by 20% in 2013. Ensure further similar reductions in subsequent years with a view to have the health-benefits schemes self-financed by 2016.
- 3.53 • Prepare the medium-term health care budgetary framework.
- 3.55 • Revise the existing pricing system for medicines based on international prices.
- 3.57 • Carry out the first quarterly feedback on prescription to each physician.
- 3.59 • Establish rules for the prescription of drugs and complementary diagnostic exams (prescription guidelines).
- 3.60 • Reduce the administrative/legal hurdles in generic medicines market.
- 3.61 • Effectively implement the existing legislation regulating pharmacies.
- 3.62 • Change the calculation of profit margins for wholesale companies and pharmacies to ensure that at least EUR 50 million in savings in public expense comes from reduction in profits of pharmaceutical sector.
- 3.65 • Finalise the uniform coding system and the common registry for medical supplies.
- 3.66 • Reduce by 10 percent the overall spending (including fees) of the NHS with private providers delivering services to NHS – increase competition among private providers.
- 3.70 • Establish the mechanism to guarantee the presence of family doctors in needed areas.
- 3.74 • Improve selection criteria and adopt measures to ensure a more transparent selection of the chairs and members of hospital boards.

### **Financial Stability**

- 2.15 | 2.16 • Amend the relevant legislation to strengthen deposit insurance framework by authorizing bank resolution financing and introducing depositor preference.
- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.

- 2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process.

### Competitiveness

- 7.20 • Submit to Parliament legislation revising the Competition Law, making it as autonomous as possible from the Administrative Law and the Penal Procedural Law and more harmonized with the European Union competition legal framework.
- 7.21 • Present an independent report on the independence and resources of the national regulator authorities and the proposal to reinforce it where necessary.
- 7.20 • Take measures to ensure the Competition Authority has sufficient and stable means of effective operation.
- 7.24 • Amend the Public Procurement Code provisions on errors and omissions and additional works/services.
- 7.25 • Implement measures regarding irregular direct awards for additional works/services.
- 7.26 • Adopt measures making financially responsible contracting authorities for non-compliance with public procurement rules.
- 7.28 • Upgrade the national Public Procurement Portal (Base) based on Resolution 17/2010 of the National Parliament.
- 7.29 • Modify Art 42 of the Public Procurement Code concerning R&D projects for large public contracts.
- 7.30 • Adopt the "Simplex Exports" programme.
- 7.31 • Implement the strategy to facilitate access to finance and export markets for companies, in particular SMEs.
- 5.7 • Review the efficiency of support schemes for co-generation and propose possible options for reducing the implicit subsidy.
- 5.8 | 5.9 • Review in a report the efficiency of support schemes for renewables and, for existing contracts, assess in a report the possibility of agreeing a renegotiation of the contracts in view of a lower feed-in tariff.
- 5.5 • Report on lack of entry in gas market (reasons and measures).

- 5.6 • Revise downwards payment to electricity producers under guarantee compensation mechanism and long-term power-purchase agreements.
- 5.12 • Streamline administrative procedures and increase transparency of charges for renewable energy producers.
- 5.14 • Take measures to modify energy policy instruments to ensure consistency and eliminate possible overlapping of energy policy instruments.
- 5.15 • Increase in VAT tax rate in electricity and gas and in excise duties in electricity.
- 5.24 • Prepare the Port Strategy and a proposal for legal framework to implement the Port Strategy for integration of ports into overall logistic and transport system and for improvement of governance.
- 5.26 • Report on (objectives, instruments and efficiency gains) on-going and planned initiatives in the port sector.
- 5.27 • Revise the legal framework governing port work (more flexible) in place.
- 5.28 • Adopt amendments to sector-specific legislation under the Services Directive.
- 5.29 • Eliminate unjustified restrictions to free establishment and to cross-border provision for construction and real estate, when transposing sector-specific regulation in accordance with the Services Directive.
- 5.34 • Report of remaining requirements in regulated professions and elimination of unjustified ones.
- 5.35 • Extend on-line procedures in Points of Single Contact to all sectors under the Services Directive.
- 5.35 • Implement the “Zero authorisation project” abolishing licenses on wholesale, retail and hotel and restaurants.
- 6.1 • Draft legislation amending the New Urban Lease Act Law 6/2006 to be submitted to Parliament.
- 6.4 • Modify property taxation with a view to i) level incentives for renting versus acquiring housing and ii) shift the tax burden towards the recurrent real estate tax.
- 7.13 • Review the Code of Civil Procedure and prepare a proposal addressing the key areas for refinement.

