



REFORM/SC2022/060 – Financing sustainability in Greece with public policy instruments

Deliverable 7: Strategy and action plan

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List of Abbreviations

The following table provides a list of abbreviations, which contains all the key terms included in the document.

| Abbreviation | Definition |
|--------------|--|
| CBA | Cost-Benefit Analysis |
| CBAM | Carbon Border Adjustment Mechanism |
| CCS | Carbon Capture and Storage |
| CF | Cohesion Fund |
| CRM | Customer Relationship Management |
| DG | Directorate General |
| DYPA | Public Employment Service |
| EBRD | European Bank for Restructuring and Development |
| EC | European Commission |
| EEA | European Economic Area |
| EIB | European Investment Bank |
| EIF | European Investment Fund |
| EKDDA | National Centre for Public Administration and Local Government |
| ERDF | European Regional Development Fund |
| ESF | European Social Fund |
| ESG | Environmental, Social, and Corporate Governance |
| ESIF | European Structural & Investment Funds |
| ETS | Emissions Trading System |
| EU | European Union |
| EUGBS | European Union Green Bond Standards |
| GAO | General Accounting Office of Greece |
| GBPs | Green Bond Principles |
| GHG | Greenhouse Gas |
| GOV ERP | Governmental Enterprise Resource Planning |
| GPP | Green Public Procurement |
| GRI | Global Reporting Initiative |
| HBA | Hellenic Bank Association |
| HCMC | Hellenic Capital Market Commission |
| ICMA | International Capital Market Association |
| IMF | International Monetary Fund |
| ISS | Institutional Shareholder Services |
| IT | Information Technology |
| JTS | Just Transition Scheme |
| KPI | Key Performance Indicator |
| MS | Member-States |
| NACE | Nomenclature of Economic Activities |
| NECP | National Energy and Climate Plan |
| NIS | National Industrial Strategy |
| NSRF | National Strategic Reference Framework |
| OECD | Organization for Economic Cooperation and Development |
| PDE | Public Investment Programme |
| PDMA | Public Dept Management Agency |
| PPP | Public-Private Partnerships |

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|--------|---|
| RES | Renewable Energy Sources |
| RRF | Recovery and Resilience Fund |
| SASB | Sustainability Accounting Standards Board |
| SD | Strategic Direction |
| SGBs | Sovereign Green Bonds |
| SMEs | Small and Medium-sized Enterprises |
| UN | United Nations |
| WG | Working Group |
| ΕΣΔΑ | Εθνικό Σχέδιο Διαχείρισης Στερεών Αποβλήτων |
| ΕΣΥΒΙΠ | Industrial Policy Coordination Commission |

1 Introduction

The aim of this deliverable is to present a comprehensive action plan for the development of a national sustainable finance strategy in Greece, building upon the insights and findings gathered from all the precedent analysis in previous deliverables. The primary goal is to develop a detailed implementation plan that not only consolidates previous findings and recommendations but also outlines a clear pathway for the practical implementation of measures and reforms.

The strategic significance of this deliverable lies in its objective to align with the aspirations of the National Industrial Strategy (NIS); after all, the present strategy is characterized as a flagship initiative under the NIS. Equally important, this strategy also contributes to identifying the proper measures for the financing of the energy transition as derived from the national Energy and Climate Plan. Hence, the implementation of such a sustainable finance strategy requires successful coordination of the key Ministries (Economy & Finance, Development, Environment & Energy) and close interaction with institutional and market actors.

This deliverable provides a concise overview of the sustainable financing landscape in terms of national, EU and international frameworks but also in terms of the Greek Sustainable Finance Ecosystem. The deliverable also presents a comprehensive description of the problem definition (i.e., the existence of a green funding gap associated with specific challenges and barriers hindering the flow of funding sources to close this gap).

The deliverable also presents the vision of the strategy, in line with the above, and sets three strategic objectives for the fulfillment of this strategy. The strategic objectives are supported by an action plan that contains individual measures and actions, outlining the expected outcomes, the challenges addressed, the responsible actor for the implementation and the key resources required. The measures, where possible, are linked with the specific toolkits of the Toolbox developed under Deliverable 5.

2 Overview of Sustainable Finance Ecosystem

The present section presents a brief and high-level overview of the legal framework concerning sustainable finance in Europe and demonstrates how it is adopted by the Greek institutional and legal framework, while illustrating the main actors that constitute and influence the sustainable finance ecosystem in Greece¹.

- Launching the Action Plan for Financing Sustainable Growth (2018),
- Positioning sustainable finance as a core element of the EU Green Deal, as part of the efforts towards achieving clean energy transition of the European economy and society by 2050,
- Imposing the European Climate Law (No (EU) 2021/1119), the central implementing law of the EU Green Deal facing the climate change challenge and pursuing the 2050 net-zero goal,
- Implementing the EU Adaptation Strategy (COM (2021) 82), a framework advancing specific measures and targets, aiming to eliminate the risk from increasing natural disasters and extreme climate events, while guaranteeing resilience of European socio-economic activities,
- Launching the Fit for 55 Package (COM (2021) 550), a series of proposals envisaging a reduction of EU GHG emissions of at least 55% by 2030, through clean transport, RES, a carbon tariff (CBAM), and extension of the EU Emissions Trading System (ETS) to transportation and heat sectors,
- Updating the European Industrial Strategy of 2021 (COM (2021) 350), setting out different pathways to address climate change and positioning the EU among the world's leading economies in the aftermath of the COVID-19 crisis,
- Establishing the Net-Zero Industry Act (2023), an initiative stemming from the Green Deal industrial plan, aiming to scale-up the production of clean technologies within the EU. This will increase the EU's production capacity for technologies supporting the green energy transition and emit significantly low, zero or negative GHG emissions during operation,
- Presenting the EU Taxonomy, a classification system of environmentally sustainable economic activities, with a crucial role in assisting the EU member-states to scale up sustainable investment and deliver the EU Green Deal. Its goal is to determine which economic activities can be labelled as environmentally sustainable, based on the following objectives:
 - Climate change mitigation
 - Climate change adaptation
 - The sustainable use and protection of water and marine resources
 - The transition to a circular economy
 - Pollution prevention and control
 - The protection and restoration of biodiversity and ecosystems,
- Implementing the REPowerEU plan, aiming to save energy and improve energy efficiency, diversify energy supplies, and accelerate the clean energy transition.

¹ A more detailed overview is provided under Deliverable 3 of this project

2.1 European Sustainable Finance Landscape

The European Union, in line with the Paris Agreement (2016) and the United Nations (UN) 2030 Agenda for Sustainable Development, has been actively seeking to evolve as a global standard-setter regarding sustainable finance and the promotion of sustainable and innovative investments. In this context, sustainable finance has emerged as a critical component in advancing its climate and sustainability commitments, by channeling both public and private funds into the transition to a climate-neutral / resilient, resource-efficient, and equitable regional economy. To achieve this, the EU is actively promoting the establishment of an efficient financial system which encourages sustainable development by:

2.2 National Sustainable Finance Landscape

In line with the above, over the last years, the Greek government has been actively making efforts to establish an institutional framework aligned with the European and international sustainability objectives and initiatives, through its **overreaching legal framework, national strategies, and plans**, aiming to achieve sustainable transition of all sectors of the Greek economy and meet the country's climate ambitions.

The **National Climate Law** (Greek law 4936 of 26 May 2022):² The objective of this law is to establish a coherent framework to enhance Greece's adaptive capacity and climate resilience, while ensuring its gradual green energy transition by 2050, in the most environmentally sustainable, socially equitable and cost-effective manner. The most important policies and measures adopted to reach these objectives relate to the reduction of GHG emissions by at least 55% and 80% by the end of 2029 and 2040, respectively, the establishment of sectoral 5-year carbon budgets, the promotion of electromobility and reduced use of heating oil, the imposition of annual CO₂ footprint reporting duties on different entities through a publicly available virtual platform, the provision of tax incentives for green investments, and the establishment of a National Observatory for the Adaptation to Climate Change and an on-line forum to facilitate the dialogue and exchange of useful information among public authorities, scientific and academic institutions.

2 "Εθνικός Κλιματικός Νόμος - Μετάβαση στην κλιματική ουδετερότητα και προσαρμογή στην κλιματική αλλαγή, επείγουσες διατάξεις για την αντιμετώπιση της ενεργειακής κρίσης και την προστασία του περιβάλλοντος." 2022. https://cdn.climatepolicyradar.org/navigator/GRC/2022/national-climate-law-4936-2022-on-the-transition-to-climate-neutrality-and-adaptation-to-climate-change_968e8c9e58b21cb01a5c0bd547c7247f.pdf. https://cdn.climatepolicyradar.org/navigator/GRC/2022/national-climate-law-4936-2022-on-the-transition-to-climate-neutrality-and-adaptation-to-climate-change_968e8c9e58b21cb01a5c0bd547c7247f.pdf.

National Strategies on Climate and Sustainability

- The National Energy and Climate Plan (NECP) (1st version: 2019; updated in 2023)³ offers a roadmap for substantial reduction in GHG emissions by 55% and 82% by 2030 and 2040, respectively, compared to 1990 levels, as well as to reduce non-ETS sector emissions by 47%, compared to 2005 levels. Its policy measures envisage withdrawing of lignite-fired power plants by 2028 and interconnecting autonomous island systems, promotion of natural gas as an intermediate fuel to reduce carbon footprint from energy production, promotion of RES, storage systems and fuel production coming from RES, improved energy efficiency of buildings, industry, and infrastructure, and reduced emissions from the transport sector.
- The National Industrial Strategy⁴ analyses the key ecosystems of the Greek industry, by identifying those offering high added value to the Greek economy, as well as those with significant sustainable development potential. Emphasis is also given on niche markets with growth potential, competitive advantage, and high-added value. It also focuses on industrial organization and horizontal issues, structures, and services concerning industrial enterprises of all sizes, aiming to empower especially SMEs and strengthen the role of operators in outward-looking and cooperation in innovation, infrastructure, energy costs, and financial activities.
- Greece’s National Adaptation Strategy highlights potential adaptation measures for all domestic environmental and socio-economic sectors with high possibilities of being affected by the negative effects of climate change in Greece. Its process of implementation is still at an early stage, while its further supported by the LIFE-IP AdaptInGR project, which is enforced in various Greek municipalities, aiming to develop public authorities’ capacity to deliver adaptation policies, facilitate their monitoring and piloting, while mobilizing funding from both EU and national sources for the implementation of the policies.⁵
- The Long-term Strategy for 2050⁶ is a climate and energy-related governmental roadmap pursuing the common EU goal of transitioning to a climate-neutral economy by 2050, in a successful and sustainable manner. The baseline for the new policy measures to enter into force and be implemented is the year 2030.
- The National Waste Management Plan (2020-2030)⁷ aims to reduce the amount of waste dumped in landfills to 10% by the end of the decade, while also increasing recycling to 55% by 2025 and 60% by 2030 (including biowaste).
- The new National Plan for Circular Economy⁸ outlines a comprehensive strategy to transition Greece towards a more sustainable and circular economic model, by focusing on the minimization of waste, promotion of recycling and resource efficiency, as well as innovation across industries.

2.3 Elements of the sustainable finance ecosystem in Greece

Greece’s sustainable finance ecosystem is composed of multiple actors with diverse roles in stimulating green investment to promote the country’s successful energy transition and meet its climate ambitions. Firstly, the **financial sector** encompasses all the essential providers of financing, including

3 Hellenic Republic Ministry of Environment and Energy, “NATIONAL ENERGY and CLIMATE PLAN - PRELIMINARY DRAFT REVISED VERSION OCTOBER 2023.” 2023. <https://commission.europa.eu/system/files/2023-11/GREECE%20-%20DRAFT%20UPDATED%20NECP%202021-2030%20EN.pdf>.

4 Ministry of Development, “Multiple Framework Contract for the Support to Structural Reforms in EU Member States,” 2022, <https://www.mindev.gov.gr/wp-content/uploads/2022/09/2.-%CE%95%CE%B8%CE%BD%CE%B9%CE%BA%CE%AE-%CE%A3%CF%84%CF%81%CE%B1%CF%84%CE%B7%CE%B3%CE%B9%CE%BA%CE%AE-%CE%92%CE%B9%CE%BF%CE%BC%CE%B7%CF%87%CE%B1%CE%BD%CE%AF%CE%B1%CF%82-%CE%BA%CE%B1%CE%B9-%CE%A3%CF%87%CE%AD%CE%B4%CE%B9%CE%BF-%CE%94%CF%81%CE%AC%CF%83%CE%B7%CF%82-National-Industrial-Strategy-and-Action-Plan.pdf>
5 “Adaptation Preparedness Scoreboard: Summary for Greece.” https://climate.ec.europa.eu/system/files/2018-12/summary_fiche_gr_en.pdf.

6 Υπουργείο Περιβάλλοντος και Ενέργειας, “Μακροχρόνια Στρατηγική για το 2050.” https://ypen.gov.gr/wp-content/uploads/2020/11/lts_gr_el.pdf.
https://ypen.gov.gr/wp-content/uploads/2020/11/lts_gr_el.pdf.

7 Υπουργείο Περιβάλλοντος και Ενέργειας, “Στερεά Απόβλητα.” <https://ypen.gov.gr/diacheirisi-apovlition/sterea-apovlita/>. <https://ypen.gov.gr/diacheirisi-apovlition/sterea-apovlita/>.

8 Ministry of Environment & Energy, “Circular Economy. Greece’s new Action Plan.” 2021. <https://ypen.gov.gr/wp-content/uploads/2022/03/SXEDIO-DRASHS-KO-8.pdf>.

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international financial institutions (e.g., European Investment Bank – EIB, European Investment Fund – EIF, European Bank for Restructuring and Development - EBRD) which offer sustainable financing, which assures investments’ alignment with EU strategic targets. Following, commercial, development, and investment banks, are a traditional source of finance (e.g., Hellenic Development Bank). This segment also includes institutional investors (i.e., asset management firms, insurance firms, venture capital firms, business angels, etc.), and participate in both international and national capital markets.

The **beneficiaries of green finance** mostly concern firms, businesses, and consumer associations, that require funding to support their sustainable investments. They are instrumental in driving demand for green finance within a country’s sustainable finance ecosystem. When designing financing instruments for green projects, it is considered crucial for the government and financial institutions to acknowledge the specific characteristics of all beneficiaries (e.g., size of firm, degree of innovation, size of firm receiving funds) and the sectors in which they are operating.

Intermediaries, which refer to fintech, consulting, and legal companies, facilitate the link between recipients and providers of sustainable finance and strengthen the flow of green funds by utilizing their technological, operational, and legal expertise, thus facilitating unimpeded sustainable financing flows.

Finally, the **government**, the **central bank**, as well as **financial regulators** have the responsibility of harnessing all players’ capabilities to support climate and sustainable finance objectives. Particularly, the Greek government plays a multifaceted role in promoting sustainable finance by establishing favorable policy frameworks and associated regulatory measures (e.g., ESG requirements), collaborating with financial institutions to generate green financing mechanisms, eliminating risks associated with green investments, providing direct sources of finance (e.g., direct capital flows for sustainable investments, green bonds, etc.), as well as promoting collective awareness and capacity building regarding the importance of green finance. The Bank of Greece can also support the green energy transition by, to name a few, integrating ESG criteria into its investment strategy, directing firms’ capital towards low-carbon activities in quantitative easing programs, as well as supporting the development of green bonds. As for financial regulators, they are involved in securing compliance with legal frameworks and supporting policies related to financial services markets. In Greece, the Hellenic Capital Market Commission (HCMC) is striving to ensure the efficient functioning of the Greek capital market, by guaranteeing appropriate financial reporting and operations of financial services, as well as integration of ESG features.⁹ An illustration of the above-described Greek sustainable finance ecosystem is represented below:

⁹ “Greece Presents New Capital Market Strategy.” 2023. <https://www.ebrd.com/news/2023/greece-strategy-capital-market>.

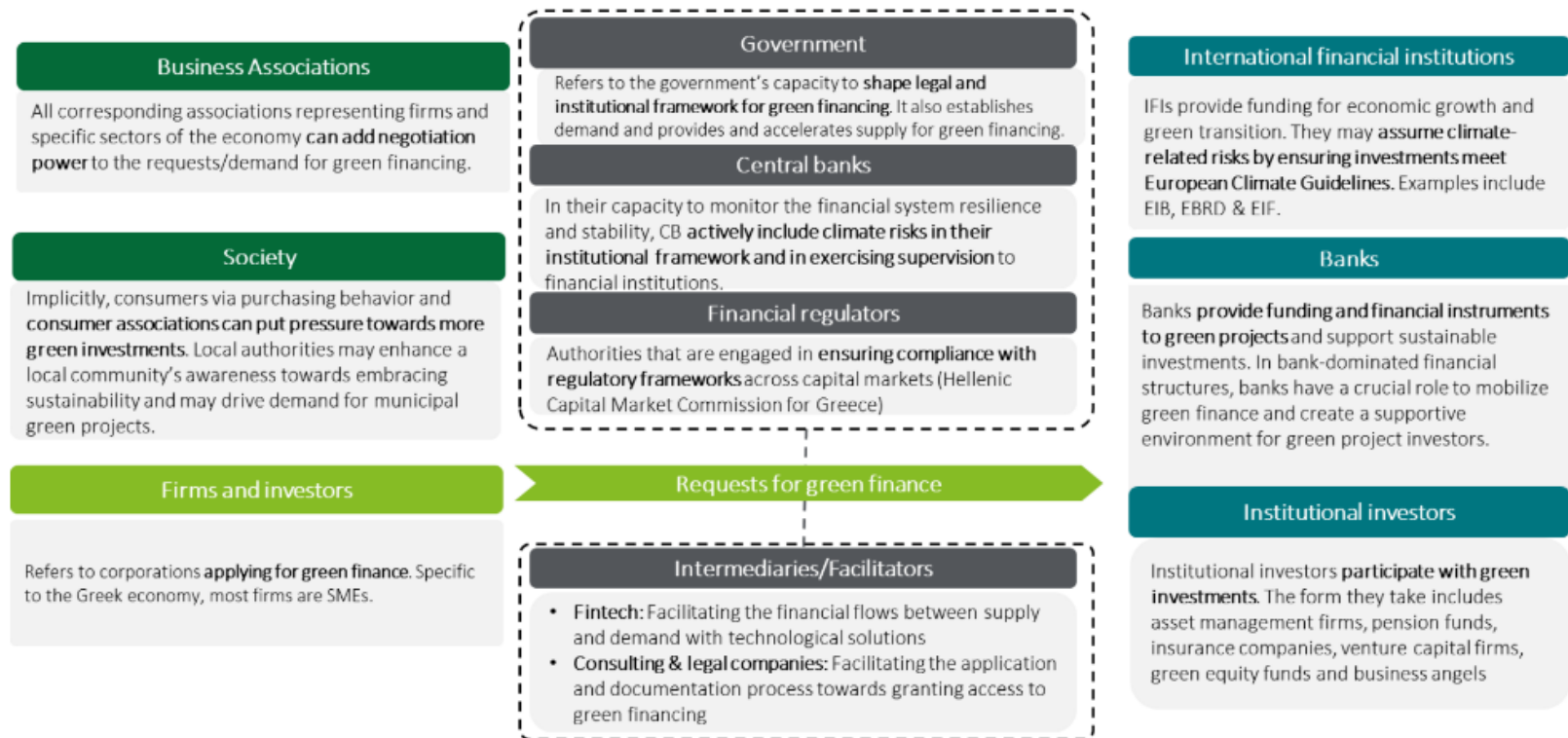


Figure 1: High level representation of the key actors of the sustainable finance ecosystem

3 Prioritization of economics sectors under climate considerations

During a period of ongoing challenges, one of the primary ones being the green transition, it is imperative to focus policy support and allocate resources efficiently in sectors and projects that have the highest needs and the highest potential for sustainable growth. As part of Deliverable 2, two analyses have been conducted that allow, first the identification of sectors with high potential to contribute towards the national climate and energy objectives whilst also benefitting the economy, and second the identification of sectors with the highest investment needs and gap¹⁰.

3.1 Identification and prioritization of economic sectors under climate considerations

Regarding the former, a ranking methodology was developed based on an aggregate scoring of climate and economic indicators. More specifically, a set of 5 climate indicators regarding climate mitigation, 1 indicator regarding climate change adaptation and 3 economic indicators (including two indicating the impact of each sector in the economy, based on the use of Leontief's Input/Output model) were selected and an equal weight has been allocated to each set (50% per set). The 50-50 allocation between economy and climate/environment depicts the importance that these two elements have in identifying those sectors with the biggest potential in the Greek sustainability actuality. However, other weighting allocations had been tested as part of a sensitivity analysis with no major differences in the sectors being prioritized.