- 7.4 • Establish new court management methods for two county courts, including in Lisbon and present courts personnel management plan.
- 7.8 • Take measures to give priority to alternative dispute resolution enforcement.
- 7.10 • Report on the experimental civil procedure regime and the possibility of extension to all courts.
- 7.12 • Assess the need for separate Chambers within the Commercial Courts with specialised judges for insolvency cases.
- 7.14 • Prepare measures to expedite the resolution of tax cases.
- 7.5 | 7.16 • Annual work plan on the allocation of resources based on court by court performance data.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.
- 4.1 • Adopt an action plan to reform the unemployment benefits system.
- 4.4 • Prepare legislative proposal to revise severance payment entitlements for current employees in line with the reform for new hires.
- 4.5 • Prepare legislative proposal to revise the cases for fair individual dismissals.
- 4.6 • Prepare plan to promote the use of flexible working time arrangements.
- 4.8 • Implement commitments in the Tripartite Agreement on “organised decentralisation”.
- 4.8 • Adopt an action plan to allow works councils to conclude firm-level agreements.
- 4.9 • Report on current activation policies and other active labour market policies.
- 4.9 • Adopt an action plan to improve further activation policies and other active labour market policies.
- 4.10 • Prepare a monitoring, assessment and reporting system to evaluate education and training policies.

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## 2012-Feb Public Finances

- 3.27 • Prepare a report on SOEs assessing their financial prospects, potential government exposure and scope for orderly privatization.

## Competitiveness

- 7.6
- Take all necessary legal, administrative, and other steps to make arbitration for debt enforcement cases fully operational.

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### 2012-Mar Public Finances

- 3.31
- Present new plan for privatisations.
- 3.34
- Establish specialised large tax cases courts and technical staff group.
- 3.9
- Publish additional information on general government staff on a quarterly basis.
- 3.19
- Finalisation of detailed study on PPPs and concessions by the top tier international accounting firm.
- 3.20
- New legal and institutional framework for analysing PPPs.
- 3.29
- Draft law to regulate the creation and functioning of SOEs.
- 3.8
- Publish quarterly accounts for SOEs 45 days after end of quarter.
- 3.33
- Merge the revenue collection units of social security administration, if cost-benefit assessment is favourable.
- 3.67
- Implement the centralised purchasing of medical goods through the recently created Central Purchasing Authority.
- 3.68
- Introduce a regular revision of the fees paid to private providers.
- 3.69
- Assess compliance with European competition rules of the provision of services in the private healthcare sector.
- 3.75
- Set up a system for comparing hospital performance on the basis of a comprehensive set of indicators and regular reports.
- 3.76
- Achieve full interoperability of IT systems in hospital services.
- 3.81
- Adopt rules to increase mobility of healthcare staff including doctors within and across regions.
- 3.81
- Adopt for all staff flexible time arrangements, aiming at reducing by at least 10% spending on overtime compensation in 2012 and another 10% in 2013.

3.81 • Implement a stricter control of working hours and activities of staff of hospital.

3.80 • Publish annual report on allocation of Human Resources in the NHS.

### **Financial Stability**

2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.

2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process.

### **Competitiveness**

7.21 • Implement the proposal on reinforcing the independence and resources of the national regulator authorities.

5.19 • Present market analysis in fixed communications and adopt measures to reduce entry barriers.

5.30 • Law to improve recognition of professional qualifications framework approved by Parliament.

5.32 • Law to reduce the number of regulated professions and eliminate unjustified reserves of activity approved by Parliament.

5.33 • Law to liberalise access and exercise of regulated professions approved by the Parliament.

5.35 • Adapt Points of Single Contact to incorporate new legislation in order to reduce administrative burdens for firms.

7.11 • Make the specialised courts on competition and intellectual property rights fully operational.

7.7 • Increase capacity of Justices for the Peace to handle small claims.

7.17 • Assess workload/staffing for the six pilot courts under the Judicial Reform Map.

7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

4.2 • Draft legislation on unemployment benefits system to be adopted by the government.

4.4 • Draft legislation on severance payment entitlements for current employees to be submitted to Parliament.

- 4.5 • Draft legislation on the cases for fair individual dismissals to be submitted to Parliament.
  - 4.6 • Draft legislation on the use of flexible working time arrangements to be submitted to Parliament.
  - 4.8 • Draft legislation on firm-level agreements concluded by works councils to be submitted to Parliament.
  - 4.8 • Draft proposal to reduce the firm size threshold for works councils to conclude agreements below 250 employees, with a view to adoption by Q2-2012.
  - 4.10 • Adopt an action plan to improve the quality of secondary education.
  - 4.10 • Adopt an action plan on attractiveness and labour market relevance of vocational education and training and enhancing career guidance mechanisms.
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#### **2012-Jun Public Finances**

- 3.32 • Prepare an asset inventory, including real estate, owned by municipalities and regional government, examining scope for privatisation.
- 3.42 • Close the public entities with an unfavourable cost/benefit analysis.
- 3.45 • Eliminate inefficiencies and duplicities in the central, local and locally-based central administration.
- 3.46 • Implement fully the strategy of shared services in central administration in the areas financial and human resources.
- 3.41 • Present plans of each municipality to reduce the management positions and administrative units by at least 15% by the end of 2012.
- 3.9 • Publish additional information on general government staff on a quarterly basis.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.
- 3.78 • Move some hospital outpatient services to primary care units (USF).
- 3.82 • Finalise the system of patient electronic medical records.

### **Financial Stability**

- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.
- 2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process.

### **Competitiveness**

- 5.35 • Extend the "Zero authorisation project" abolishing licenses on wholesale and retail and restaurants to all levels of administration.
- 4.7 • Prepare draft legislative proposal containing criteria and modalities for the extension of collective agreements.
- 4.7 • Prepare an independent review on how the tripartite concertation on wages can be reinvigorated.
- 4.8 • Adopt the proposal to reduce the firm size threshold for works councils to conclude agreements below 250 employees.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

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#### **2012-Jul Public Finances**

- 3.21 • Annual PPP and concessions report including fiscal risks report.
- 3.30 • Annual SOE report including fiscal risks report.
- 3.44 • Develop a consolidated plan to reduce municipalities and parishes.

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#### **2012-Sep Public Finances**

- 3.11 • Publish the annual report on fiscal risks.
- 3.9 • Publish additional information on general government staff on a quarterly basis.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.
- 3.79 • Annual update of the inventory of all practicing doctors.

### **Financial Stability**

- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.
- 2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process.

### **Competitiveness**

- 5.11 • Annual report on new investments in renewables.
- 5.10 • Annual report on new contracts in renewables.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

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## **2012-Nov Public Finances**

- 3.77 • Publish detailed action plan on rationalisation of hospital network.

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## **2012-Dec Public Finances**

- 3.41 • Municipalities and regions to reduce management and administrative units by at least 15%.
- 3.34 • Reduce number of municipal tax offices by 20%.
- 3.33 • Complete the implementation of the new structure that merges tax, customs and DGITA.
- 3.34 • Increase the number of auditors to at least 30% of total staff in the tax administration.
- 3.35 • End of temporary task force to clear stock of appeal cases above EUR 1 million.
- 3.46 • Implement shared services in IT.
- 3.49 • Reduce the number of central administration employees by at least 1% per year, with larger reductions at regional and local level of 2%.
- 3.9 • Publish additional information on general government staff on a quarterly basis.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.

- 3.75 • Annual report on comparison of hospital performance on the basis of a comprehensive set of indicators.
- 3.52 • Further reduce public expenditure on public health-benefit schemes by 30% in 2012.