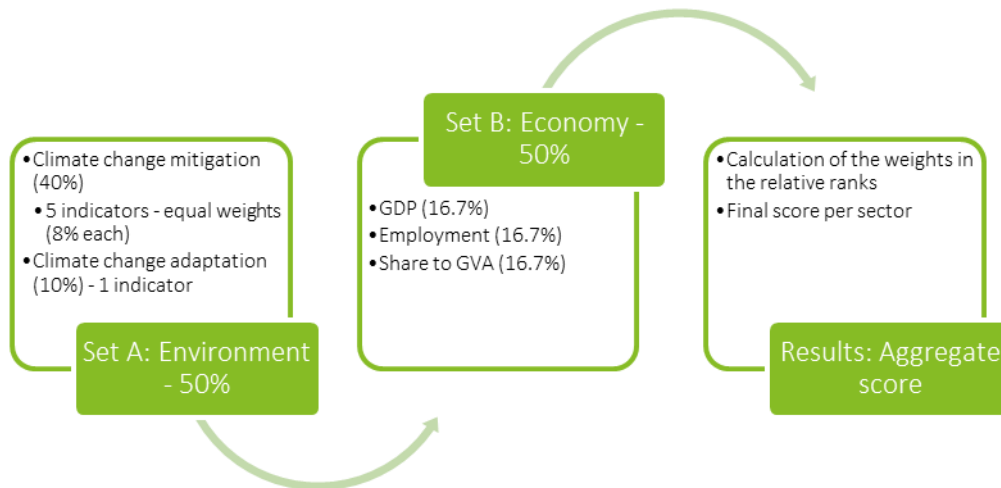


Figure 2 - Methodology for aggregate scoring

Source: IOBE methodology

¹⁰ A more detailed overview is provided under Deliverable 2 of this project.

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Based on the above methodology the sectors with the highest potential for supporting the achievement of the national sustainability goals have been identified and should therefore constitute priority for policy support. Of course, this ranking is based on the data available at the time of conducting the analysis but as with any ranking methodology it should be treated as a dynamic process that can be updated as necessary. Moreover, the aforementioned analysis can be also used for the prioritization of more detailed projects, however the indicators used need to be adapted accordingly to depict the climate and economic impact in a meaningful and thorough way (e.g., for the prioritization of projects with investment in different decarbonization technologies, the share of equipment imported and not domestically produced has a significant effect in their economic impact as seen in Deliverable 4).

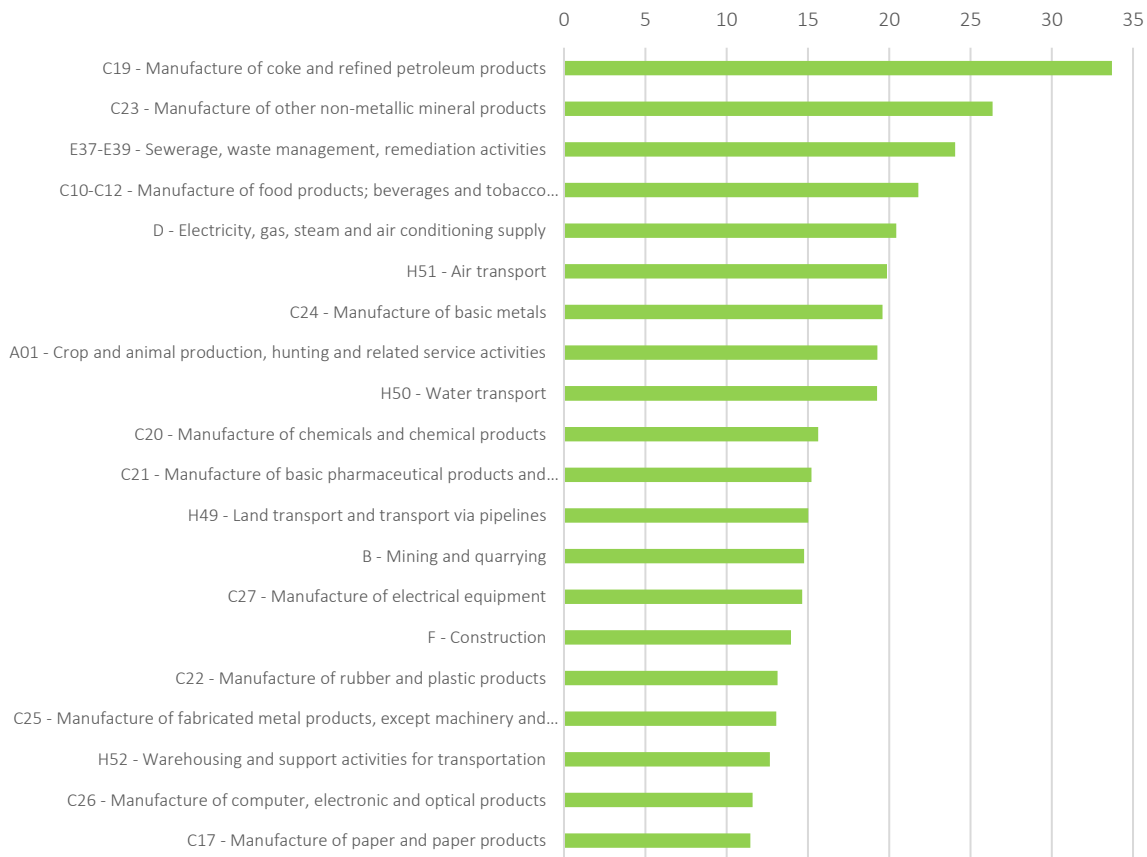


Figure 3 - Top-20 sectors, (IOBE aggregate scoring)

Source: IOBE estimations

*highest score depicts higher carbon/energy intensity and/or economic impact and therefore entails high potential for supporting the achievement of the sustainability goals of the Greek economy

3.2 Investment and funding gap analysis

Besides identifying those sectors with the highest potential in achieving the national and European sustainability targets, it is of great importance to identify the sectoral needs, as well as the current status

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with regards to the mobilization and use of the available investment resources. Towards this angle, the following tasks were implemented:

- Quantification of the **total economy's green investment gap**,
- Estimation of the **green investment gap at the sectoral level**,
- Estimation of the **total economy's green funding gap**.

The green investment gap is the difference between the needs for achieving the European and national environmental and climate related targets and the actual investments currently taking place. This gap is used to identify the distance of the Greek economy from the Green Transition pathways. In addition, the application of the green investment gap also at a sectoral level highlights the different needs among key industrial sectors.

The green investment gap identification exercise is based on a series of available data (i.e., share of green investments identified in the NECP 2023, where private consumption flows are excluded) and builds upon the investment needs identified in key national policy documents (National Waste Management Plan - ΕΣΔΑ 2020, climate change adaptation needs based on NECP 2019).

The annual total green investment gap is broken down into three main green categories: energy transition, circular economy, and climate change adaptation. The total investment gap is presented by two short-term periods (2021-2025, 2026-2030), while a projection takes place for the 2031-2050 (based on the long-term strategy).

| in € million | Time period | Energy and climate targets | Circular economy, waste management | Climate change adaptation | Total green investment gap |
|-----------------|-------------------|----------------------------|------------------------------------|---------------------------|----------------------------|
| Annual flows | 2021-2025 | 2,185 | 246.7 | 133.3 | 2,565.4 |
| Annual flows | 2026-2030 | 6,767 | 493.3 | 266.7 | 7,526.5 |
| Annual flows | 2031-2050 | 3,703 | 185.0 | 200.0 | 4,088.4 |
| Cumulative flow | Total (2021-2050) | 118,828 | 7,400.0 | 6,000.0 | 132,227.5 |

Table 1: Estimated green investment gap during 2021-2050.

In parallel to the identification of the total economy green investment gap, the sectoral analysis of the investments needed to meet the NECP's medium-term emission targets and neutrality by 2050 is an essential tool for highlighting Nomenclature of Economic Activities (NACE) sectors that are particularly relevant for sustainable investments. The results of this exercise can support the accurate designing of the appropriate financial instruments to meet the expected green investment requirements in the medium and long term. However, the main deriving challenge in the sectoral investments' disaggregation is that the NECP and other formal strategic documents provide a rather high-level analysis.

To overcome the above, the investment gap is analyzed in two discrete time-horizons (backwards and forward looking) providing insights into the differences between EU Member States and Greece. Moreover, an econometric exercise was used to validate the sectoral findings and the extrapolations for the necessary investments.

As a next step and based on assumptions related to green tagging of the available national and European public funding instruments, mobilization of additional resources, absorption degree and incrementality of the funds, the project team identified the incremental available funds that can be used to achieve the goals of the EU and national green strategies (“green funding”). The difference between the identified investment gap and the green funding consists of the “Green Funding gap”. This can be considered as an early warning indicator, both for the policy makers and the businesses with regards to the feasibility of the existing green transition paths.

Considering the mobilization of additional public and private investment, the average green finance gap on an annual basis is projected at €665 million over the 2021-2025 period, rising to €5,714 million over the 2026-2030 period. If the mobilized investments are not considered in the exercise, due to the higher level of uncertainty, the annual green financing gap for the period 2021-2025 is assessed at €1,414 million, reaching €6,458 million in the second 5-year period. The steep increase in the funding gap in the period 2026-2030 is related both to the widening of the green investment gap and also to the expiration of several funding mechanisms in 2026 and 2027.

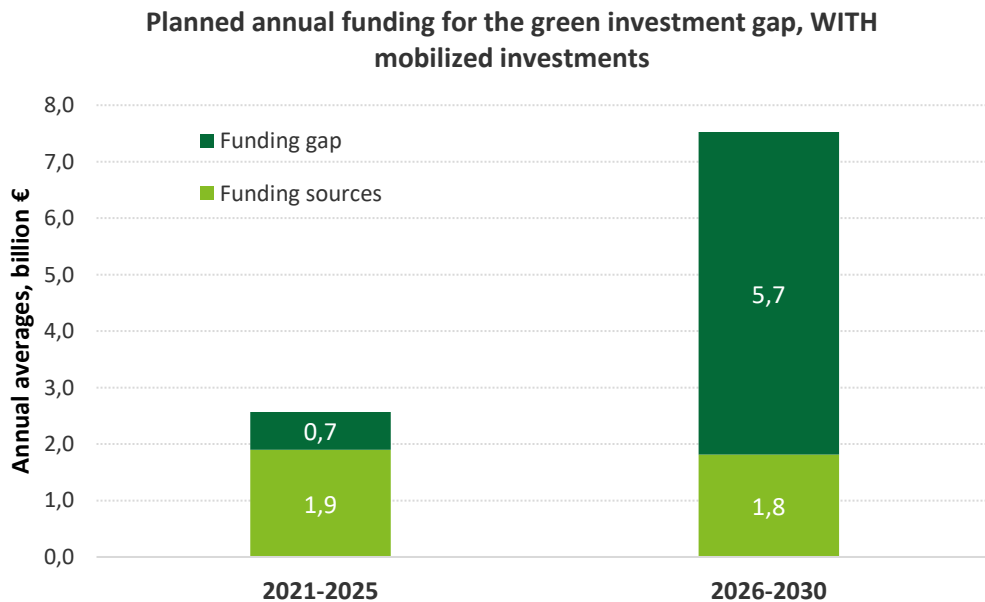


Figure 4 - Planned annual funding for the green investment gap, with mobilized investments

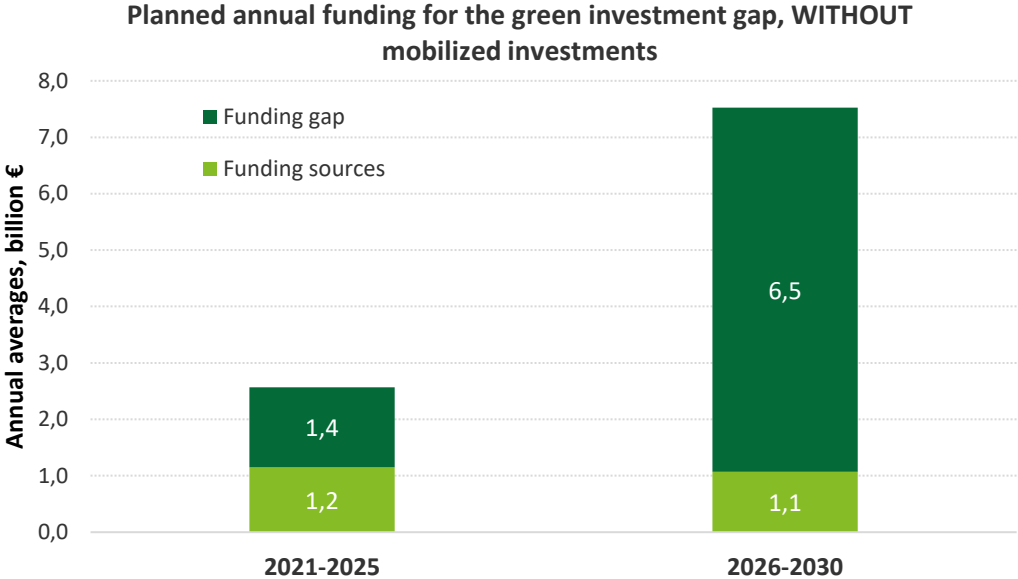


Figure 5 - Planned annual funding for the green investment gap, without mobilized investments

The analysis described in this chapter has been indicatively used in the design of the suggested measures that are presented in chapter 6 below, and especially for measures I.3 (Design & implementation of Green Taxation measures), III.3 (Identification and exploitation of potential areas for innovative applications tapping on Greek competitive advantage) and for III.9 (National sustainability action plan for SMEs, to support green transformation needs and business model redesign).

4 Key Challenges in the Greek Sustainable Finance Ecosystem

The development of the sustainable finance ecosystem is hindered by a number of challenges and specific barriers. In the following, we provide a brief overview of the key challenges¹¹.

4.1 Identification of barriers to sustainable finance framework

In Deliverable 3 of the present project, we conducted an extensive literature review along with stakeholders' engagement session to identify the current barriers in the Greek sustainable finance ecosystem. These can be grouped in the following main categories:

| # | Barrier category | Definition |
|---|--------------------------|--|
| 1 | Financial | Financial barriers relate to the financing viability of green investments. Barriers that relate to the capital market flow and development, which may negatively affect the financial institutions capability in green financing. These can include, but not limited to, the following ^{12 13} : Capital constraints on lending, given the significant investment needs (capital intensive) for these new types of energy Lack of non-banking financial institutions, e.g. insurance companies, pension funds, policy driven initiatives Lack of long-term financing, as this is needed for green development projects Lower return rate of sustainable/green energy projects compared to fossil fuel that characterize such investments of higher risk, hence resulting in incapability in securing funds. ¹⁴ May also include the financial institutions', e.g., banks' risk aversion. |
| 2 | Economic | Challenges relating to the economic environment (mostly related to macroeconomic factors) that investments on green financing need to take place (non-exhaustive): High fixed costs to initiate infrastructure development Volatility in demand Economic downturns |
| 3 | Regulatory ¹⁵ | Barriers that arise due to insufficient regulation or standards to guide the direction of change towards sustainable investments. May equally include burdensome or vague regulations that hinder the development of sustainable energy projects. May be useful to examine financial regulation – related issues, arising from financial regulations, e.g., to reduce banks' exposure to long term debt, hence limit their long-term investments. |

¹¹ A detailed analysis of the barriers to sustainable finance in Greece is provided under Deliverable 3.

¹² [FINANCIAL BARRIERS TO DEVELOPMENT OF RENEWABLE AND GREEN ENERGY PROJECTS](#)

¹³ Sustainable Solutions for Green Financing and Investment in Renewable Energy Projects, 2020, Farhad Taghizadeh - Hesary, Naoyuki Yoshino, [Microsoft Word - energies-566539.docx \(semantic scholar.org\)](#)

¹⁴ Sustainable Solutions for Green Financing and Investment in Renewable Energy Projects, Farhad Taghizadeh - Hesary, N. Yoshino, 2020, [\[PDF\] Sustainable Solutions for Green Financing and Investment in Renewable Energy Projects | Semantic Scholar](#)

¹⁵ A Systematic Literature Review on Barriers to Green Financing Participation worldwide, 2021, [\(PDF\) A Systematic Literature Review on Barriers to Green Financing Participation worldwide \(researchgate.net\)](#)

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| | | |
|---|---------------|--|
| 4 | Technological | Barriers associated with insufficient technological maturity on sustainable innovation, compared to fossil-fuel based technologies. Can also describe a technological lock-in. ¹⁶ Also, it may translate into insufficient know-how of employees (relates to SMEs that may not have the capability to hire or train staff). |
| 5 | Information | Barriers related to the lack of information/awareness regarding sustainable finance/green investments. Barriers associated with a lack of efficient system or database if the government, financial institutions, or users require technical assistance. It associates with an access issue to the necessary information for acquiring this more technical knowledge regarding sustainable activities, e.g., climate indicators. ¹⁷ |
| 6 | Strategic | Barriers that hamper the appropriate development of strategic financing of sustainable development projects. This can be observed in the lack of coordination of diversified funding streams, private and public. ¹⁸ A lack of strategic public and private cooperation hinders the maximization of efforts in financing sustainable investments. ¹⁹ |

¹⁶ Mobilizing private finance for low-carbon innovation – A systematic review of barriers and solutions, 2017, <https://doi.org/10.1016/J.RSER.2017.04.007>

¹⁷ D'Orazio, Paola. (2020). Mobilising investments in renewable energy in Germany: which role for public investment banks?. *Journal of Sustainable Finance & Investment*. 12. 10.1080/20430795.2020.1777062.

¹⁸ [Near-term technology policies for long-term climate targets—economy wide versus technology specific approaches - ScienceDirect](#)

¹⁹ [Policies and Financing Strategies for Low-Carbon Energy Transition: Overcoming Barriers to Private Financial Institutions - Publications : ERIA](#)

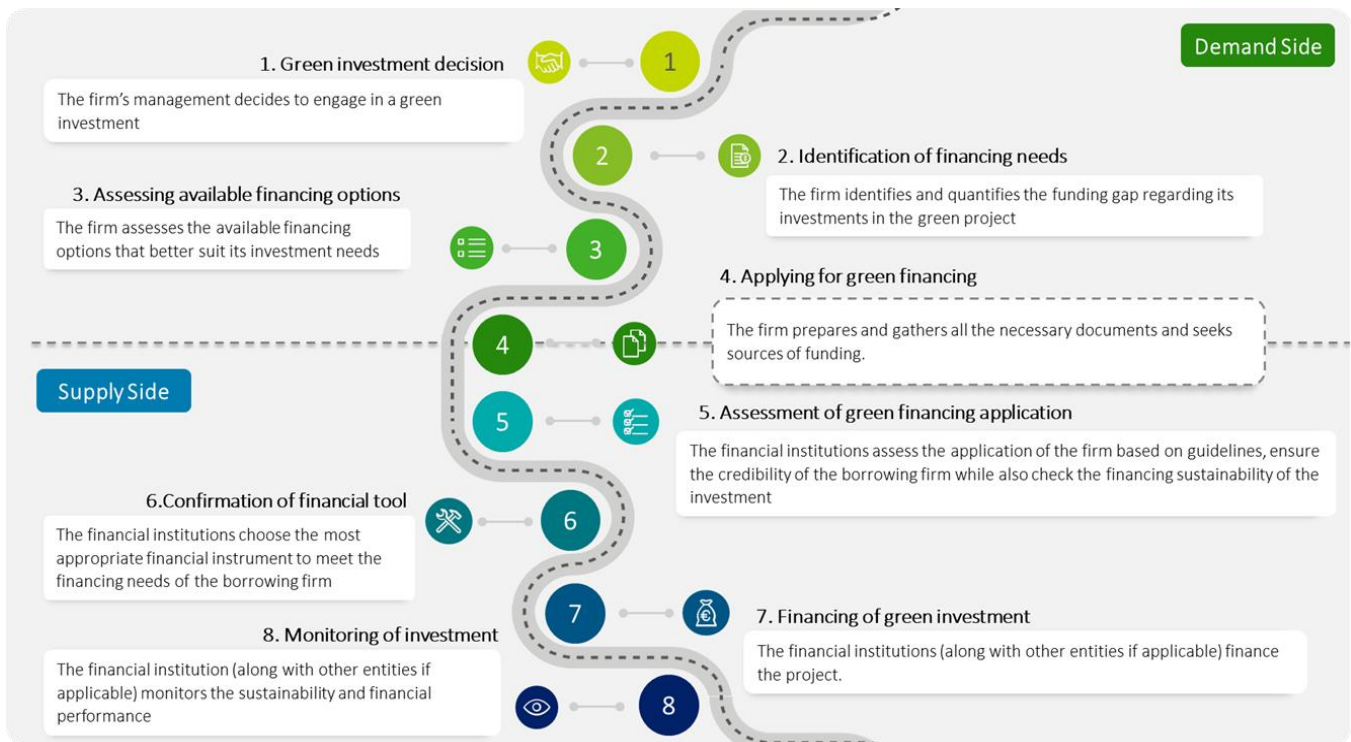


Figure 5: Sustainable finance journey map

The sustainable finance journey involves several steps, each with its challenges. Firms must first decide to invest in green projects, facing barriers such as limited awareness and financial incentives. Identifying financing needs is hindered by upfront costs and regulatory confusion. Assessing financing options requires awareness and prioritization. Applying for green financing involves complex processes and potential delays. The assessment of applications faces uncertainties in financial performance and lacks technical expertise. Confirming financial tools may be hindered by limited options and capital constraints. Financing green investments can be delayed due to disbursement issues and lack of expertise. Monitoring investments is challenged by undefined procedures and risks of greenwashing. A concise view of this is as follows:

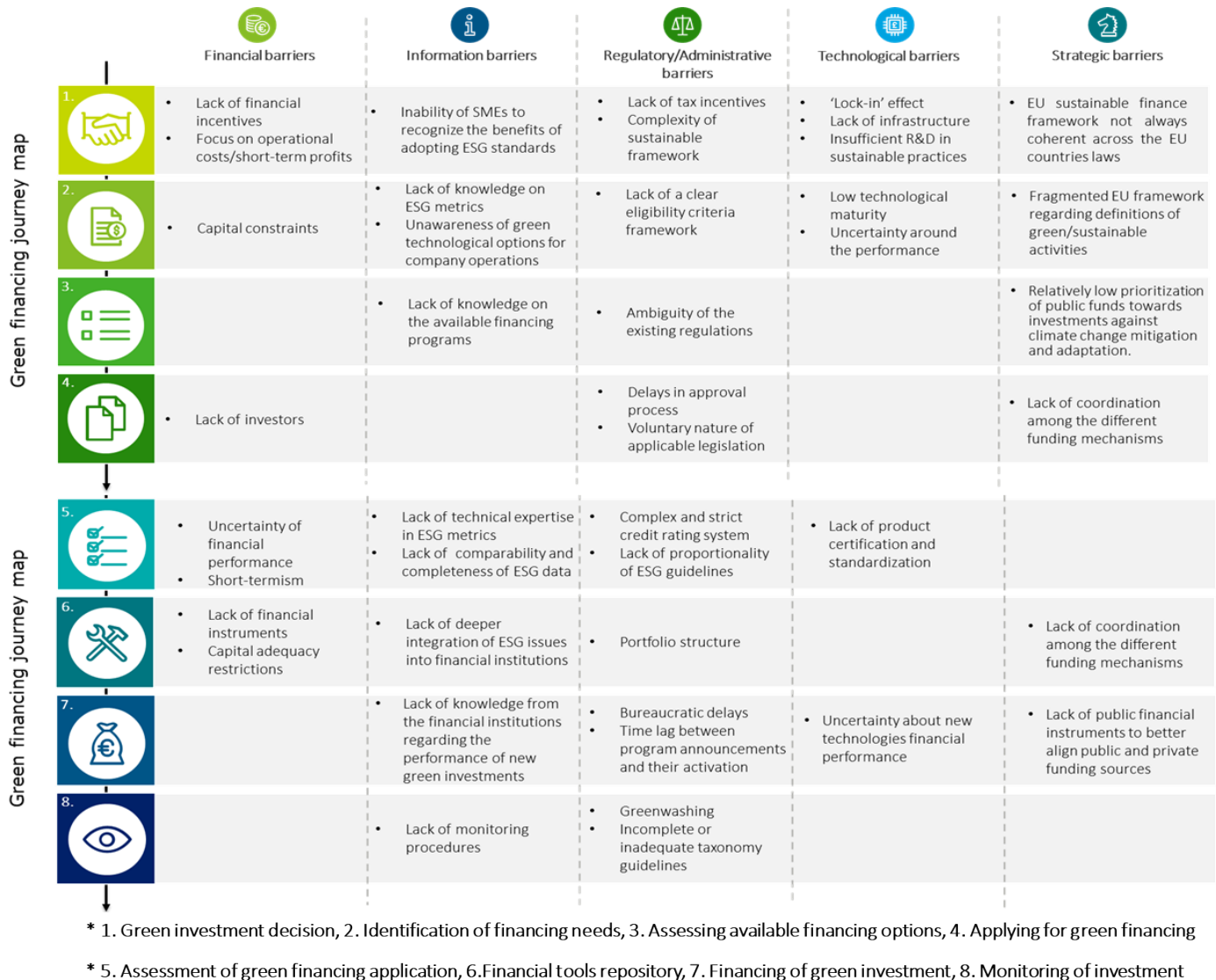


Figure 6 - Sustainable finance barriers spread over the discrete steps of the sustainable investment journey

4.2 Challenges to sustainable finance framework development

In this chapter we link those barriers identified in previous deliverables with some key challenges inherent in the Greek Sustainable Finance Ecosystem, revolving round three pivotal categories of challenges that significantly impact the flow of sustainable financing. The first challenge revolves around the insufficiency of available public resources, posing a barrier to meeting NECP and other environmental targets. The second challenge is insufficient financing for green investments by the financial sector, related to the complexities that hinder the flow of capital into environmentally sustainable projects. Lastly,

there is the challenge of relatively low demand for green investments or demand focused on specific sectors or types of projects. These challenges constitute of specific challenges as analyzed below.

4.2.1 Challenge 1: Available public resources insufficient to meet climate targets

Specific Challenge 1.1: Lack of climate mainstreaming aspects in the state budget

One of the primary challenges encompassed in the first category is the absence of mature climate mainstreaming processes within the state budget, relating to the identification and funding of projects eligible for green financing. In particular, the Greek green tagging is currently applicable to budget programme-level, and not to specific projects, while there is no systematic monitoring and evaluation of the overall budget-tagging process. The challenges occur mainly due to the complexity of effectively characterizing specific projects/programmes as environmentally sustainable and as to whether they comply with the EU taxonomy.

Specific Challenge 1.2: Lack of dedicated bodies / tools to plan and monitor green investments

The second specific challenge within challenge 1 revolves around the absence of dedicated bodies and tools for the effective planning and monitoring of green investments that will be required to meet the NECP targets. In addition, the challenge is particularly relevant for the industrial sector, as there is absence of a consolidated plan of the resources intended for green investments in industry. The complexity increases given the lack of robust coordination among various state funding mechanisms. The lack of coordinating information flows among Ministries and relevant organizations further adds to this problem. Addressing these barriers involves the establishment of coordination bodies, the implementation of monitoring protocols, and the clarification of responsibilities to foster a cohesive and coordinated approach and lastly the long – term planning and allocation of public funding to sustainable projects and investments.

4.2.2 Challenge 2: Insufficient financing of green investments by the financial sector

Specific Challenge 2.1: Limited financing of green investments in SMEs

The second challenge revolves around the limited private financing of green investments in Small and Medium-sized Enterprises (SMEs), stemming from multiple barriers. Financial institutions might not always be aware about the performance of new green investments, especially in low-scale applications, leading to hesitancy in providing necessary financing. The inherent high risk associated with innovative green projects further deters risk-averse institutions from investing in companies intended to engage in green initiatives. Additionally, a lack of awareness about the benefits of green projects, as well as the accompanying economic benefits (e.g., potential cost reductions) and competitiveness risk from not adopting sustainability related solutions from SMEs, diminishes the demand for financing green projects. Addressing these challenges, which are particularly relevant to SMEs, requires capacity building, reforms in reporting frameworks and the development of means to inform firms about available financing options and instruments.

Specific Challenge 2.2: Limited financing of green investments by the capital market

The challenge of insufficient financial support for environmentally friendly investments in the capital market is present due to several interconnected obstacles. A shortage of investors, particularly those willing to allocate funds to green projects, limits the available financial resources for sustainable initiatives.

Additionally, a knowledge gap among financial institutions regarding the performance of new green investments extends to the capital market, influencing their reluctance to invest in environmentally sustainable projects. The emerging (but still relatively low) penetration of green financial instruments such as corporate green bonds remains a challenge for the scaling of the financing of large-scale sustainable investments. Proposed measures to address these challenges include, for instance, capacity building activities, enhancing transparency and credibility in the capital market, framework with incentives to green financial instruments, the introduction of a green sovereign bond (to attract international funds) accompanied with a robust pipeline of green investments.

4.2.3 Challenge 3: Low demand for green investments

Specific Challenge 3.1: Limited funding of green investments due to awareness reasons

The primary challenge within the broader issue of relatively low demand is the limited participation of companies in national and European green funding programs, stemming from various barriers. A significant obstacle is the lack of knowledge from the companies about available financing programs (either from state funds or from financial institutions). Previous analysis has indicated that different financing instruments are appropriate to the various types of investments and projects, also influenced by factors such as the company size. This challenge intensifies as the size of the company decreases. In addition, the lack of specialized personnel in smaller companies to prepare successful business plans for bankable projects is another challenge which reduces the funding possibilities from the banks. Comprehensive awareness campaigns and transparent information dissemination are crucial to bridge this knowledge gap. Addressing these challenges necessitates the development of an online platform that catalogues available funding programs, as proposed in the detailed action plan. Such a platform would facilitate companies in navigating and accessing the diverse financing opportunities supporting green initiatives. Actions to enhance firms' participation in EU competitive programs are also envisaged.

Specific Challenge 3.2: Low introduction rate of green technologies

The second specific challenge revolves around the relatively slow (and asymmetric) introduction rate of green technologies. This is due to various factors and among these is the substantial high cost associated with adopting new green technologies, acting as a deterrent for businesses. While such a shift to specific green technologies (e.g., wind and photovoltaics for power generation) has already largely taken place, the uptake of energy transition technologies in the industrial sector is still lagging. The shift in both European and national policies that aim to internalize the environmental cost in existing environmentally impactful actions can reduce the risk of the new technologies as well as their cost. However, to incentivize wider adoption, there is a need for innovative financing mechanisms and cost-effective alternatives. A second barrier involves the low level of Research and Development (R&D) activities and infrastructure dedicated to green technologies, requiring investments to foster innovation and develop advanced, cost-effective solutions. Overcoming these barriers will be assisted through the identification and exploitation of potential areas of innovative applications, as analyzed in measure III3 and the implementation of green taxation measures to further trigger such shift.

Specific Challenge 3.3: Low SMEs' readiness to adopt ESG standards

The third specific challenge focuses on the low readiness of Small and Medium-sized Enterprises (SMEs) in adopting Environmental, Social, and Governance (ESG) standards, stemming from multiple barriers. The first obstacle is the lack of information about ESG benefits, also linked to retaining/enhancing

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competitiveness, leading SMEs to underestimate the positive impact on their operations, reputation, and stakeholder relationships. After all, financial institutions are more eager to finance green investments once companies disclose ESG indicators to them. Targeted education and awareness campaigns are essential to address this barrier. Secondly, the lack of knowledge regarding ESG metrics hinders effective assessment and communication of sustainability performance. Initiatives providing guidance and training on ESG metrics can empower SMEs in navigating this complexity. A third barrier involves the perceived disproportionality of ESG guidelines for SMEs, emphasizing the need for tailored guidelines that align with their scale and resource constraints. The lack of comparability and completeness of ESG data poses challenges for SMEs in adhering to industry standards. Another challenge relates to the increased cost for personnel and information systems, which are necessary to cover reporting requirements. Enhancing ESG data comparability and completeness requires the development of standardized reporting frameworks and tools tailored to the diverse nature of SMEs. Dedicated financial support in this regard is also needed.

Specific Challenge 3.4: Lack of long-term planning for green transition of companies

This challenge highlights the lack of long-term planning for the green transition of companies, which becomes more apparent as the size of the company decreases. This challenge underscores the critical importance of cohesive and forward-thinking strategies to guide businesses in their sustainability journey, while at the same time maintaining and improving their competitiveness. A clear and stable regulatory framework would certainly be beneficial to support such long-term planning. The absence of a well-defined and stable policy environment can lead to uncertainty for businesses, making it challenging for them to formulate and execute long-term strategies aligned with green transition.

4.3 Designing a toolbox for policy makers

As part of the present project, a toolbox for policy makers had been developed to enable the implementation of practices to promote sustainable finance. The toolbox consists of several toolkits which are deemed to enable policy makers to design and implement policy instruments. The high-level overview of this Toolbox is presented hereunder²⁰.

The toolkits of the toolbox are associated with specific challenges and barriers of the enhancement of sustainable finance practices both at a state level and in the private sector. Further on, the toolkits are associated with specific actions of the present sustainable finance strategy.

| Toolbox Themes | Toolkits | Rationale |
|--|---|--|
| THEME A: Mapping and prioritization of green budgetary items | Toolkit A1 – Tagging of green budgetary items | Theme A aims to align financial resources with climate objectives through the mapping, tagging, and prioritization of green budgetary items. The toolkits: <ul style="list-style-type: none"> • provide clarity on the environmental impact of budget items • assess their contribution to NCGs • prioritize economic sectors as per their significance to climate considerations |
| | Toolkit A2 – Green budget item contribution to National Climate Goals | |
| | Toolkit A3 – Prioritization of key economic sectors using climate considerations | |
| THEME B: Stimulate the green project pipeline in Greece | Toolkit B1 – Establishment of an Implementation Committee (IC) | Theme B after having tagged the necessary projects and sectors aims to stimulate Greece's green project pipeline through effective planning and execution. The toolkit gives guidance in: <ul style="list-style-type: none"> • establishing an Implementation Committee (IC) • designing necessary supporting instruments, • creating an Implementation, Monitoring, and Reporting Plan |
| | Toolkit B2 – Design the Required Supporting Instruments | |
| | Toolkit B3 – Governance-Operational aspects of implementation of policy instruments | |
| THEME C: Financial instrument allocation to green investments | Toolkit C1 – Sovereign bonds and blended finance playbook for policymakers | Finally, Theme C finalizes the process of green financing by providing financial instrument allocation playbooks to: <ul style="list-style-type: none"> • policymakers • firms |
| | Toolkit C2 – Private financial instrument playbook for policymakers and firms | |

Figure 6 Toolbox for policymakers

²⁰ The toolbox for policy makers has been provided under Deliverable 5 of the present project

5 Vision of the Sustainable Finance Strategy

5.1 Vision and strategic objectives of the sustainable finance strategy

The vision of the Sustainable Finance Strategy in Greece is firmly rooted in the commitment to accelerate the green energy transition and meet climate ambitions. Recognizing the urgency to address climate challenges, the relevant Action Plan outlines measures for further promoting sustainable finance across all sectors of the Greek economy, with an emphasis on the industrial sector. This vision extends beyond economic considerations, encompassing social and environmental dimensions by raising awareness of the significance of green finance. The vision statement can be summarized as follows:



Vision: The goal of the national Sustainable Finance Strategy is to enable the energy transition of the industrial sector by promoting the necessary funding through the streamlining of existing and the mobilization of new financial flows to environmentally sustainable activities, with a positive socioeconomic footprint.

By creating and implementing **effective public policies and tools**, as well as by empowering beneficiaries to use them, Greece aims to bridge the significant investment gap identified, for the industry, for the achievement of climate targets

| Strategic Objective I | Strategic Objective II | Strategic Objective III |
|---|---|---|
| Greening of public finance | Streamlining Private Finance towards green investments | Stimulating demand for green investments |
|  |  |  |

Figure 7 - Strategic objectives

The strategic objectives of the strategy, implemented through the relevant Action Plan, are further analysed in specific objectives as follows:

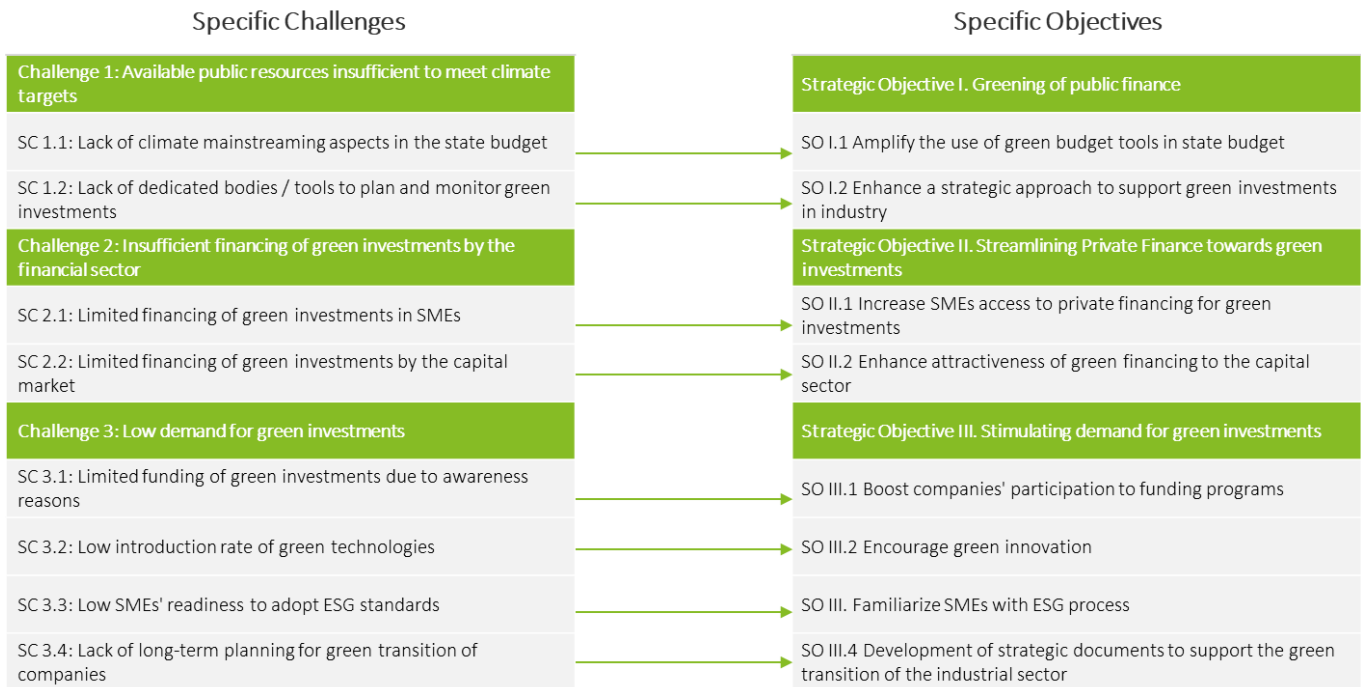


Figure 8 - Strategic objectives in relation to challenges

These objectives directly address the identified challenges of insufficient available public resources, inadequate financing of green investments by the financial sector and low demand for green investments.

The chosen objectives not only align with the vision by promoting investment in renewable energy projects, energy efficiency initiatives, and green technologies but also can leverage future opportunities. Through the realization of these strategic objectives the country's economy can thrive through a series of sustainability projects, attracting investments and bolstering economic growth and resilience.

5.2 Opportunities arising from sustainable finance

The analysis of the Greek sustainable finance ecosystem reveals four key opportunity areas that can be harnessed to drive sustainable investments, stimulate economic growth, fortify resilience against external factors and cultivate investment prospects in sectors and technologies capitalizing on Greece's competitive strengths. These opportunities also arise as enablers of the National Industrial Strategy.



Figure 9 - Opportunity spaces

Firstly, fortifying the pipeline of sustainable investments involves ensuring investor confidence through national climate strategies and an industrial strategy. By doing so, the investment gap from 2010-2020 can be redirected towards green sustainable investments, augmenting Greece's sustainable investment portfolio. The establishment of network effects, particularly in sectors like sustainable tourism, can disseminate knowledge to other economic realms, fostering innovation. Additionally, investing in new energy sources, such as Renewable Hydrogen or offshore wind, can bolster Greece's market position in Europe, potentially leading to exports. The on-going implementation of Green Public Procurement (GPP) could significantly boost demand for green projects, acting as a catalyst for green innovation in the Greek economy. Additionally, the upcoming issuance of a sovereign green bond as already analyzed in previous deliverables could significantly bolster demand for large scale sustainable investment projects in Greece.

Secondly, economic growth involves promoting the adoption of low carbon-emitting technologies, steering energy-intensive industries towards lower emissions while maintaining competitiveness. This economic growth should be aligned with the goals of the National Industry Strategy, encompassing the enhancement of competitiveness, innovation, digital transformation, green transformation, development of human resources and skills, fostering a conducive business environment, and promoting resilience. This shift not only supports climate change mitigation and adaptation but also ensures the long-term sustainability of Greece's economy and environment. Job creation in sectors like renewable energy and energy efficiency can enhance overall economic performance. Supporting innovative start-ups in the sustainable ecosystem can further propel economic growth through the dissemination of technological breakthroughs.

Thirdly, enhancing resilience against external factors entails modernizing businesses with digital and green technologies. Given the recent geopolitical conflicts on a global scale energy independence and resource sufficiency has become of utmost importance. This aligns with the National Industrial Strategy's Strategic Direction 4 (SD4), improving operational and energy efficiency across sectors. Emphasizing energy efficiency can facilitate the green transition, making industries more globally competitive. A move towards circular economy models, as per SD4, can decrease energy dependency, mitigating shocks from high energy prices and fortifying the Greek financial sector against climate change.

Finally, developing opportunities for private investors in sectors leveraging Greece's competitive advantages, such as high Renewable Energy Sources (RES) potential, can be achieved by enhancing

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transparency and use of Environmental, Social, and Governance (ESG) criteria. Complementary to this, the recent upgrade of the Greek economy in the investment grade can help attract international investment interest and private funds as a result. Moreover, tailored financial instruments for Greek green investments and the continuation of Public-Private Partnerships (PPP) can further attract private investments, minimizing risks and creating a secure investment environment. Relevant examples of PPPs include development of waste treatment plants in the Peloponnese region and Central Macedonia, showcasing business cases co-financed using private and public funds.

6 Detailed Action Plan

A comprehensive set of measures has been identified in the context of the strategic objectives set out in this Action Plan, to enable the achievement of the vision of the National Sustainable Finance Strategy. In the present section, the specific measures that promote the achievement of each of the defined strategic objectives are described. In order to provide an overview of all the measures to follow, in the context of the challenges they address, the following schematic representation is depicted.

In addition, the action plan measures are also presented against dedicated toolkits devised under the Toolbox for policy makers (i.e., presented in a comprehensive manner under Deliverable 5 of the present project).