#### **Financial Stability**

- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.
- 2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process.

#### **Competitiveness**

- 5.1 | 5.4 • Eliminate regulated tariffs in electricity and gas.
- 6.3 • Bring value of all property stock close to market value.
- 7.3 • Create 39 court units, entirely financed through expenditure savings and gains of efficiency (implementation of the Judicial Reform Map).
- 7.5 | 7.16 • Publish in the internet na annual work plan on the allocation of resources based on court by court performance data.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

### **2013-Mar Public Finances**

- 3.9 • Publish additional information on general government staff on a quarterly basis.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.
- 3.80 • Publish annual report on allocation of Human Resources in the NHS.

#### **Financial Stability**

- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity (to be repeated quarterly).
- 2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process (to be repeated quarterly).

### **Competitiveness**

- 7.32 • Implement the New Late Payments Directive.
- 7.33 • Include all municipalities and all levels of public administration within the scope of the Simplex Programme.
- 5.35 • Extend the Points of Single Contact reducing administrative burdens for firms to all sectors.
- 5.35 • Extend the “Zero authorisation project” abolishing licenses to other sectors of the economy.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

### **2013-Jun Public Finances**

- 3.9 • Publish additional information on general government staff on a quarterly basis.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.

### **Financial Stability**

- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.
- 2.8 • Provide updates on banks’ potential capital needs and evaluates their deleveraging process.

### **Competitiveness**

- 6.5 • Review the functioning of the housing market with support of internationally – reputed experts.
- 7.1 • Eliminate the court backlog.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

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### **2013-Jul Public Finances**

- 3.21 • Annual PPP and Concessions report including fiscal risks report.
- 3.30 • Annual SOE report including fiscal risks report.

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## 2013-Sep Public Finances

- 3.11 • Publish the annual report on fiscal risks.
- 3.9 • Publish additional information on general government staff on a quarterly basis.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.
- 3.79 • Annual update of the inventory of all practicing doctors.

### Financial Stability

- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.
- 2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process.

### Competitiveness

- 5.11 • Annual report on new investments in renewables.
- 5.10 • Annual report on new contracts in renewables.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

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## 2013-Dec Public Finances

- 3.34 • Reduce number of municipal tax offices by 20%.
- 3.47 • Reduce the number of local branches of line ministries.
- 3.49 • Reduce the number of central administration employees by at least 1% per year, with larger reductions at regional and local level of 2%.
- 3.9 • Publish additional information on general government staff on a quarterly basis.
- 3.8 • Publish quarterly accounts for SOEs 45 days after end of quarter.
- 3.52 • Further reduce public expenditure on public health-benefit schemes of 20% in 2013.

- 3.75 • Annual report on comparison of hospital performance on the basis of a comprehensive set of indicators.

#### **Financial Stability**

- 2.22 • Report on corporate and household sectors indebtedness, their funding pressures and debt refinancing activity.
- 2.8 • Provide updates on banks' potential capital needs and evaluates their deleveraging process.

#### **Competitiveness**

- 7.5 | 7.16 • Publish in the internet na annual work plan on the allocation of resources based on court by court performance data.
- 7.18 • Publish quarterly reports on recovery rates, duration and costs of corporate insolvency and tax cases.

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#### **date to be set**

#### **Financial Stability**

- 2.5 • Streamline the state-owned CGD group to increase the capital base of its core banking arm as needed. Set a more ambitious schedule towards the already announced sale of the insurance arm of the group, a program for the gradual disposal of all non-core subsidiaries, and, if needed, a reduction of activities abroad.
  - 2.21 • Launch a campaign to raise awareness of the restructuring tools. available for early rescue of viable firms through, e.g., training and new information means.
  - 2.1 • Subject to approval under EC competition rules, the authorities are committed to facilitating the issuance of government guaranteed bank bonds in an amount of up to EUR 35 billion, including the existing package of support measures.
  - 2.9 • Allocate new resources for the recruitment of additional specialist banking supervisors.
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