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| Strategic objective I. Greening of public finance | | |
|--|---|---|
| I.1 Green budgeting process optimization | | SO I.1 |
| I.2 Capacity building in public administration staff on green budget & energy efficiency | | SO I.1 |
| I.3 Design & implementation of Green Taxation measures | SO I.1 | SO I.2 |
| I.4 Establishment of a coordination body to support green investments in industry | SO I.1 | SO I.2 |
| I.5 Enhancing Sustainable Industry Financing through Long-Term Planning of public funds | | SO I.2 |
| Specific objective | SO I.1 Amplify the use of green budget tools in state budget | SO I.2 Enhance a strategic approach to support green investments in industry |
| Strategic objective II. Streamlining Private Finance towards green investments | | |
| II.1 Finalising framework for the issuance of a Greek Sovereign Green Bond | | SO II.2 |
| II.2 Capacity building for the banks' personel for green investment | | SO II.2 |
| II.3 Enhancing Supervision and Transparency for Non-Financial Reporting | | SO II.2 |
| II.4 Improving transparency, credibility & security of green investments in the Greek capital market | SO II.1 | SO II.2 |
| II.5 Building a framework of tax and wider incentives for sustainable finance instruments | SO II.1 | SO II.2 |
| II.6 Connecting supply and demand for green projects through a unified platform of available financial instruments | SO II.1 | SO II.2 |
| Specific objective | SO II.1 Increase SMEs access to private financing for green investments | SO II.2 Enhance attractiveness of green financing to the capital sector |
| Strategic objective III. Stimulating demand for green investments | | |
| III.1 Design of a platform listing available state funding programs and instruments for industries | | SO III.1 |
| III.2 Enhance the participation of Greek companies in EU competitive funding programs | | SO III.1 |
| III.3 Promotion of innovative applications that leverage Greek competitive advantages | SO III. 2 | SO III. 4 |
| III.4 Capacity building for firms and especially SMEs regarding ESG aspects | SO III. 1 | SO III. 3 |
| III.5 Design of a support measure to cover ESG reporting requirements costs | SO III. 1 | SO III. 3 |
| III.6 Development of sector & activity specific Carbon Budgets | | SO III. 4 |
| III.7 Development of a circular economy projects' financing toolbox | | SO III. 4 |
| III.8 National Sustainability Action Plan for SMEs: Supporting Green Transformation and Competitiveness | | SO III. 4 |
| Specific objective | SO III. 1 Boost companies' participation to funding programs | SO III. 2 Encourage green innovation |
| | SO III. 3 Familiarize SMEs with ESG process | SO III. 4 Development of strategic documents to support the green transition of the industrial sector |

Figure 10 - Overview of measures

6.1 Strategic Objective I: Greening of Public Finance

Measure I.1: Green budgeting process optimization

Measure I.1: *Green budgeting process optimization*

- **Brief overview**

This measure seeks to enhance the use of green budgeting tools such as green tagging, already underway by the Greek authorities, by increasing the granularity of the budget item to which the green tagging methodology is applied, to optimize climate mainstreaming within state budget.

- **Measure Description**

Since 2020, Greece has been a member of the OECD's Paris Collaborative on Green Budgeting and is building on its framework.²¹ In 2021, Greece joined DG Reform's programme to "support the implementation of green budgeting practices in EU Member States",²² resulting to the incorporation of its "green tagging" practice, where expenditures are analyzed according to their estimated impact on environmental, climate and/or biodiversity targets. Currently, following GAO's guidelines for drafting of the Performance State Budget 2024, all Ministries are asked to assess their Programmes in principle, according to the actions included in it, for their positive, negative, neutral, mixed, or unclassified contribution to each of the EU Taxonomy's six environmental objectives.

However, there is room for improving the Greek green budget tagging methodology with respect to its **level of granularity**. At this moment in Greece the green budget tagging is conducted at a program level. Tagging broader budget lines, roughly corresponding to the level a General Secretariat's budget, neglects the fact that different activities within the budget line may have diverse or even opposing impacts on environmental and climate objectives.

Action: → In this context, it is proposed to increase the granularity of the budget item at an investment project level as listed in Public Investment Programme (PIP) . The French case could be a good example, as the government's green budget analysis reaches the lowest level of the French budget programmes, assessing the environmental dimension of "actions" (e.g., P174 – Grants for the Purchase of Green Vehicles)²³ under programmes, and, in some cases, of "sub-actions".²⁴ This suggestion is particularly relevant with respect to the national Public Investment Programme (PDE),²⁵ through which all co-financed projects (ESIF, RRF, EEA, etc.) are financed. In the PDE case, green tagging should be applied at the project level, to allow for an accurate and ongoing assessment of national green public investment spending. To this end, **a relevant codification should be developed, building on the codification applied to all projects co-financed through European funds**. PDE information system arrangements could also be used, allowing for the monitoring of planned as well as of accrued green expenses, but also for informed decisions on future spendings.

21 "OECD Green Budgeting Framework OECD Green Budgeting Framework HIGHLIGHTS Paris Collaborative on Green Budgeting." <https://www.oecd.org/environment/green-budgeting/OECD-Green-Budgeting-Framework-Highlights.pdf>.

22 European Commission, "Supporting the Implementation of Green Budgeting Practices among the EU Member States." 2021. https://reform-support.ec.europa.eu/what-we-do/revenue-administration-and-public-financial-management/supporting-implementation-green-budgeting-practices-eu_en

23 Direction du Budget, "The Green Budget in France: From an Informative Report to a Decision-Making Tool." 2023. <https://economy-finance.ec.europa.eu/system/files/2023-06/6.%20France%20Green%20Budgeting.pdf>.

24 IMF, "France's Green Budget for 2021." 2020. <https://blog-pfm.imf.org/en/pfmblog/2020/11/frances-green-budget-for-2021> .

25 "Πρόγραμμα Δημοσίων Επενδύσεων (ΠΔΕ) – Γενική Γραμματεία Επενδύσεων και ΕΣΠΑ." 2019. <https://www.ggde-espa.gov.gr/pde/>.

Action: → Another suggestion to be considered refers to the **increase of the resolution** of the characterization of items. Since the scoring system enhances credibility and comparability of green budgeting decisions, increasing the resolution to also include a “Highly Favorable” category is deemed beneficial.

Action: → GOV ERP under development should be able to follow up on the green budgeting outrun and take stock of the actual resources consumed per action/program. The green budgeting initiative should be connected with the accounting reform (PD 54/2018) and the program/performance budgeting, as all these dimensions are different views of the central administration's transactions and resource consumption.

Action: → Currently, tagging is taking place in a static way. It is recommended to **introduce a feedback loop** such that budget programming takes into consideration the results from the green tagging of previous year. Further tools could be introduced, such as green impact assessment, cost-benefit analysis, green spending review, green targets setting (e.g., % of the budget that contributes positively to the environment) also driven by benchmarking with other EU MS.

Action: → Furthermore, it should be explored to develop a system for the **mainstreaming the assessment of the contribution of budget items to national climate goals, set out in relevant national strategies** (National Climate Law, National Energy and Climate Plan, National Strategy for the Circular Economy, National Waste Management Plan, National Adaptation Strategy). Such practice can enable policymakers to make informed decisions and strategically direct public funding towards budget items that have a measurable and positive impact on advancing the nation's climate objectives.

- **Actors Influenced**

This measure will assist policymakers of line ministries in terms of decision-making processes and resource allocation in line with climate and environmental objectives, and the economy as a whole, since green budget tagging signals the government's commitment to sustainable practices

- **Challenge(s) Addressed**

This measure is intended to address the immaturity of climate integration aspects in the public budget (challenge 1.1).

- **Expected Outcome**

This measure aims to optimize the budget decision process by ensuring greater accuracy and attaching greater importance to the environmental dimension not only at the level of the state programme, but also in individual projects, while also combining green tagging with complementing tools. This will help increase green investments, thus supporting green financing and promoting Greece's energy transition efforts.

- **Assigned Ownership**

The successful implementation of the measure is entrusted to the Ministry of Economy and Finance and to the General Accounting Office of Greece (GAO) in particular. Close cooperation is required with the General Directorate for Public Investments.

- **Prerequisites / Interdependencies**

Improving climate considerations in public financial management requires adequate training and capacity building on green budget tagging of all public sector employees, especially those responsible for the environmental dimension in the national budget. This implies a strong dependency on measure I2. Regarding

the specific measure's maturity level, it can be characterized as high, given that similar, more general, activities are already underway.

- **Timeline of Measure**

Given that the guidelines for 2024 budget have already been published, and to provide the necessary time for services involved to become familiar with the methodology, it is proposed to implement the measure's proposals from the 2025 budget onwards. To this end, processing of the proposed amendments should start the soonest possible, as part of the work is actually being carried out by the respective ministry teams.

- **Resources Required**

Incorporating a higher level of granularity in green tagging, along with complementary tools may require additional effort in human resources. It also requires strong data management systems and institutional support through clear guidelines and capacity building programmes for government officials.

- **KPIs**

- Percentage (%) of budget spent contributing to EU taxonomy objectives
- Percentage (%) of budget contributing to national strategies
- Percentage (%) reduction of existing brown budgetary items in annual basis

Measure I.2: Capacity building in public administration on green budget & energy efficiency

Measure I.2: *Capacity building in public administration on green budget & energy efficiency*

- **Brief overview**

This measure aims to increase knowledge of public administration staff both for effective application of green budgeting processes as well as for implementing energy efficiency measures in public buildings.

- **Measure Description**

From 2020, the Greek government has been making tangible efforts to integrate the environmental dimension into the national budget by implementing OECD's framework on green budget tagging. Moreover, as listed in the Ministry of Economy & Finance's special publication "Performance Budget 2023", actions were developed for each programme to improve their environmental footprint and rationalize energy expenditure and consumption at the level of the general government, with an essential solution being the adoption of energy saving and efficiency measures in buildings and facilities of public entities.²⁶

Action:→ For the successful implementation of such measures, it is necessary to build knowledge capacity on the part of public employees. Ministries staff, especially those working in the financial services, **need to be trained** to familiarize themselves with the proper characterization of budget items as per the EU taxonomy, following the system developed in M I.1. The same applies to staff working in technical services, as regards in implementation of energy efficiency solutions and energy savings behavior.

Action:→ In terms of addressing the knowledge gap related to green budget tagging, repeated **training cycles based on a collective and comprehensive guide** for all public employees of the financial directorates responsible for green budgeting with detailed information on the green budget tagging process in Greece. The respective training material can be derived from relative OECD and European standards. In particular, in 2021, the EU Commission initiated the "EU Green Budgeting Training" dedicated to Member-States to build administrative and technical capacity for the development of a green budgeting framework at national level and provided useful information on understanding the main methods and challenges for determining expenditure, tax expenditure and revenue related to climate and environmental targets.²⁷ However, from Greece's part, only the Ministries of Finance and Environment and Energy participated,²⁸ highlighting the need to implement training programmes in all ministries. A respective guide can be developed by the Ministry of Economy & Finance, incorporating the system developed in Measure I.1.

Training material as well as training courses may be implemented through the National Centre for Public Administration and Local Government (EKDDA).

Action:→ As for energy saving and energy efficiency measures for public buildings, it is suggested, for their effective implementation, to organize customized workshops, hands-on training sessions, and online courses, which will address the technical aspects of energy-efficiency systems and energy-saving practices, addressed to maintenance, installation, and technical staff of public infrastructure, with guidance from experts on relative issues.

For a long-run effect, **courses on CBA and green budgeting can be introduced in the School for Public Administration**, so that employees recruited in public institutions already have the necessary knowledge and

²⁶ [ΟΙΚΟΝΟΜΙΚΕΣ ΕΞΕΛΙΞΕΙΣ \(minfin.gr\)](http://oikonomikes.eefaei.gr)

²⁷ [Green budgeting in the EU \(europa.eu\)](http://europa.eu)

²⁸ https://www.i4ce.org/wp-content/uploads/2023/06/Greener-better-stronger-Factors-for-the-successful-implementation-of-green-budgeting-in-EU-Member-States_au2206.pdf

skills from qualified academic staff coming from relevant government agencies to effectively carry out responsibilities related to green budget tagging.

- **Actors Influenced**

This measure is addressed to all public employees of each ministry and governmental body, irrespective of their level, who have responsibilities and influence over green budget tagging processes and implementation of energy efficiency measures in public buildings. In a second phase, it is intended to expand the measure's influence by including students of the School of Public Administration.

- **Challenge(s) Addressed**

This measure seeks to fill the knowledge gap that exists among employees of all public entities, as the lack of the necessary expertise is perceived as a challenge to improving climate assessments especially in public financial management and specifically in green budgeting (specific challenge 1.1).

- **Expected Outcome**

Specifically, through this measure it is expected to enhance the knowledge required for the efficient implementation of green budgeting activities, motivate the adoption of more practices & initiatives for the proper promotion of sustainable financing and green investments at government level.

- **Assigned Ownership**

For the organization of systematic training programmes, direct coordination between the Ministry of Economy & Finance (Finance branch) and the National Centre for Public Administration and Local Government (EKDDA) is deemed necessary, as part of the latter's mission. Ministry for Environment & Energy (Energy branch – General Secretariat for Energy) should also be involved, with respect to the energy efficiency trainings.

- **Prerequisites / Interdependencies**

For the implementation of this measure, the framework of green budgeting is necessary, at least in a broader context. The measure should, thus, follow measure I.1, given the need to ensure the necessary knowledge background at government level to successfully promote green budget tagging as defined in measure I.1. The maturity level of this measure is considered medium, as no relevant coordinated initiatives across all ministries have been enforced so far.

- **Timeline of Measure**

The implementation of this measure is foreseen in the medium-term, after the completion of measure I.1 (starting from Q1 2025).

- **Resources Required**

The conduction of training and capacity building activities of public sector employees regarding green budget tagging and energy efficiency require a combination of human, financial, and technological resources. Training modules may be developed and conducted in EKDDA, possibly in the framework of co-financed actions.

- **KPIs**

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- Number (#) of employees participating in the training (per Ministry, depending on the importance of each Ministry's contribution).
- Number (#) of students enrolled in respective courses at the School of Public Administration

Measure I.3: Design & implementation of Green Taxation measures

Measure I.3: *Design & implementation of Green Taxation measures*

- **Brief overview**

Design and implement a green tax regime to promote environmentally friendly practices, with a particular focus to the industrial sector, while also generating government tax revenue, to be used for funding green projects.

- **Measure Description**

Traditional taxation often fails to internalize the external costs of environmentally harmful activities. Instead, the use of green taxation (such as Pigouvian taxes and market-based instruments that correct market failures) can become a substantial policy tool for the Greek manufacturing industry. The implementation of such measures is expected to reduce the real cost of innovative technologies, by internalizing environmental cost of environmentally harmful technologies/practices.

The implementation of green taxation policies can affect the productivity of the industrial sectors. To avoid adverse effects (including distortionary taxes affecting balance among sectors) to the maximum extent, it is suggested to take under consideration also the elements identified in deliverable 2 and especially those related with the investment gap of each industrial sector, as well as the elements that affect the potential of each sector to support the achievement of the sustainability targets of the Greek policies (aggregate ranking tool).

Action:→ The specific measures suggested include:

- Mapping of specific examples of EU countries that already are implementing green taxation and market-based instruments among the industrial sector. Identification of tax incentives implemented, barriers and solutions implemented. For example, Cyprus is currently in the process of implementing green taxation measures in several sectors including transport and heavy industry (e.g. cement and tiles production). Learning about barriers for implementation and tax designs could be used for developing relevant taxes and economic instruments in Greece.
- Assess the macro-economic impact of specific green taxes in different time horizons.
- Design of a monitoring framework that will allow to check effectiveness of the green tax frame and ensure that corrective measures to avoid the creation of adverse incentives. Monitoring can be implemented with the support of specific KPIs that will relate tax.
- Identify priorities for spending the funds collected from the green taxes – use of the sectors prioritization aggregate scoring presented in deliverable 2.
- Examine scenarios of earmarking revenues to be used for green purposes.
- As an optional measure, the principle of recycling tax revenues could be implemented in the form of environmental dividends returned to households. This is especially relevant given the example of Canada that distributes tax revenue based on income criteria.²⁹

It is noted that currently and following a tendering procedure by the DG REFORM of the EC, a project entitled “Greening of Taxes – Contributing to the green transition and social-economic cohesion via the development of a new green tax reform” is currently being implemented (Call for tender TSIC-RoC-17900 Framework Contract procedure No. REFORM/2021/OP/0006 Lot 1).

29 International Institute for Sustainable Development <https://www.iisd.org/articles/policy-analysis/carbon-dividends-could-save-carbon-pricing-and-create-new-national-climate>

Several of the above measures are compatible with the B3 toolkit (presented under deliverable 5), which refers to the governance/operational aspects of implementation of policy instruments and foresees the design and operation of advisory and monitoring mechanisms.

- **Challenge(s) Addressed**

The above is relevant with challenge 1.1 (“Lack of climate mainstreaming aspects in the state budget”). A sustainable green taxation framework will stimulate further the demand for green tagging specific cost elements of the State budget.

- **Expected Outcome**

The imposition of a green tax regime will lead the change of corporate mentality, increasing the adoption of industrial practices and technologies of lower environmental footprint. On the other hand, the government tax revenues will fund green projects, the adoption of green technologies (in the economy overall) and/or the support of vulnerable households and entrepreneurs affected by catastrophic climate events (i.e., such as in the case of Thessaly after the Elias storm).

- **Assigned Ownership**

The Ministry of Economy & Finance (Finance branch) should have the leading role in coordinating the development of the studies related to the best practices in EU, the selection of the specific green taxation instruments, the macro-economic impact assessment, and the identification of projects/streams that the revenues can be streamlines. The General Accounting Office will have a leading role in implementing the taxation framework and in controlling and monitoring relevant revenues. The involvement of the Ministries of Environment and Energy and Climate Crisis and Civil protection will be also necessary.

- **Prerequisites / Interdependencies**

No link with the specific measures discussed in this deliverable. However, it is noted that the successful implementation of a green taxation framework needs should be based on the identification of competitiveness issues, comparison of specific taxes with the investment gap and sectoral sustainability ranking identified in deliverable 2.

- **Timeline of Measure**

Green taxation requires extensive research and regulation reforms (at least 8 Quarters = 2 years), as the relevant TA project implies

- **Resources Required**

The implementation of this measure will require mostly human capital. More specifically: Specialized tax economists for the development of taxation models Economists to assess best practices and identify possible taxation measures Environmental experts for matching the taxation elements with different environmental aspects. Technical Assistance would be used to this end. An indicative tool that could be employed in this process is the General Algebraic Modeling System (GAMS), a high-level modeling system for mathematical programming and optimization. GAMS is designed for modeling and solving linear, nonlinear, and mixed-integer optimization problems. It is a powerful tool for developing complex models that can be used to simulate and analyze various economic and environmental scenarios, making it suitable when working on taxation measures that involve multiple parameters.

- **KPIs**

The implementation of a green taxation mechanism is expected to bring revenues, improve environmental footprint of the industry. Moreover, the collected revenues will be able to fund other projects. Based on the above, the KPIs suggested are:

- Carbon intensity (kgCO₂/kWh) per sector (change over periods)
- Budget (in euros) of projects that have been funded from the green tax revenues
- Budget (in euros) of green projects / total revenues from green taxation
- Total revenues (in euros) from green taxation / total tax revenues (in euros) - (Percentage %)

Measure I.4: Establishment of a coordination body to support green investments in industry

Measure I.4: Establishment of a coordination body to support green investments in industry

- **Brief overview**

This measure aims to form a coordination body involving public entities and the private sector (industry /financial sector) to improve access to green investment financing options, by establishing a coordination body responsible for long-term planning, monitoring, showcasing best practices, addressing challenges and guiding enterprises to suitable financing instruments.

- **Measure Description**

The successful design and implementation of actions, which are necessary for the green transformation of the industrial sector, require the coordination and dialogue of all direct stakeholders, from both the public and private sectors. In particular, the need for an effective coordination both within the public sector and between the public and private sector was highlighted during the project implementation. Due to its crucial role, this body would host, directly or indirectly, many of the activities proposed in the current action plan.

Action: → Form this coordination body with the following functions:

1. development of long-term planning for financing sustainable investments in industry through existing and future government programmes as foreseen in measure I.5;
2. formulation of documented proposals, to be addressed to the funding bodies via the competent services, aiming to optimize the use of available resources in the various funding programmes (indicatively ESIF, RRF etc.), for the purpose of supporting the decarbonisation of the industrial sector;
3. monitoring of planning's implementation and targets' achievement; propose planning amendments and corrective actions;
4. exchange of information on available tools/programmes (financed through both public and private resources);
5. presentation of good practices of sustainable investments in industry;
6. reporting of blockages in the implementation of investments and addressing cases at the appropriate level;
7. receive proposals for sustainable investments from enterprises and provide initial guidance towards appropriate financing instruments, using comprehensively the tools proposed to be developed under the action plan.

For the purposes of this measure, it is proposed to use existing structures, already foreseen in the framework of the National Industry Strategy:

- i. The "Green Transformation" Working Group provides the appropriate level of cooperation of all required stakeholders, as it provides for the representation of the competent General Secretariats, executives from the productive sector and experts. The composition of the WG should also include representatives from the industrial and financial sector.
- ii. The ESYVIP is the steering body that will guide the WG's work, evaluate its recommendations and address them to the appropriate level for approval/implementation. It might be necessary to make an explicit reference to participation of the industrial and financial sectors' representatives, on an ad hoc basis.

Due to its wide composition, within the proposed WG it will be possible to integrate the tools developed in measures III.1 and II.6, concerning available public and private financing instruments, under a **single platform, providing informed guidance to firms seeking funding for their investments**. Although these tools are presented as separate measures, due to distinct ownership, steps will be taken to achieve interoperability between the two systems. The integrated platform will be developed in gradual steps (indicatively static, dynamic, interactive, AI). At an initial stage, an operation on a non-profit basis is foreseen. However, depending on demand and market conditions, it is proposed to consider expanding it as a market service, thus making it self-sustained.

A more detailed presentation of the rationale of the choice of the abovementioned structure is offered in Chapter 7.

- **Actors influenced**

The actors that will be positively affected are first and foremost companies in the industrial sector, as a more favorable and supportive context for green investments will be fostered. Financial institutions and public authorities will also benefit from this much needed interaction.

- **Challenge(s) Addressed**

The design of this measure aims to overcome the challenge posed by the lack of a dedicated body and tools for the planning / channeling & monitoring of green investments in industry (specific challenge 1.2). Such a body was also suggested through toolkit B1 of Deliverable 5.

- **Expected Outcome**

It is expected that this measure will improve coordination and alignment, as well as access of industries in adequate information on green investments financing options.

- **Assigned Ownership**

It is proposed that the measure is implemented under the responsibility of the Ministry of Development / General Secretariat for Industry, which is also responsible for the Committee for Industrial Policy Coordination.

- **Prerequisites / Interdependencies**

Overall, the level of maturity of this measure is considered high as the entities are foreseen, while ESYVIB has been set-up by a MD, which might need some amendments. Technical assistance to the General Secretariat for Industry, responsible for both entities, is necessary because it would substantially trigger the initial operation of the proposed scheme.

The functions of the proposed entities will be fed from Measures:

- I.5., which will provide the planning and monitoring tool for the work of this body
- II.6 and III.1, which refer to platforms for identifying the appropriate private and public instruments respectively, to finance green investments

- **Timeline of Measure**

Given that the governmental bodies that will make up the coordination body already exist and given the urgent need to support the energy transition of the industrial sector, it is proposed and considered feasible to proceed in the short term (within 2024).

- **Resources Required**

No additional human resources are required to implement this measure, as the formation of both the Working Group and the Committee include diverse stakeholders with multiple professional backgrounds, experience, and expertise. Nevertheless, allocation of sufficient budgetary resources is deemed necessary to support the body's activities, initiatives, and outreach efforts. In addition, technological capital is also required to establish robust technological infrastructure for the platform operation, data management, communication, and cooperation between the body's members. To operate this infrastructure effectively, individuals involved will need to possess technical skills in data management and IT systems. Additionally, proficiency in collaboration tools and communication technologies will be essential to facilitate seamless cooperation and coordination among the body's diverse members. These skills will ensure the technological capital is utilized effectively, supporting the platform's operation and the various activities, initiatives, and outreach efforts of the body.

- **KPIs**

- Discrepancy from green investment targets in industry (as characterized in measure I.5 and following the EU taxonomy)
- Percentage (%) of budget allocated to green investments in industrial sector (as characterized in measure I.5 and following EU taxonomy)

Measure I.5: Enhancing Sustainable Industry Financing through Long-Term Planning of public funds

Measure I.5: Enhancing Sustainable Industry Financing through Long-Term Planning of public funds

- **Brief overview**

Establish a comprehensive long-term sustainable financing plan for the industry in Greece to optimize the allocation of public funds and support green investments, while enabling effective monitoring and corrective actions when necessary. This planning may be further detailed, ultimately leading to a project pipeline.

- **Measure Description**

A. Due to the increasing need for green investments, in order to comply with European and national climate goals, significant resources at the European level have been made available to Member States towards such investments. These resources are provided through the ESIF 2021 – 2027 Programmes, financed from ERDF / CF / JTS /ESF+, but also through the RRF. In both instruments there is a requirement for a minimum share of resources to be directed towards green investment. It should also be mentioned that, although in ESIF programmes there are numerous interventions addressed to the productive sector, there isn't a sole programme dedicated to the industry. The national Development Law also provides incentives to sustainable projects for the industry.

It is recalled that, 2024 onwards, Greece is eligible for the Modernization Fund providing support to the MS to enhance the performance of their energy infrastructure (public and private). The Decarbonization Fund for the Islands, as well as the upcoming Social Climate Fund will also provide financing, part of which, under certain circumstances, would be addressed also to enterprises. These funds should also be gradually incorporated into the masterplan.

Action:→ Although each of the above-mentioned programmes has its own planning, being gradually detailed after consultation with the ministries, there is a lack of a consolidated plan of the resources allocated (or to be allocated) to sustainable investments in industry together. This “masterplan” should contain not only financial information but also output, result and impact indicators, chosen in such a way as to allow the assessment of the investments’ contribution to the NECP (and other strategies) targets. Such a comprehensive picture is crucial for the Secretary General of Industry of the Ministry of Development not only for planning purposes but also to monitor progress towards the achievement of targets set and design additional tools, if necessary. It should be mentioned that the proposed holistic and consolidated picture is the typical outcome of a service that may be created at each line ministry, the so called “executive structure for ESIF”, which has not been set at the Ministry of Development.

Action:→ As a next step, based on this comprehensive long-term masterplan, a more refined planning may be developed for the promotion of targeted sustainable finance in industry, and consequently establish a strong green project pipeline for this sector. Given the limited public resources of the national budget and considering that there may be several green projects / items to be financed, a ranking should be necessary, leveraging the available toolkit A3 of Deliverable 5 or through the inclusion of a cost-benefit analysis throughout the planning process. In this context, a tool resembling the methodological approach of a cost-benefit analysis should be put in place to enable the allocation of public funding in the most influential way, by conducting an impact evaluation, making assumptions, and, finally, calculating economic and social profitability, as it is deemed crucial to also consider the socioeconomic dimension when identifying, ranking, and prioritizing sustainable investments.

- **Actors influenced**

Apart from policy makers, industrial enterprises will particularly benefit from the implementation of this measure, as there will be an in-depth identification of the imperatives and financing gap that need to be addressed to achieve the green energy transition of the sector.

- **Challenge(s) Addressed**

A challenge hindering the achievement of the energy transition of Greek industry is the absence of a long-term and coordinated approach to support green investments in industry, which also implies insufficient public sustainable funds dedicated to this sector (specific challenge 1.2).

- **Expected outcome**

By developing a comprehensive long-term sustainable financing planning for the industry, the objective is to provide a tool for optimizing the allocation of multiple public funds to sustainable and innovative investments in the industrial sector. It will also allow for effective monitoring and corrective actions, if necessary.

- **Assigned Ownership**

Such a comprehensive plan would be developed under the responsibility of the General Secretariat for Industry with the collaboration of the Ministry of Economy & Finance (Economy branch) and Ministry for Environment & Energy (Energy branch – General Secretariat for Energy), both managing national and European funding.

- **Prerequisites / Interdependencies**

No specific prerequisite, since necessary data should already be available in the respective Information Systems or the relevant services, the maturity level for executing this measure being relatively high. The implementation of this measure will substantially support the work of the body discussed in measure I.4.

- **Timeline of Measure**

Public funding planning is critical to be addressed first (until Q3 of 2024) since it provides guidance for many actions of this action plan and on a governmental level in general .

- **Resources Required**

Implementing this measure requires the allocation of human capital to conduct the analysis. IT resources are also needed to get and compile information needed, but also to monitor the implementation and achievement of targets.

- **KPIs**

- Number (#) of green investments funded from multiple public funding sources (green investments characterized following the EU taxonomy)
- Amount of funding sources (in euros) in the industrial sector (ratio can be benchmarked among sub-sectors to identify sub-sectors that receive disproportionate levels of investment.)

6.2 Strategic Objective II: Streamlining Private Finance towards Green Investments

Measure II.1: Finalizing framework for the issuance of a Greek Sovereign Green Bond

Measure II.1: *Finalizing framework for the issuance of a Greek Sovereign Green Bond*

- **Brief overview**

This measure aims to promote the issuance of Sovereign Green Bonds and attract green investors to the Greek Sustainable Finance ecosystem, by establishing adequate procedures to enhance transparency in project selection and to ensure proper monitoring of projects' implementation and bond's proceeds.

- **Measure Description**

As a preparatory action in view of issuing a Greek Sovereign Green Bond, it is proposed to design and implement a governance mechanism among the Public Debt Management Agency and the line ministries, encompassing both the selection and ongoing monitoring of projects. This derives from discussions from various stakeholders and especially the PDMA that identified a gap not only in the process of selecting eligible green projects but also in the process of closely monitoring the selected projects' implementation, as well as the relevant proceeds.

Action:→ The first part of the measure relates to the identification of eligible green projects. For this the international standards for the issuance of green bonds must be applied and follow the ICMA principles³⁰.

Sub-Action:→ Additionally, thorough evaluation of the environmental advantages associated with climate-related expenditures is crucial for supporting the issuance of Sovereign Green Bonds (SGBs). Shifting Public Financial Management to a framework that not only measures fiscal project impacts but also assesses environmental effects. This can be achieved using the CBA methodologies analyzed in the toolbox developed. Provisions should be put in place to avoid double funding of projects.

Action:→ Following the proper projects' selection, this mechanism should ensure an adequate monitoring of the projects' implementation and financing, satisfying thus the requirement that Green Bond's resources are spent in an appropriate way. For the projects' implementation monitoring, Information Systems of the relevant services should be used.

Action:→ Moreover, close ex post monitoring of proceeds is also mandatory. Specifically in the publication "Sovereign ESG Bond Issuance - A Guidance Note for Sovereign Debt Managers" by IMF it is explicitly mentioned that "Ex post reporting on the use of proceeds from a bond issuance and the environmental impact of the projects that were funded has become the standard, especially for sovereign ESG bonds". For this step, coordination among the PDMA and the Ministry of Economy & Finance is necessary to allocate responsibilities of tracking proceeds usage to each entity. After the allocation is agreed, a monitoring process comprising of compliance checks following the initial ICMA eligibility criteria at frequent intervals is advised.

Sub-Action:→ An extra component within this measure is the development of a method to **aggregate small projects in larger ones** to get financing more easily. This method could ideally be applied in the area of energy efficiency in the residential sector, where there is a multitude of small potential projects (small properties needing energy upgrade works) but low operational and financial capacity from the households. This type of intervention is critical since, according to NECP, the residential sector is expected to largely contribute to the national effort to meet the demanding targets.

³⁰ [Sovereign ESG Bond Issuance: A Guidance Note for Sovereign Debt Managers \(imf.org\)](https://www.imf.org/publications/sgb/)

- **Actors influenced**

This measure mainly affects investors by providing assurance regarding the sustainable character of the sovereign bond and its projects. Also, it bridges the financing gap for large scale impactful projects that cannot receive sufficient public funds for the realization of their projects.

- **Challenge(s) Addressed**

This measure is strategically devised to maximize transparency in the issuance process and thus promote SGBs and provide assurance to investors. This leads to the increase of the marketability of SGBs which in turn aims to cover the funding gap hindering crucial investments essential to achieving objectives by the year 2030. More specifically it addresses challenge 2.2 regarding the limited financing of green investments by the capital market.

- **Expected Outcome**

The implementation of the proposed measure will ensure the necessary transparency, efficiency, and accountability in the allocation of projects, permitting the issuance of Sovereign Green Bonds. As a result of this, the Greek Sustainable Finance ecosystem can expand its investor base to include green investors.

- **Assigned Ownership**

This measure is addressed both to Ministry of Economy and Finance (Finance branch) as well as the Public Debt Management agency. Close cooperation between the two bodies is necessary, suggesting that an Interagency Committee should be set up to facilitate collaboration between the DMO, the relevant units in the Ministry of Economy and Finance and other line ministries whose inputs (regarding the characterization and earmarking of projects) are required for SGB issuance. As far as the extra component is concerned, active involvement of Ministry for Environment & Energy is necessary.

- **Prerequisites / Interdependencies**

There is no prerequisite for the issuance of green bonds.

- **Timeline of Measure**

Action related to the Sovereign bond can be commenced early in 2024 since PDMA has started laying the ground for their issuance. According to IMF pre-issuance procedures can take up 9 to 36 months

- **Resources Required**

SGB issuance is more capacity-intensive than conventional bonds, aligning with the International Capital Market Association's (ICMA) Green Bond Principles (GBPs). Strengthening areas within the PDMA includes areas such as bond issuance, market monitoring, investor communications, and reporting, possibly requiring additional human resources with technical expertise in the subject of SGBs. Additionally, extra resources will be needed for external reviews of the issuer's green bond framework and post-issuance reporting certification or audit.

- **KPIs**

- Number (#) of sustainable projects supported by the sovereign green bond
- Share (%) of sustainable projects per Ministry

Measure II.2: Capacity building for the banks' personnel for green investment

Measure II.2: *Capacity building for the banks' personnel for green investment*

- **Brief overview**

This measure aims to equip financial institution personnel with expertise in sustainable financing through training programs, enabling them to effectively communicate the benefits to Small and Medium Enterprises (SMEs) and promote green investments.

- **Measure Description**

Action:→ This measure involves conducting training programs for banking personnel with the primary objective of disseminating knowledge to Small and Medium Enterprises (SMEs). These training sessions aim at two objectives. The first one is to enhance awareness among personnel to be in the position to communicate the products and benefits to SMEs. On the other hand, these trainings build knowledge for green investments, particularly those lacking an extensive historical track record, to alleviate uncertainties regarding their profitability, thus promoting their use from banks. Indicative chapters that should be covered in these trainings are:

1. Introduction to Green Banking – Layout the context
2. Understanding the needs of SMEs – Introduce banking staff to the specificities of SMEs
3. Customer Relationship Management (CRM) - Strategies for maintaining long-term relationships with SME clients.
4. Master Green Finance Products – Educate staff on the appropriate use of the products
5. Success stories in SMEs – Communicate successful stories to promote their use by banking staff
6. Monitoring – Highlight the importance of monitoring and risk management

- **Actors Influenced**

The main actors influenced by this measure are the banks personnel. However, this measure indirectly also affects SMEs which will reap the benefits of this capacity building measure in the form of increased financing to them.

- **Challenge(s) Addressed**

This measure is strategically devised to maximize the use of green financing products by banks. More specifically it addresses challenge 2.1 and 2.2 regarding the limited financing of green investments in SMEs and the general lack of investment by the capital market.

- **Expected Outcome**

The proposed measure is expected to benefit financial institutions by equipping their personnel with expertise in sustainable financing. This enhanced knowledge will empower these institutions to play a pivotal role in the transformation of Greece into a model of efficient and impactful sustainable financing, fostering environmental and economic sustainability in the country.

- **Assigned Ownership**

This measure is addressed to the Hellenic Bank Association. This is a well-suited measure for HBA given the fact that as an entity, HBA already is engaged in knowledge dissemination activities and its technical know-how can

serve the nature of this measure. Also, as a single point of contact for all banks, HBA can ensure the uniformity of the trainings provided and monitor the outcomes of the abovementioned trainings.

- **Prerequisites / Interdependencies**

This measure is not linked and is not dependent on any other measures in the proposed action plan. The conditions related to this measure are relatively high. Content and modalities for the training could be discussed within committee of measure I.4.

- **Timeline of Measure**

Even though capacity building activities in banks are crucial, it is expected that some level of training has already commenced within banks. In this respect this measure is set to start in 2025. Based on previous engagements, comparable training activities have spanned a duration ranging from 6 to 12 months.

- **Resources Required**

Implementing this measure requires a substantial investment in human resources capable of delivering technical training, as well as a considerable amount of time. Based on past engagements, a preliminary cost estimate for these training activities falls within the range of 300,000 to 350,000 euros. These numbers refer to approximately 6,000 hours (1,500 of actual training hours and 4,500 hours of preparation and administrative tasks), for around 2,000 bank employees. This cost can be borne collectively by the banks.

- **KPIs**

- Number (#) of bank employees that followed relevant training

Measure II.3: Enhancing Supervision and Transparency for Non-Financial Reporting

Measure II.3: *Enhancing Supervision and Transparency for Non-Financial Reporting*

- **Brief overview**

This measure aims to enhance the supervisory framework for non-financial reporting by establishing regulatory standards, creating a repository for credible ESG information, empowering supervisory authorities, prioritizing companies and sectors with higher environmental and social impact, and conducting periodic reviews to adapt to evolving market dynamics, ultimately building capacity and improving supervisory ESG efficacy in alignment with international standards and transparency.

- **Measure Description**

Enhancing the supervisory framework for non-financial reporting involves improving the systems and processes through which regulatory bodies oversee and ensure the quality, transparency, and reliability of non-financial disclosures by companies. Non-financial reporting typically includes information related to environmental, social, and governance (ESG) matters.

Action:→ The measure includes the **establishment of clear guidance on which regulatory standards companies should follow**. In light of the Corporate Sustainability Reporting Directive (CSRD) being transposed in 2024, it is imperative to provide clarity on the standards to be used, ensuring market entities understand their reporting obligations. For companies not mandated to report under CSRD, the continued use of well-recognized standards such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) is advisable. This approach will facilitate compliance and reduce the risk of overburdening companies with divergent reporting requirements.

Action:→ Upon establishing clear regulatory guidelines, a key component of the measure is the **development of a repository for credible ESG information**. This practical tool will play a crucial role in cross-checking and validating company reports against established standards. It will compare company-submitted data with regulatory requirements standards to ensure compliance and identify any discrepancies. Over time, the repository will develop industry-specific benchmarks to easily spot outliers or significant deviations in reporting. Additionally, it will integrate with external data sets, like climate and social impact databases, to flag potential inconsistencies. For instance, if a company's reported emissions are notably lower than industry averages, it could indicate potential greenwashing. The repository's goal is to ensure the quality, credibility, and accurate reflection of climate risks in ESG reports, which is crucial for effective auditing and assurance.

Action:→ Building on the above, the measure further involves **supervisory authority empowerment**. There is a need for providing supervisory authorities with the necessary legal authority, resources, and expertise to effectively oversee non-financial reporting. This may involve strengthening regulatory bodies or creating specialized units focused on ESG supervision and offering training programs for supervisory staff to enhance their understanding of ESG issues, reporting frameworks, and evolving industry best practices.

Sub-Action:→ Following a **risk-based approach** is also an important pillar for non-financial reporting supervision. This may include the prioritization of companies and sectors with a higher potential impact on the environment or society, or those in industries with heightened ESG risks and the conduction of regular risk assessments to identify emerging risks and areas where additional supervisory attention may be needed. However, to ensure transparency and reliability of information, companies should be required to obtain **assurance on their non-financial reports** from external auditors or third-party assurance providers. Additionally, **stakeholder engagement and public consultations** to gather input from stakeholders, including investors, NGOs, and the general public can help on the design and effectiveness of the supervisory framework and eliminate policy blind spots.

Action:→ Finally, conducting periodic reviews of the supervisory framework to identify areas for improvement is a way to remain adaptable to evolving market dynamics, emerging ESG issues, and changes in reporting best practices.

- **Challenge(s) Addressed**

The above is relevant with challenges 2.1 (“Limited financing of green investments in SMEs”) and 2.2 (“Limited financing of green investments by the capital market”). The limited financing of green investments in small and medium-sized enterprises (SMEs) is a common challenge and is often attributed to various factors. An improved reporting framework that eliminates ambiguity can facilitate the flow of financing.

- **Expected outcome**

The expected outcome of this measure is building capacity and relevant methodologies to adapt rapidly and efficiently to the monitoring, and enforcement capabilities, while increasing its supervisory ESG efficacy. Thus, it is important to effectively map the transposition of the EU regulatory framework and standards to the national applicable framework, identify possible gaps in the national framework, identify the data needed for the ESG reporting requirements, as well as develop methodologies and tools for monitoring the supervision of ESG risks and spot the greenwashing practices.

- **Assigned Ownership**

The Ministry of Economy & Finance (Finance branch) should have the leading role in providing supervisory authorities with the necessary legal authority, resources, and expertise to effectively oversee non-financial reporting. The Hellenic Capital Market Commission (HCMC) should have the coordinating role in prioritizing the companies and sectors with a higher potential impact on the environment or society and assuring the companies’ non-financial reports from external auditors or third-party assurance providers.

- **Prerequisites / Interdependencies**

This measure is linked with measure II.4 - "Improving transparency, credibility & security of green investments in the Greek capital market" but does not rely on its completion. It mainly acts as setting the framework for many other measures that require non-financial information.

- **Timeline of Measure**

Given that non-financial reporting plays a pivotal role in informing investors and financial institutions, it is crucial that all related regulatory reforms should commence early. The timeline of implementation is expected until Q3 2025.

- **Resources Required**

The implementation of this measure will require human capital.

More specifically:

- Capacity building programs: Develop training programs to enhance the understanding of non-financial reporting requirements, standards, and methodologies.
- Continuous learning: Keep human capital up to date on evolving regulatory requirements related to non-financial reporting.
- Interdisciplinary teams: Foster collaboration between professionals with diverse backgrounds, including finance, law, environmental and social sciences.

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The implementation can also significantly benefit from the use of technological capital.

More specifically:

- Data processing and analysis: Use AI and data analytics tools to process and analyze large volumes of non-financial data efficiently.
- Collaborative tools and communication platforms: Implement collaborative tools that enable seamless communication and collaboration among supervisory teams.

In terms of monetary value similar projects have been estimated in the range of 80.000 to 120.000 Euros.

- **KPIs**

- Percentage (%) of reporting entities in compliance with non-financial reporting requirements.
- Percentage (%) of non-financial reports that meet predefined accuracy and completeness standards.
- Percentage (%) of non-financial reports receiving external assurance.

Measure II.4: Improving transparency, credibility & security of green investments in the Greek capital market

Measure II.4: *Improving transparency, credibility & security of green investments in the Greek capital market*

- **Brief overview**

This measure seeks to improve the Greek capital market attractiveness for green investments by enhancing transparency, credibility, and security through a transparent taxation framework and robust Fintech ecosystems. This is aimed at boosting investor confidence and enhancing the appeal of green investments.

- **Measure Description**

This measure focuses on enhancing the transparency, credibility, and security of green investments within the Greek capital market. This initiative is driven by the imperative to increase the attractiveness of the Greek capital market through the increased assurance it provides to investors. This can be done by addressing critical factors such as the currently relatively vague profile of the existing regulatory framework which will provide extra clarity to the market participants. Additionally, the measure aims to facilitate the issuance of Environmental, Social, and Governance (ESG) instruments, further contributing to the overall credibility and appeal of green investments in the Greek financial landscape.

Action:→ The implementation of the measure includes the following:

- **Standardization of Green Investment Metrics:**
Sub-Action:→ Develop a comprehensive set of guidelines and standards for ESG metrics specific to the Greek market, incorporating international best practices. **Sub-Action:**→ Implement a digital reporting platform where companies can submit standardized ESG data, making it easier for investors to assess and compare the green credentials of different investments.
- Third-party certification/audit and labeling for green financial products: **Sub-Action:**→ Independent organizations can assess and verify the sustainability performance of investments, providing investors with a reliable way to identify genuine green opportunities. **Sub-Action:**→ Create a transparent and accessible database of certified green investments, allowing investors to easily identify and verify the sustainability credentials of these products.
- **Stakeholder engagement: Engage with stakeholders to ensure that green projects are socially and environmentally responsible.** **Sub-Action:**→ Organize regular forums and workshops with investors, companies, environmental groups, and government bodies to discuss green investment opportunities and challenges. **Sub-Action:**→ Implement a collaborative platform for continuous feedback and suggestions from stakeholders, ensuring ongoing improvement and alignment with societal and environmental goals. This engagement can enhance the credibility of green investments.
- Use of technology: Leverage new technologies to enhance the security and transparency of transactions within the capital market. Blockchain can provide an immutable and transparent record of transactions, reducing the risk of fraud and ensuring the integrity of green investments.

- **Actors influenced**

This measure given the actions analyzed above affects all actors listed in the sustainable finance ecosystem in Greece. On the one hand on the demand side, firms will follow simpler rules and provide data with greater ease

increasing that way transparency and their credibility. On the other hand, the supply side or investors will be more confident in their decision to fund green investments given the improved quality of data they receive.

- **Challenge(s) Addressed**

This measure is designed to maximize transparency in the capital market. More specifically it addresses challenge 2.2 regarding the limited financing of green investments by the capital market.

- **Expected Outcome**

The outcome of this measure is the transformation of the Greek capital market, through increased transparency, credibility, and security in the realm of green investments. By establishing a transparent taxation framework and fostering robust Fintech ecosystems, the measure aims to streamline data processing, providing enhanced clarity to existing frameworks. This initiative is anticipated to simplify rules for firms, enabling them to provide with greater ease, thereby increasing transparency and credibility. Simultaneously, investors on the supply side will benefit from improved data quality, gaining confidence in their decisions to fund green investments. The issuance of Environmental, Social, and Governance (ESG) instruments is expected to further elevate the overall credibility and appeal of green investments within the Greek financial landscape.

- **Assigned Ownership**

The Hellenic Capital Market Commission is proposed to own the implementation of this measure given the regulatory/monitoring activities that it is already engaged in.

- **Prerequisites / Interdependencies**

This measure is closely related with measure II.5 that relates to the development of a framework of tax and wider incentives for sustainable finance instruments. The maturity level for this measure is relatively high given the fact that the identification of barriers has already been conducted in the context of this engagement.

- **Timeline of Measure**

In the same way as the previous measure, fixing capital market security and transparency is crucial and a prerequisite for the promotion of sustainable finance products, so should be commence from start of 2024. Regarding the required timeline for the regulatory reforms, a rough estimation would be within 2024 until their full completion.

- **Resources Required**

This measure will require resources in terms of human resources given the increased workload to achieve transparency. In terms of monetary value similar regulatory related projects have been estimated to range from 80.000 – 120.000 euros.

- **KPIs**

- Number (#) of HCMC's improvement and reform initiatives
- Numerical (#) increase of investors' confidence (through questionnaires measuring the confidence of investors before and after regulatory reforms)

Measure II.5: Building a framework of tax and wider incentives for sustainable finance instruments

Measure II.5: Building a framework of tax and wider incentives for sustainable finance instruments

- **Brief overview**

This measure aims to create a tax and other incentives' framework that promotes the use of sustainable finance instruments like green bonds and loans, addressing the challenge of limited capital market financing for green investments.

- **Measure Description**

At a European and global level, a variety of financial instruments, such as green loans and corporate green bonds, has been identified (apart from grants), to support sustainable investments. However, their use in the Greek context is rather limited. A Sustainable Finance Framework for Greece is necessary to set out how it intends to raise green loans, corporate green bonds and other financial instruments for companies, to trigger an increase in their demand for sustainable investments.

In particular, larger corporations might have access to tools such as corporate bonds, IPOs, or mergers and acquisitions. The suitability of Green Loans and Sustainability Linked Loans as funding options diminishes with greater investment amounts, possessing a moderate fundraising capacity. Green Loans and Sustainability Linked Loans exhibit versatility and adaptability for innovative projects, fulfilling the needs of both SMEs and large enterprises. Regarding Green Bonds and Sustainability Linked Bonds, they are equipped to manage larger investments, rendering them suitable for substantial projects. However, the rigid use of proceeds guidelines in Green Bonds might limit their flexibility in funding innovative projects. In terms of innovation, Green Bonds have a moderate level of suitability, whereas Sustainability Linked Bonds are more flexible. It is worth mentioning that only large companies can issue Green Bonds. Equity instruments differ significantly, for example Green Stocks have a limited financing adaptability to innovation, while they function as a complementary funding source. Nonetheless, Venture Capital and Business Angels can raise significantly larger amounts of funding, while they are considered highly suitable for funding innovative projects.

Action:→ A framework for tax and wider incentives for sustainable finance instruments should be developed, for Greece to trigger the development of its sustainable financing market.³¹ **As part of such reform of the existing taxation framework of green instruments to include:** **Sub-Action:**→ **Conduct a detailed review of the current taxation policies affecting green investments and identify areas for simplification and incentives.** **Sub-Action:**→ **Indicatively introduce tax benefits for investments in certified green projects, such as reduced capital gains tax or tax credits for investors in green bonds or funds.**

Hereupon, the specific sustainable finance activities that the framework aims to incentivize would be -aligned and complied with the Greek tax system as they should resonate with the existing tax laws (i.e., tax deductions or exemptions for investors).³² Governmental and financial institutions should also develop standards for green bonds in alignment with international best practices such as International Capital Market Associations' Green Bond Principles and EU Green Bond Standards (EUGBS)³³ to ensure transparency and credibility in the issuance of green bonds.

31 Republic of Philippines (2021), Sustainable Finance Framework, <https://www.treasury.gov.ph/wp-content/uploads/2022/01/Republic-of-Philippines-Sustainable-Finance-Framework-vF-with-disclaimer.pdf>

38 European Banking Federation (2017) Towards a Green Finance Framework, <https://www.ebf.eu/wp-content/uploads/2017/09/Geen-finance-complete.pdf>

33 https://ec.europa.eu/commission/presscorner/detail/en/mex_23_1301

Action:→ Greek authorities should also implement a monitoring and reporting system to track -where feasible- the estimated environmental and financial impact arising from the implementation of the sustainable finance activities under this framework. **Sub-Action:**→ Reviewing the framework on a regular basis, with the aim of adhering to best practices in the market, will result in this framework being updated and amended, publish reports to demonstrate progress and accountability.

- **Challenge(s) Addressed**

The framework of tax and wider incentives should aim at addressing the following challenges:

- 2.2 “Limited financing of green investments by the capital market”

- **Expected Outcome**

The aim is to create a tax and incentives framework that fosters the attractiveness of sustainable finance instruments, encouraging larger companies to issue green bonds and smaller enterprises to pursue green loans. This approach aims to drive widespread adoption of sustainable financing across diverse business scales.

- **Assigned Ownership**

The Ministry of Economy & Finance (Finance branch) is proposed to own the implementation of this measure, in consultation with HBA and HCMC.

- **Prerequisites / Interdependencies**

The successful implementation of the measure ‘II.4 Improving transparency, credibility & security of green investments in the Greek capital market’, would support and better enable building a framework of tax and wider incentives for sustainable finance instruments.

- **Timeline of Measure**

Since the measure depends on II.4T the initiation is set to Q4 of 2024. The implementation of this measure is foreseen in the short-to-medium term lasting approximately 1 year (4 quarters).

- **Resources Required**

The design of the framework would require a combination of human, financial, and technological resources. Human resources would involve skilled professionals in finance, taxation, legislation, and environmental expertise to design, implement, and regulate the framework. Financial capital would be required to fund initiatives, provide incentives, and support the infrastructure needed for sustainable finance. Technological requirements would include digital platforms for transparent tracking of green investments and compliance.

- **KPIs**

- Number (#) of green bonds issued
- Number (#) of green loans for SMEs
- Number (#) of green tax incentives

Measure II.6: Connecting supply and demand for green projects through a unified platform of available financial instruments

Measure II.6: *Connecting supply and demand for green projects through a unified platform of available financial instruments*

- **Brief overview**

This measure aims to create an online platform allowing Greek SMEs to access information on financing instruments (such as grants, loans, bonds, and equity instruments) available in the market, based on project size, innovation/complexity, administrative burdens, and firm size.

- **Measure Description**

This initiative outlines the creation of an internet-based platform designed to offer comprehensive information and details regarding various financing options offered by banks and other financial institutions. Mapping available financing is a measure mainly directed to firms as it poses a significant challenge for them. However, ministries can also benefit from such as platform given the fact that they must be well-informed about funding sources for green investments and the availability of financing instruments. Moreover, given that 99.9% of enterprises in Greece are classified as SMEs, it becomes crucial to support this segment due to resource limitations. Therefore, the online platform aims to serve as a digital gateway, allowing Greek SMEs to access information on financing instruments (such as grants, loans, bonds, and equity instruments) available in the market, based on project size, innovation/complexity, administrative burdens, and firm size.

In order to develop the platform, a detailed codification of financial instruments available in the market should take place. The platform will employ toolkit C2 and leverage flowchart logic to assist stakeholders in quickly identifying the most suitable financing instrument. **The development of this platform is under the supervision of the coordination body to support green investments in industry (Measure I5) and is interlinked with Measure III.1 to ensure interoperability.**

- **Actors Influenced**

This measure is mainly addressed to firms, specifically SMEs (recipients), which cannot afford for personnel dedicated to such activities. Governmental bodies such as the Ministry of Economy and Finance, Ministry of Development, and Ministry of Environment and Energy may seek information about the available financing product when designing support measures.

- **Challenge(s) Addressed**

Considering the limited access of companies, specifically SMEs in green funding programs, specifically: lack of knowledge on the available financing programs and lack of long-term planning, this measure directly addresses Challenge 3.1 “Limited funding of green investments due to awareness reasons”.

- **Expected Outcome**

The expected outcome is to establish a “hub” that connects institutional investors (supply) with businesses (demand), with the goal of facilitating access to green funding programs and instruments. Additionally, through this platform policymakers can develop better and well-informed policies addressing funding gaps more efficiently.

- **Assigned Ownership**

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The Hellenic Bank Association is suggested to take charge of implementing this measure due to its technical expertise within the banks of the Greek sustainable ecosystem. This approach ensures that the development of a comprehensive list of available financing products can be accomplished by monitoring the offerings of each bank. This measure could be financed by HBA own resources or through a relevant co-financed action, subject to eligibility considerations.

- **Prerequisites / Interdependencies**

This measure is interdependent to measure III.1 – “Design of a platform listing available state funding programs and instruments for industries”. The maturity level of this measure is considered low, as no relevant coordinated initiatives have been enforced so far.

- **Timeline of Measure**

Considering the time required for the build-up, running and maintenance of the online platform, it is suggested to start the implementation of the measure in mid-2024 and will last approximately 3 quarters.

- **Resources Required**

Information Management Systems; customer engagement; data and analytics; Internet of Things (IoT); and partner ecosystems would be key for successful design of an online platform. Human resources needed to a) run/maintain the online platform, b) organize webinars and training events, c) support proposal writing; and d) act as a helpdesk for Q&A.

- **KPIs**

- Number (#) of registered users in the on-line platform
- Number (#) of webinars and training provided

6.3 Strategic Objective III: Stimulating Demand for Green Investments

Measure III.1: Design of a platform listing available state funding programs and instruments for industries

Measure III.1: *Design of a platform listing available state funding programs and instruments for industries*

- **Brief overview**

This measure seeks to establish an online platform to enable Greek companies grasp information on all available state funding programs and instruments, depending on the project's size, degree of innovation/complexity, type of eligible expenditure, firm size, and other criteria.

- **Measure Description**

Action:→ This measure outlines the design of an online platform with the scope to provide global, in-depth information and relevant details on the available state funding programs and instruments, along with interactive webinars to inform about new international/European or national funding opportunities.

Financial institutions, large businesses and especially SMEs, need to be well informed with regards to the public funding sources and instruments for green investments that can be provided, since there are several channels of European/state funding (i.e., ERDF, ECF+, CF, JTF and RRF). There also new funding sources such as the Modernization Fund, which could partly finance sustainable investments in industries.

Currently, the Ministry of Development operates the “Integrated State Aid Information System” platform, which is modernized and easy-to-navigate, but only includes applications and opportunities under NSRF 2021-2027 actions.³⁴ It is therefore important to design a virtual platform, which is extended and comprehensive, incorporating not only ESIF programmes, but all EU and state programs.

Thus, the proposed online platform could provide a digital gate through which Greek companies, and especially SMEs, can benefit through access to information on all available state funding programs and instruments (grants, loans, bonds, equity instruments) based on attributes such as size of project, degree of innovation/complexity, type of eligible expenditure and firm size.

Sub-Action:→ As a complementary measure, Ministry of Economy & Finance could examine the option that Managing Authorities conduct webinars (with Q&A sessions) in view of CfP launching, so that SMEs, especially the small ones, have direct information, in an interactive way, on the funding opportunities and related proposal preparation modalities.

Sub-Action:→ both the platform and the webinars can feature success stories of SMEs that have proceeded in green investments, including what they did, why they did it, potential weaknesses they faced along the way, solutions to circumvent them and benefits, seeking to encourage other SMEs to engage in similar practices.

The development of this platform is under the supervision of the coordination body to support green investments in industry (Measure I5) and is interlinked with Measure II6 to ensure interoperability.

- **Actors influenced**

This measure is addressed to businesses, specifically SMEs who are currently facing specific challenges with accessing funding programs and financial instruments, however other actors will be involved, such as the financial institutions as well as Ministry of Development and Ministry of Environment and Energy, when designing support measures.

³⁴ [OPSKE Portal - Αρχική](#) | [OPSKE Portal](#)

- **Challenge(s) Addressed**

Considering the limited access of companies, specifically SMEs in green funding programs, specifically: lack of knowledge on the available financing programs and lack of long-term planning, this measure directly addresses Challenge 3.1 “Limited funding of green investments due to awareness reasons”.

- **Expected Outcome**

The aim is to create a sustainable and impactful ecosystem ‘hub’ between institutional investors (supply) and businesses (demand) seeking to drive positive change in Greece, through access to green funding programs and instruments. This measure would boost companies’ participation to funding programs, improve knowledge sharing and aim to create synergies amongst businesses.

- **Assigned Ownership**

The Ministry of Economy & Finance (Economy branch) is proposed to own the implementation of this measure given its responsibility for the funding programmes co-financed through the Public Investment Programme, as well as its technical know-how.

- **Prerequisites / Interdependencies**

This measure is interdependent to measure II.6 (Develop a platform for identifying the appropriate financial instrument for each type of investment). The maturity level of this measure is considered low, as no relevant coordinated initiatives across all ministries have been enforced so far.

- **Timeline of Measure**

Considering the time required for the build-up, running and maintenance of the online platform, a long-term timeline would be most appropriate. However, the measure’s implementation is expected to last 8-18 months and start from early 2024.

- **Resources Required**

Information Management Systems; customer engagement; data and analytics; Internet of Things (IoT); and partner ecosystems would be key for successful design of an online platform. Human resources needed to a) run/maintain the online platform, b) organize webinars and training events, c) support proposal writing; and d) act as a helpdesk for Q&A.

- **KPIs**

- Number (#) of registered users in the on-line platform
- Number (#) of webinars and training provided
- Number (#) of applications submitted, based on knowledge exchange

Measure III.2: Enhance the participation of Greek companies in EU competitive funding programs

Measure III.2: Enhance the participation of Greek companies in EU competitive funding programs

- **Brief overview**

This measure aims to enhance the absorption of “sustainability-related” EU funds by the Greek industrial sector through a set of activities to stimulate the participation of firms in relevant EU competitive funding programmes (e.g. Innovation Fund, Horizon Europe, LIFE).

- **Measure Description**

Green transition in the industrial sectors is strongly related to adoption of innovative technologies of lower environmental/climate footprint. The cost for this transition might be covered by increased competitiveness in the medium to long run, however, there is the need for covering initial investment cost. Participating in European competitive funding programmes can reduce the exposure of the industrial sectors on loans fostering economic resilience. This environmental-investments-de-risking can promote competitiveness and increase in the firms’ financials overall. The participation of Greek industrial beneficiaries in EU environmental competitive funding programmes (Innovation Fund, Horizon Europe, LIFE) needs to be enhanced. It is noted that based on the LIFE database in the 2016-2022 period among 18 LIFE projects approved for climate change mitigation and circular economy purposes the participation of the industrial sector is only marginal.

EU funds can be also used for technical assistance purposes, supporting the economy to build the necessary foundations to facilitate green transition.

Action:→ Among the indicative activities suggested are:

- Identification of relevant available and upcoming EU funding instruments. A classification per industrial sector and per other qualitative characteristics is necessary.
- Collection and process of statistical data, such as Greek companies’ participation and success rate in proposals submitted
- Explore possibilities for TA offered by the EC, such the relative provision in the EU Directive establishing the Innovation Fund
- Increasing awareness among relevant firms with specified training events and info days.
- Support firms in preparing proposals referring both to technical and administrative preparations
- Collaboration with other entities (such as the National Contact Points for Horizon Europe and LIFE)

- **Challenge(s) Addressed**

Challenge 3.1 “Limited funding of green investments due to awareness reasons”.

- **Expected outcome**

The overall target of this measure is to support the Greek industrial sectors in increasing the absorption of EU funds that will allow both the adoption of innovative (greener) technologies and accelerate their transition, affecting positively their competitiveness. The specific expected outcomes include the increase in the submitted proposals by the industrial sectors, their improvement in their sustainability characteristics (possibly quantified through ESG methodologies) and the enhancement of capacity building and awareness through collaboration with EU partners/other companies that may participate in the EU funded projects.

- **Assigned Ownership**

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Even though only some of the available EU funds pass through the Greek public sector (Horizon and LIFE funds are delivered directly to the partners), the General Secretariat for Research and Innovation can be considered the lead entity for this suggested measure, acting as a pole for supporting awareness among the relevant firms.

- **Prerequisites / Interdependencies**

Link with I.4 (Empowerment of a coordination body to support green investments in industry), with III.3 (Identification and exploitation of potential areas for innovative applications tapping on Greek competitive advantage) and III.4 (Capacity building for firms and especially SMEs regarding ESG aspects).

- **Timeline of Measure**

The above set of measures are suggested to be implemented in the short term (from Q2 2024), to allow for fast absorption of EU funds. However, this should not stop after the 1st implementation year. Repetition every year is suggested (some EU programmes have annual calls).

- **Resources Required**

Human resources needed to a) organize training events, b) support proposal writing c) act as a helpdesk for Q&A from the firms. Indicatively, these can be personnel from the General Secretariat of Research and Innovation.

- **KPIs**

- Total funding secured by Greek firms to total available budget (to be adjusted per programme/strand etc.) (in euros)
- Number (#) of projects where Greek firms participated as coordinators
- Number (#) of projects where Greek firms participated as partners

Measure III.3: Promotion of innovative applications that leverage Greek competitive advantages

Measure III.3: *Promotion of innovative applications that leverage Greek competitive advantages*

- **Brief overview**

The objective of this measure is to identify the areas in which Greece has competitive advantage and facilitate the development and market upscale of relevant “green” innovations, by bringing together specialists, businesses, and public bodies, to enhance collaboration and to identify appropriate support schemes.

- **Measure Description**

The net-zero industrial technologies sector (e.g., solar PV and thermal, onshore, and offshore wind, battery/storage technologies, CCS etc.) is expected to grow rapidly in the next years, hence it is critical for economies to act promptly and tap into this fast-growing segment. The objective of this measure is to identify the areas in which Greece has competitive advantage and facilitate the development and market upscale of relevant innovations.

Action:→ More specifically this measure entails:

- The formation of a team of specialists, working under the Ministries, that will identify innovative technologies in which Greece has a competitive advantage (e.g., through conducting relevant and comparable studies per technology) and are expected to yield the highest environmental and socio-economic impact. The specialists’ output will not be binding; however, it should be taken into consideration for the next steps (i.e., decision-making, funding tools, etc.).
- The facilitation of collaboration between businesses from the relevant industrial sectors and researchers/technology experts, to encourage the market development of innovative technologies.
- The identification of barriers (financial, administrative etc.) and the design of an incentives scheme to accelerate the development and scaling up of technology.

For the measure implementation, it should be considered to use the relevant Innovation Working Group, set-up in the framework of the National Industrial Strategy.

- **Actors Influenced**

This measure affects businesses in sectors expected to benefit the most from green transition, universities/ research centers/ technology experts that will significantly contribute to the development of innovative technologies, and policymakers that will lead the strategic planning and prioritization of net-zero technologies.

- **Challenge(s) Addressed**

This measure aims to address the challenge of low introduction rate of green technologies (challenge 3.2) whilst also leveraging opportunities that arise from green transition to enhance the competitiveness of domestic firms.

- **Expected Outcome**

Through this measure two main outcomes are expected to be achieved. First, several domestic sectors are expected to be boosted by participating in the development of net-zero technologies. Second, the adoption of innovative green technologies by domestic firms is expected to intensify, accelerating their green transition and sustainable growth, while also contributing towards the achievement of national environmental goals.

- **Assigned Ownership**

The Ministry of Development is expected to lead the implementation of this measure. More specifically, the General Secretariat for Research & Innovation should lead for the identification of innovative technologies in which Greece has a competitive advantage, while the General secretariat for Industry should be responsible for the upscaling and successful deployment of green innovations in the market.

- **Prerequisites / Interdependencies**

The successful development and market deployment of green innovations requires significant financial resources that could be partly covered by specialized EU funding programs. Therefore, this measure is linked with measure III.2 aiming to enhance the participation of Greek firms in such programs.

- **Timeline of Measure**

The identification of innovative technologies can be completed in the short term (from Q3 2024 up to 1 year) whereas the market deployment and upscaling of innovation will require more time.

- **Resources Required**

Apart from the financial resources required to support the development and market upscaling of innovation, further human resources will be needed. In particular, the engagement of highly skilled experts on green innovation and technologies, key personnel from the Ministry of Development, and experts with ties in the Greek industrial sectors is foreseen to be critical.

- **KPIs**

- Number (#) of green innovation patents produced
- Turnover (%) of domestic green innovation firms
- Share (%) of domestic green innovation firms in the European/global sectors
- R&D expenditure as percentage (%) of total turnover

Measure III.4: Capacity building for firms and especially SMEs regarding ESG aspects

Measure III.4: Capacity building for firms and especially SMEs regarding ESG aspects

- **Brief overview**

This measure aims to enhance the readiness of SMEs to adopt ESG standards by providing capacity-building activities and promoting understanding of the associated financial and competitive benefits.

- **Measure Description**

SMEs are the backbone of the economy, however due to size-related constraints they need support in following the fast-changing ESG reporting requirements. ESG reporting/assurance is critical in accessing different types of funding, hence it is important that SMEs ESG disclosures are thorough and transparent.

Action:→ More specifically, this measure entails:

- Capacity building exercises on ESG topics (e.g., reporting methodologies, materiality assessment etc.) among different types of industrial firms (size, sector).
- Identification and dissemination of best practices by sector.
- Bridge the knowledge gap between firms and the financial intermediaries' sector by organizing relevant capacity building workshops.
- Inclusion of course on SDGs on Public Employment Service (DYPA) programs for SME employees.
- Collaboration with universities to include SDG courses in their curricula in the fields of business and public administration, International and European studies (political science in general), economics, and law.

- **Actors Influenced**

This measure mainly affects SMEs that will benefit from the capacity building as well as the policy stakeholders and financial intermediaries' representatives that will facilitate the activities. More widely, it will also benefit investors that will be able to make more informed decisions due to more transparent ESG disclosure by SMEs.

- **Challenge(s) Addressed**

This measure aims to ensure SMEs readiness to adopt ESG standards (challenge 3.3), by simplifying the adoption through capacity building activities, and enhancing their understanding of the financial and other benefits entailed. Moreover, this measure is linked with the challenge of funding resources that remain untapped due to inadequate ESG reporting as well as the decline in competitiveness since consumers/clients are gradually becoming more selective and conscious of sustainable firms.

- **Expected Outcome**

This measure is expected to benefit SMEs in multiple ways. First, it will increase their awareness regarding sustainable finance and the importance of ESG reporting, thereby increasing their participation in the sustainable finance process. Moreover, their competitiveness is also expected to increase by attracting sustainability-conscious consumers/clients. Lastly, their overall sustainability culture is expected to strengthen and beneficial actions for efficiency improvements might be revealed, leading to cost savings.

- **Assigned Ownership**

The General Secretariat of Industry should be responsible for leading the implementation of the capacity building programs. At the same time the participation of Associations & Chambers would be critical for the dissemination of ESG best practices as well as for linking SMEs with the financial intermediaries' sector. Collaboration with Ministries of Employment and Education will also be needed, with respect to the curricula enrichment.

- **Prerequisites / Interdependencies**

This measure is closely linked to the development of a National Sustainability Action Plan for SMEs (measure III.8). Moreover, its implementation will be facilitated by the adoption of measure III.5 aiming to incorporate ESG related investments into funding programs. Lastly, trainings to the banks' personnel for knowledge dissemination towards SMEs (measure II.2) will ensure fruitful information exchange with financial intermediaries as part of this measure.

- **Timeline of Measure**

The measure should start promptly since it does not require significant resources and awareness in SMEs is key for the successful implementation of the action plan. It is expected to be fully implemented in the medium-term (from Q3 2024 up to 1 year). After its full implementation it should remain active, aiming to reach further firms in the long term.

- **Resources Required**

The implementation of the measure will require human resources, namely: a) from the Ministry of Development for developing material on ESG best practices and dissemination among firms; b) from financial intermediaries that will participate in the relevant capacity building workshops, and c) experts in ESG reporting to train firms with regards to specific ESG methodologies. Moreover, financial resources will be required and as mentioned already can be covered by public funding programs as per measure III.5.

- **KPIs**

- Number (#) of firms participating in the capacity building workshops
- Number (#) of firms with ESG reporting
- Percentage (%) of sustainable funding accessed by SMEs to total funding to SMEs
- Number (#) of curricula enriched with ESG considerations

Measure III.5: Design of a support measure to cover ESG reporting requirements costs

Measure III.5: Design of a support measure to cover ESG reporting requirements costs

- **Brief overview**

This measure aims to reduce the burden on small and medium-sized enterprises, caused by the ESG reporting requirements, by providing funding for ESG reporting systems, thereby enhancing data accuracy, transparency, and comparability and overall quality improvement.

- **Measure Description**

The CSR Directive requires undertakings to report their sustainability performance. However, the Directive also recognizes that large undertakings and SMEs may not have the same resources or capabilities to comply with these requirements and the provisions on corporate sustainability reporting as regards small and medium-sized undertakings, should apply for financial years starting on or after 1 January 2026³⁵. Following this transitional period, the burdens of reporting by SMEs should be minimized as much as possible.

To promote inclusiveness, there is a necessity for devising methods to gather data concerning SMEs' alignment with taxonomy. Simultaneously, the process of reporting and acquiring the necessary data could pose a significantly disproportionate burden for both listed and non-listed SMEs, particularly for micro companies with only a few employees.

Action:→ A specific support measure within the framework of national funding programs (ESIF, RRF) to cover ESG reporting requirements for SMEs in Greece should be foreseen. This may involve the cost of installation and implementation (in terms of IT systems) and operation (in terms of specialised staffing needs) of ESG reporting systems.

Action:→ In particular, it is intended to **support SMEs' access to data platforms, which directly support individual companies in reporting and disclosing information with regards to taxonomy alignment and ESG data**. This would enable a finer level of detail in the collected ESG data, facilitate more vigilant monitoring of progress, and place increased emphasis on data quality and auditing.

- **Challenge(s) Addressed**

This specific measure aims at addressing the following challenge:

- 3.1 "Limited funding of green investments due to awareness reasons" due to lack of info to recognize ESG benefits, lack of resources to cover the extra costs, lack of knowledge for ESG metrics, lack of proportionality of ESG guidelines and lack of comparability and completeness of ESG data.

- **Expected Outcome**

Enhance the quality of ESG reporting by implementing measures to ensure accuracy, transparency, and adherence to reporting standards. Simultaneously, aim to improve the comparability of ESG data, fostering a more consistent and standardized framework for evaluating environmental, social, and governance performance across entities and especially SMEs.

- **Assigned Ownership**

³⁵ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022

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The General Secretariat for Industry and Investments of the Ministry of Development should address relevant proposals to the Ministry of Economy and Finance (Economy branch). Both Ministries are proposed to own the implementation of this measure.

- **Prerequisites / Interdependencies**

This measure should be complementary to Measure III.4: “Capacity building for firms and especially SMEs regarding ESG aspects”. However, in terms of timeline this measure could start in parallel.

- **Timeline of Measure**

Short-term measure starting from Q3 2024.

- **Resources Required**

The measure involves allocating resources for the implementation of information management systems and the reskilling of staff. These resources would encompass financial capital investments for acquiring or upgrading systems, human capital investments for training programs to enhance the skills of personnel involved in ESG reporting, and potentially consulting services to ensure the effective integration of these systems within the organization’s operations. The technological requirements would include digital platforms for reporting ESG data or providing the necessary software for training purposes.

- **KPIs**

- Number (#) of SMEs benefiting from this support measure

Measure III.6: Development of sector & activity specific Carbon Budgets

Measure III.6: *Development of sector & activity specific Carbon Budgets*

- **Brief overview**

This measure involves creating detailed carbon budgets for each industrial sector, setting specific milestones and objectives to encourage businesses to incorporate sustainable practices into their long-term planning. It essentially addresses the challenge of a lack of long-term planning for the green transition of companies and extends the provision of the Greek Climate Law.

- **Measure Description**

The proposed measure involves the establishment of detailed carbon budgets tailored to each industrial sector or activity, outlining specific milestones for effort sharing. Although the National Energy and Climate Plan (NECP) has outlined specific objectives, there is a need for enhanced analysis by setting comprehensive annual goals within various sectors, particularly focusing on the industrial sector. These targeted objectives aim to enhance visibility regarding sector-specific plans, encouraging the strategic business planning and climate ambitions of industries and companies. This approach builds on the requirements stipulated in the Climate Law, emphasizing the imperative of clear and sector-specific targets to drive progress towards overarching climate goals.

Action:→ More specifically the actions encompassed in this measure include:

- An AS-IS analysis of the Greek Industry to identify the current situation
- The characterization of the level of maturity/readiness of each sector to undertake the carbon budget targets
- The identification and ranking of the challenges faced by each sector
- The identification of the requirements in terms of resources (human, capital, technology) and time
- The development of the sectorial carbon budgets

- **Actors influenced**

This measure mainly affects the firms and policymakers involved in the process of developing the new carbon budgets. Additionally, this measure could indirectly affect investors seeking to invest in sectors with relatively low carbon budgets as these sectors should significantly decrease in their emissions and as a result will require substantial investments and funds.

- **Challenge(s) Addressed**

This measure directly addresses the challenge of the lack of long-term planning (challenge 3.4) for the green transition of companies.

- **Expected outcome**

By introducing detailed carbon budgets per industrial sector with specific milestones, it fosters a structured framework that encourages businesses to incorporate sustainable practices into their long-term planning.

- **Assigned Ownership**

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The Ministry of Development , with collaborative support from the Ministry of Environment and Energy, is proposed to own the implementation of this measure.

- **Prerequisites / Interdependencies**

The starting point of this exercise is the setting-up of a sectoral carbon budget for industry in 2024, following the provisions of the Climate Law. Regarding the maturity of Greece regarding this measure given that there is not available carbon budget, it could be characterized as low-level maturity.

- **Timeline of Measure**

Based on the steps analyzed above it is expected that the implementation of such measure will require 6 to 12 months depending on the challenges faced and the specificities of each sector (starting from Q1 2025).

- **Resources Required**

The Ministry of Development may require additional human resources to address the additional workload of conducting this exercise.

- **KPIs**

Some KPIs that policymakers could utilize can be benchmark ratios related to budget allocated to sector over the emission reduction target of sector.

Measure III.7: Development of a circular economy projects' financing toolbox

Measure III.7: *Development of a circular economy projects' financing toolbox*

- **Brief overview**

This measure aims to develop a blueprint & toolbox for sustainable financing of circular economy projects, focusing, among others, on improving circular economy practices in the industrial sector to maintain competitiveness. It addresses knowledge gaps and promotes awareness about circular economy practices and innovative technologies as well as about funding schemes.

- **Measure Description**

Action:--> The development of a blueprint/ toolbox for sustainable financing of circular economy projects is proposed.

The aim is to further improve circular economy practices to enable greening the industrial sectors and maintaining their competitiveness. In Greece, the new revised National Action Plan for the Circular Economy was approved by the Ministerial Council in 2022 (Government Gazette 84/A/3-5-2022) and is fully aligned with corresponding European initiatives. It serves as a roadmap for 67 actions during the period 2021-2025, with 46 addressing the fundamental aspects of the circular economy (e.g., production, consumption, and cross-cutting issues), and 21 actions focusing on priority areas for key products (Ministerial Council, 2022).

The proposed blueprint/ toolbox would build on the new National plan on Circular Economy and explore all the available sustainable financing tools, possibilities and circular tax incentives. The toolbox shall include a review of good practices in other member states and internationally and would inform potential investors about funding opportunities and operationalization of circular economy practices.

Key elements of the proposed toolbox could include the following:

- Redesigning Production Processes: Implementing a systematic overhaul of production processes to align with circular principles.
- Organizational and Technological Innovation: Encouraging innovation within organizations and adopting new technologies to facilitate circular economy practices.
- Changing Consumer Patterns: Promoting a shift in consumer behavior towards sustainable and circular consumption habits.
- Public-Private Partnerships (PPP): Fostering collaborations between the public and private sectors to leverage combined resources and expertise for circular initiatives.
- Engaging Scientific Institutions: Increasing the involvement of scientific institutions in research and development related to circular economy solutions.

- **Actors Influenced**

This measure affects various actors (including businesses, financial institutions, and investors) but mainly it influences firms in the industrial sector, SMEs, local actors, producers and entrepreneurs that are seeking to improve circular economy practices and maintain their competitiveness.

- **Challenge(s) Addressed**

This measure is strategically devised to address the knowledge gap with respect to circular economy practices in the industrial sector and the lack of awareness about sustainability, ESG and new technologies (combination of specific challenges 3.1, 3.2, and 3.3).

- **Expected Outcome**

As a result, we expect: i) the promotion of awareness about circular economy practices within businesses, ii) the increase of the use of circular economy practices in the industrial sector.

- **Assigned Ownership**

This measure is addressed mainly to the Ministry of Environmental and Energy (Environment branch), but also the Ministry of Economy and Finance (Economy branch) and the Ministry of Development shall be involved.

- **Prerequisites / Interdependencies**

There is no specific prerequisite; implementation of this measure would be facilitated by measures II.6 and III.1, which provide an overview of available funding sources.

- **Timeline of Measure**

It is expected to require 4-6 months for the set up/ development of the measure and an additional period of 2 months in order for the toolbox to be promoted to the relevant stakeholders. It is also recommended that the blueprint is updated on an annual/ biannual basis (starting from Q2 2024).

- **Resources Required**

Funding for the initial development of the blueprint is required and for the continuous improvement and successful application. It is anticipated that the human resources needed for the annual/biannual updates of the toolbox could be covered by resources used for the proposed overall monitoring.

- **KPIs**

KPIs related to business (no sector specific or sector specific)

- Number (#) of companies adopting circular economy practices
- Percentage (%) of companies innovating for circular reasons
- Number (#) of Circular start-ups/ Number of companies with certification based on life cycle or eco-design
- Recycled material utilization (in %, recycled input/ total input)

Measure III.8: National Sustainability Action Plan for SMEs: Supporting Green Transformation and Competitiveness

Measure III.8: *National Sustainability Action Plan for SMEs: Supporting Green Transformation and Competitiveness*

- **Brief overview**

This measure involves the development of a National Sustainability Action Plan tailored to SMEs, to assist them in their green transition effort. It covers aspects such as regulatory mapping, technological milestones, access to green finance, financial incentives and capacity building, with the goal of facilitating sustainable growth for SMEs.

- **Measure Description**

The development of a National Sustainability Action Plan for SMEs will create a strategic framework for harmonizing and coordinating efforts aiming to support SMEs respond to the challenges posed by green transition. At the same time, it should also aim to leverage this sustainable transformation for enhancing their competitiveness and accelerating their growth. Indicative issues that should be covered as part of the action plan are:

- Mapping of the regulatory environment and requirements; suggestions on removal of existing barriers.
- Identification of critical technological milestones per sectors that will enable green transition.
- Mechanisms to facilitate access to green finance.
- Financial incentives to promote green transition practices.
- Capacity building of SME owners and managers through training programs.

It is noted that the National Sustainability Action Plan should be linked with other relevant key policy documents such as the new National Energy and Climate Plan (currently expected), the National Waste Management Plan etc.

- **Actors influenced**

This measure mainly affects SMEs that will benefit from the development of this action plan, as well as the financial intermediaries sector given the focus of the action plan in securing access to finance for these firms. Lastly, this also affects the actors that will facilitate the development of the action plan.

- **Challenge(s) Addressed**

This measure aims to address the lack of long-term planning for green transition of companies (challenge 3.4) by developing an action plan specifically tailored to the needs of SMEs.

- **Expected Outcome**

The benefits of this strategic approach towards improving the sustainability status of SMEs are expected to be twofold. First, it will facilitate the sustainable growth of SMEs by providing a roadmap to overcome several barriers along the way (e.g., regulatory requirements mapping, ESG reporting capacity training) whilst also encouraging easier access to finance. Second, the green transition of SMEs will also contribute towards the achievement of the national environmental and climate goals.

- **Assigned Ownership**

The Ministry of Development should lead the development of the studies necessary to formulate the National Sustainability Action Plan for SMEs, seeking technical support where needed by external experts.

- **Prerequisites / Interdependencies**

Given that the National sustainability action plan for SMEs will be a comprehensive document consolidating various measures aiming to facilitate the green transition of SMEs, it is interdependent on various other measures. Specifically, the plan should take into consideration:

- measures to enhance the participation of Greek companies in EU funding programs (measure III.2),
- the carbon budgets that will be set as part of measure III.6 per industrial sector,
- ESG reporting requirements, best practices, and capacity building tools that will be developed in measure III.4,
- the areas of green innovation that have the highest potential and Greece has a competitive advantage (measure III.3) encouraging SMEs to participate in these growing ecosystems.

- **Timeline of Measure**

The action plan is expected to be developed in the medium term (1-2 years), since it needs input from various other measures (e.g., SMEs capacity building on ESG reporting, innovation development prioritization etc.) as explained above (starting from Q3 2024).

- **Resources Required**

The main resource needed for this measure is human resources, namely: green transition experts, sectors' representatives and key policy stakeholders that will coordinate the development of the action plan. An estimated budget in the order of 200,000 Euros is envisaged.

- **KPIs**

- On-time development and dissemination of the plan
- Percentage (%) of SMEs that are aware of the plan, after its development

6.4 Measures in relation with Toolbox for policy makers

The following presents a map that serves as a visual guide to illustrate which toolkits of the Toolbox are relevant with specific actions proposed in this deliverable. The design and implementation of the actions can be transposed against the provisions provided in the relevant toolkits, where applicable.

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| | | | | | |
|--|----|----|--|---|----|
| I.1 Streamline green budgeting framework | A1 | A2 | III.1 Design of a platform listing available state funding programs and instruments for industries | C1 | C2 |
| I.2 Capacity building in public administration on green budget & energy efficiency | A1 | C1 | III.5 Design of a support measure to cover ESG reporting requirements costs | A1 | |
| I.3 Design & implementation of Green Taxation measures | B2 | B3 | III.6 Development of a detailed carbon budgets per industrial sector / activity | A3 | |
| I.4 [Set-up] / [Empowerment] of a coordination body to support green investments in industry | B1 | | | | |
| I.5 Development of a masterplan of public funding allocation to sustainable investments in industry | A3 | C1 | | | |
| II.1 Finalising framework for the issuance of a Greek Sovereign Green Bond | C1 | | Toolkit A1 – Tagging of green budgetary items | Toolkit A2 – Green budget item contribution to National Climate Goals | |
| II.2 Capacity building for the banks' personnel for green investment | B2 | | Toolkit A3 – Prioritization of key economic sectors using climate considerations | | |
| II.3 Enhancing supervisory framework for non-financial reporting | B3 | | Toolkit B1 – Establishment of an Implementation Committee (IC) | Toolkit B2 – Design the Required Supporting Instruments | |
| II.4 Improving transparency, credibility & security of green investments in the Greek capital market | B2 | | Toolkit B3 – Governance-Operational aspects of implementation of policy instruments | | |
| II.5 Building a framework of tax and wider incentives for sustainable finance instruments | C2 | | Toolkit C1 – Sovereign bonds and blended finance playbook for policymakers | Toolkit C2 – Private financial instrument playbook for policymakers and firms | |

**Measures not present here do not match to a toolkit*

Figure 11 - The link of measures to specific toolkits

6.5 Timeline

The comprehensive implementation of all analyzed measures is anticipated to transpire over a span of two years, commencing from the year 2024. This timeline has been strategically devised to allow for the meticulous and front-loaded execution of each measure, ensuring that their intended impacts are realized in a systematic and effective manner. The specified timeframe recognizes the complexity and interdependence of the proposed initiatives, acknowledging the need for careful planning, execution, and monitoring to foster sustainable and impactful outcomes.

The following timeline with the green color has been developed to reflect the time needed to design and set the measures in motion. The light blue color indicates the implementation and use period of each action.

Action Plan Implementation Timeline

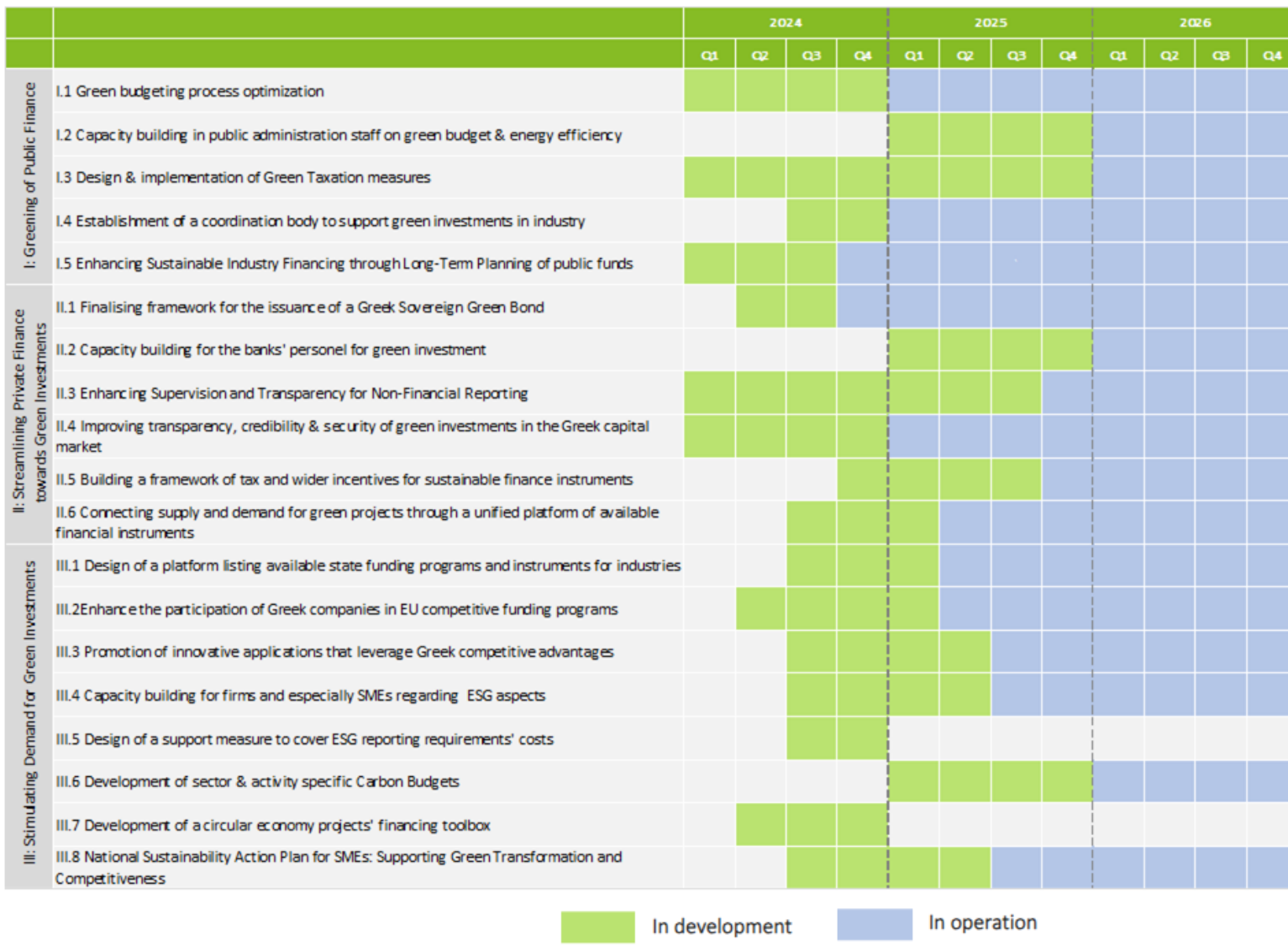


Figure 12 - Action Plan Implementation Timeline

6.6 Prerequisites for successful implementation

Having analyzed the timeline and cost implications of our sustainable finance action plan, it is imperative to underscore the significance of pre-required enablers. These critical elements serve as the bedrock for the successful materialization of our comprehensive strategy. Robust governance, technological infrastructure, and regulatory reforms emerge as key enablers, each playing a pivotal role in facilitating the seamless execution of the proposed measures. As we navigate the path towards a sustainable financial landscape in Greece, these pre-required enablers will serve as catalysts, propelling our vision into tangible and impactful reality.

Enabler 1: Overcoming bureaucratic barriers & facilitating the permitting process for green projects

The long and complex permitting procedures and various other bureaucratic barriers are among the most significant challenges for green projects, globally. The resulting delays can hinder the implementation of sustainable business plans, the timely green transition of various sectors and, as a result, the achievement of national energy and climate targets. Key European policies and plans, such as the REPowerEU plan have highlighted the need to drastically accelerate permitting processes by considering, for example, some type of projects as being in the overriding public interest presumption, while also specialized regulation proposals have been developed targeting an accelerated deployment of RES³⁶.

Greece is already undertaking permitting reform measures, also as part of its National Recovery and Resilience Plan, in which there is a dedicated measure for the simplification of licensing procedure for RES (namely the reform “Streamline the development of new RES plants to reach NECP targets through an extensive reform of the licensing procedure for new RES”). Despite the progress already made by European and national reforms and regulations, this remains as a key enabler, especially since green projects in more innovative areas are being initiated and new regulatory and permitting frameworks are being developed. For instance, in the proposal for the new NECP, that is awaited to be adopted, it is mentioned that the regulatory and permitting framework for capture, transportation and storage of CO₂ is currently being prepared.

Overall, a less complex, streamlined, and fast regulatory and permitting framework is a key enabler for the timely adoption of innovative sustainable technologies and the green transition of key sectors. Moreover, it is expected to reduce the risk of green projects and facilitate their access to finance, thus having additional positive benefits in the development of the net-zero sector.

Enabler 2: Multi-level Governance Alignment and Identification of Local Green Investment Opportunities

Multi-level governance alignment and the identification of local green investment opportunities play pivotal roles in fostering sustainable finance and investments, acting as key enablers for a comprehensive and effective approach to sustainability. The concept of multi-level governance emphasizes the need for coordinated decision-making and collaboration across various levels of

³⁶ Commission Recommendation on speeding up permit-granting procedures for renewable energy projects and facilitate Power Purchase Agreements, C(2022) 3219, SWD(2022) 149, (18.05.2022).

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government – national, regional, and local. Sustainable development challenges often require tailored solutions that account for the specific characteristics and needs of different geographical areas or sectors.

In the context of sustainable finance, aligning governance structures at multiple levels ensures that policies and regulations are not only harmonized but also responsive to the individual characteristics of Local Green Investments. On the one hand, National-level investments might focus on large-scale renewable energy projects or nationwide infrastructure while regional & local investments, on the other hand, can target specific challenges unique to a particular region, such as water conservation in arid areas or biodiversity protection in ecologically sensitive zones. Identifying local green investment opportunities is crucial for two main reasons. Local governance ensures that investments are contextually relevant and impactful and minimizes the risk that crucial investments are disregarded. Moreover, aligning governance structures among National – Regional – Local level enhances transparency, accountability, and regulatory coherence. This alignment mitigates the risk of conflicting policies and regulatory gaps that could hinder the effectiveness of sustainable finance initiatives.

Enabler 3: Leveraging digital tools to promote sustainable finance

Leveraging digital tools can be a transformative enabler in the context of promoting sustainable finance, offering innovative solutions that enhance three main areas efficiency, transparency, and accessibility. The rise of digital technologies, particularly artificial intelligence (AI), plays a pivotal role in streamlining various processes, thereby catalyzing the integration of sustainability into financial systems.

One of the primary advantages of digital tools, such as AI, is the acceleration of data processing. In the context of sustainable finance, digital tools facilitate eligibility checks by automating the assessment of projects, businesses or financial products against predefined sustainability criteria. This not only expedites the decision-making process but also ensures that investments align with established sustainability standards. This is great use of this digital tool, given the fact that it mitigates the risk of greenwashing due to its unbiased nature, promoting trust and confidence in sustainable finance initiatives. Examples of these application include the “ISS ESG”¹ tool enables investors to make more informed decisions to automate ESG data gathering and analysis and Clarity AI² that helps with the estimation of a company’s ESG rating and Signal AI³ which allows organizations to compare their ESG performance against competitors and investors in real-time.

Additionally, digital tools play a crucial role in facilitating payments and financial transactions related to sustainable investments. Digital tools, for instance, ensure secure and transparent transactions, reducing the likelihood of fraud and enhancing accountability in financial processes. Smart contracts powered by blockchain can automate payment disbursements based on predefined sustainability milestones, providing an added layer of transparency and efficiency in the allocation of funds for sustainable projects.

Lastly, digital platforms enable broader and more inclusive access to sustainable finance opportunities. Online platforms and mobile applications make it easier for individual investors, businesses, and financial institutions to explore and engage in sustainable investments and be informed about available financing options. This increased accessibility allows a diverse range of stakeholders to participate expanding this way the investor base of the Greek Sustainable Finance Ecosystem.

Enabler 4: Channeling funding sources to emerging economic sectors with potentially high economic impact and synergies

Achieving the targets of the European and national policy documents is not only related with identifying and facilitating the absorption of available funding sources, but also with designing where these funds should be channeled (and how). Even though the green transition and climate action require changes across all economic sectors, prioritizing among sectors of higher impact can generate larger and quicker effects.

Channeling funding to emerging sectors that can support green transition (i.e., manufacturing of batteries), or to those with the currently largest environmental/climate impact, either because of the implementation of less efficient processes, or as a result of large operations should be an inherent part of this strategy.

To accommodate this need for differentiation, an aggregate scoring was developed in the frame of this project (deliverable 2). The scoring is grounded on several environmental and energy indicators, while the total impact of each sector in the Greek economy (direct and indirect) is taken also under consideration. The compilation of this aggregate indicator is based on specific hypotheses for the weight of each criterion, and it highlights the potential of each industrial sector in supporting the achievement of the environmental national goals. Sectors that rank higher in the aggregate score exhibit a largest potential to support the achievement of sustainability targets. Thus, channeling funds to those sectors can become a priority versus other sectors of lower performance in this indicator. However, the use of this indicator should not be the only tool to be used for the design of the channeling process. Sectors exhibit diverse characteristics making comprehensive understanding crucial for such an exercise. The complexity of operations (technologies, supply chain characteristics) calls for an in-depth analysis of each sector and type of firm. The aggregate scoring methodology provides valuable insights; however, this should be complemented by a thorough analysis (both quantitative and qualitative).

Another tool that can be used for the design of the channeling of the funding sources is the assessment of each sector's investment gap. Part of the analysis conducted for deliverable 2 assesses the distances between the investments needed to achieve sustainability targets and the current green investment plan for both the total of the Greek economy and for each industrial sector. In practice, a large investment gap signifies the need for channeling more investments in a specific sector.

Enabler 5: Ensuring competitive energy costs to the industrial sector to enhance its resilience.

The importance of energy and electricity costs in the manufacturing industry is critical. Energy is a crucial input in the production process, and the availability and cost of energy directly impact manufacturers' competitiveness, profitability, and overall sustainability. Manufacturing operations often rely heavily on power-intensive machinery, such as assembly lines, processing equipment, and refrigeration systems, all of which require substantial amounts of electricity. Thus, energy costs represent a significant portion of a manufacturer's operating expenses. Fluctuations in energy prices can have a strong impact on industries, affecting their ability to remain cost competitive. Higher energy costs can shrink profit margins, making it challenging for manufacturers to offer competitive pricing to customers. Moreover, rising energy costs can offset productivity gains achieved through process improvements or technological advancements.

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Therefore, manufacturers must carefully monitor and manage their energy consumption to control costs and maintain financial viability. At the same time, they will need to secure access to long-term bilateral contracts with RES producers. Energy efficiency improvements are also critical to optimize use of energy and reduce risks related with fluctuations in energy prices.

7 Governance Scheme

The successful implementation of the National Sustainable Finance Strategy (NSFS) and the associated action plan requires an effective governance mechanism of interministerial character, which will ensure the implementation progress monitoring, as well as that corrective action is taken, when deemed necessary.

7.1 Proposed structure and duties

Since the strategy and action plan implementation involve at least the three Ministries, acting as the steering body in the frame of the current project, its governance should be assigned to an intergovernmental body.

Due to fact that a significant part of the measures is addressing the industrial sector, it is proposed that the bodies responsible for the National Industrial Strategy (NIS) undertake also to steer the implementation of the National Sustainable Finance Strategy.

In particular, the following bodies are suggested to participate in the NSFS governance scheme:

- a. The Government Industry Committee (GIC), at ministerial level, which is responsible for the formulation, implementation, supervision and evaluation of the national industrial strategy, with the aim of the recovery and development of the industry in the country.
- b. The Industrial Policy Coordination Committee (ESYVIP), at secretary general level, which is responsible for the operational support of GIC and has a recommendatory and executive role.

The “extension” of their role to also cover the NSFS shouldn’t pose any issue, since this strategy is a distinct part of the NIS. Furthermore, this option should enhance synergies and complementarities between the two strategies and allow for a parallel monitoring of both strategies implementation, with obvious advantages regarding economies of scale. Moreover, it should be stressed that Ministry of Economy & Finance as well as Ministry of Environment & Energy participate in the a.m. bodies, ensuring, thus, that all three beneficiaries of the present project inherently monitor the strategy’s implementation.

It is also recalled that in the NSFS’ action plan, there are already interlinks with the NIS mechanism, in particular in measures I.4 and III.3. Timeline table in chapter 6 above will allow the proper monitoring of the measures’ implementation, together with the related KPIs and ownership of each measure.

Regarding the duties, progress reporting will be conducted on a bi-annual basis in adherence to the afore-mentioned time plan. At the conclusion of each semester, a progress report will be compiled and submitted to the chair of ESYVIP. Additionally, these reports could be made available to GIC members, ensuring transparent communication, and facilitating informed decision-making at the highest levels of governance.

It should be mentioned here that the measures contained in our action plan are conceived to tackle certain barriers to sustainable financing, in particular for investments in industry, which were identified in the course of our research. They are, thus, intended to solve blockages and provide appropriate tools for boost the much-needed stream of public and private resources towards the decarbonization of the productive sector.

In this sense, the necessity of a further step is emerging. As the measures are being gradually implemented, it would be feasible to develop a masterplan, with quantified targets for public and private sustainable investments in industry, interlinked with emission reduction pathways for the industrial sector

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all the way up to 2030. This consolidated masterplan would then form the basis for the strategic planning and monitoring of sustainable investments in the industrial sector.

The result of several measures under the current action plan would serve as direct inputs to this masterplan:

- Measure I.3 would provide earmarked resources, stemming from green taxation, dedicated to green investments
- Measure I.5 would provide the long-term planning of public investments funding (to be) allocated to green investments through co-financed programmes
- Measure II.1 would provide funding raised from the capital market through the sovereign green bond
- Measure III.6 would provide detailed figures of carbon budget pathways per industrial activity

This process, which incorporates explicitly or implicitly the results of the proposed measures, would constitute a substantial contribution to the discussion of how the green investment gap will be bridged and climate targets met. This process will be dynamic and needs to be repeated on a per annum basis to ensure alignment with overarching national goals for the climate up to 2030.

7.2 Rationale for governance choices

In the following, we present the two options considered, as well as, examples, where applicable of international relevant practices.

1. Creation of a specialized new entity on the model of a public company under private law.

- It would be staffed by experienced personnel stemming both from the Greek industrial ecosystem as well as from the wider public sector.
- it could be supervised by the Ministry of Development and function as the operational arm of the General Secretariat for Industry. Alternatively, this entity could report directly to the Prime Minister or the Prime Minister's Office, to reflect the increased importance of its mandate but also its interministerial nature.
- this entity should have not only a coordinating role but also an executive one; to this end it should dispose its own budget, in order to support the necessary investments in industries, as described in previous sections.
- among its competences, the entity should have the mandate of proposing legislative amendments to the competent ministries, in order to tackle the series of barriers described in Deliverable 3 of the present project.

For this purpose, cases with similar mission from the international practice could serve as an example. For illustration purposes, the organizational model of the following entities could be considered.

JETRO (Japan External Trade Organization)

JETRO, also known as the Japan External Trade Organization, is a government-affiliated entity dedicated to fostering trade and investment relationships between Japan and the global community. While initially founded in 1958 to boost Japanese exports overseas, JETRO's primary emphasis in the 21st century has evolved towards encouraging foreign direct investment in Japan and supporting smaller to medium-sized Japanese enterprises in optimizing their international export capabilities.

JETRO engages in four main activities:

1. Facilitating Innovations Through Inward Foreign Direct Investment (FDI) in Japan and Supporting Overseas Expansions of Startups: JETRO's primary mission is to promote foreign direct investment (FDI) into Japan. The organization offers effective support to foreign companies

entering or expanding their businesses in Japan, with a particular focus on projects involving new technologies and innovative business models that can create high added value or enhance productivity. JETRO collaborates with local governments eager to welcome foreign firms, aiming to revitalize regional economies in Japan. Additionally, JETRO supports the global expansion of startups by participating in international exhibitions, providing intensive training programs, and offering mentoring through initiatives like the J-Startup Program.

2. Supporting Exports of Japanese Agricultural, Forestry, and Fishery Products and Food: JETRO leverages its domestic and international networks to contribute to government objectives, including the goal of achieving one trillion yen in exports of agricultural, forestry, and fishery products and food in 2019. In partnership with the Japan Food Overseas Promotion Center (JFOODO), JETRO coordinates efforts to expand these exports. They work closely with relevant export groups, ministries, and local regions to promote Japanese agricultural and food products globally, facilitating trade and showcasing Japanese cuisine at international food exhibitions.

3. Assisting Japanese Companies with Their Overseas Businesses: JETRO provides comprehensive support to small- and medium-sized Japanese enterprises (SMEs) in establishing and expanding their overseas presence. This support includes identifying promising markets with strong demand and economic cooperation potential, streamlining existing overseas operations, and facilitating business negotiations. JETRO also assists SMEs with cross-border e-commerce, international personnel recruitment, entry into frontier markets, and intellectual property utilization. They tailor their support to individual company needs, helping SMEs tap into global markets effectively.

4. Contributing to the Activities and Trade Policies of Japanese Companies Through Surveys and Research: JETRO conducts in-depth research and analysis using its extensive resources, including domestic and overseas bases, knowledgeable personnel, networks with local governments, companies, research institutes, and international organizations, as well as insights from the Institute of Developing Economies (IDE-JETRO). JETRO disseminates up-to-date overseas business information to Japanese

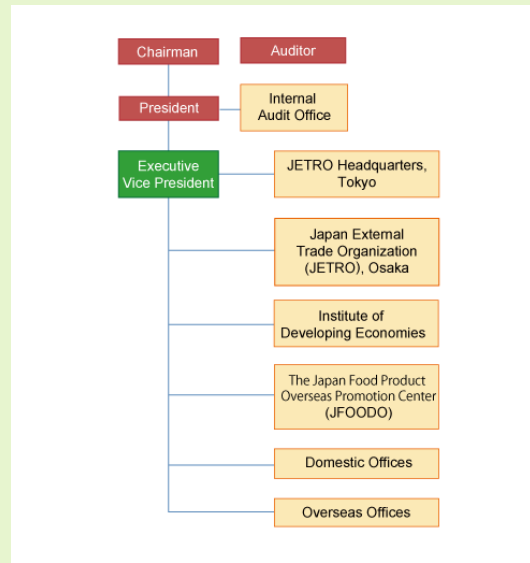


Figure 13 - JETRO Structure

companies and actively advocates for policies that enhance the business environment and trade policies, both domestically and internationally, to benefit Japanese companies. This research-driven approach ensures Japanese firms have access to valuable market insights and policy recommendations.

Netherlands Enterprise Agency (RVO)

The Netherlands Enterprise Agency (RVO) helps entrepreneurs and organisations to invest, develop and expand their businesses and projects, both in the Netherlands and abroad. It is a government agency which is part of the Dutch Ministry of Economic Affairs and Climate Policy.

The Netherlands Enterprise Agency (RVO) plays a pivotal role in promoting and facilitating exports for Dutch businesses. Here's how RVO promotes exports:

1. Market Information and Research: RVO offers extensive market information and research to Dutch companies interested in exporting their products or services. They provide valuable insights into international markets, including market trends, demand, competition, and regulatory requirements. This information helps businesses make informed decisions when entering foreign markets.
2. Trade Missions and Events: RVO organizes and supports trade missions, exhibitions, and international events that provide Dutch businesses with opportunities to showcase their products and services to potential foreign partners and customers. These initiatives help companies establish valuable contacts and connections in overseas markets.
3. Export Subsidies and Incentives: The agency administers various subsidy programs and financial incentives designed to support Dutch exporters. These incentives may include grants, loans, and guarantees to reduce the financial risks associated with international expansion and trade.
4. Trade Promotion Partnerships: RVO collaborates with trade promotion organizations and industry associations to create synergies and leverage collective resources for export promotion. They work closely with these partners to maximize the visibility and success of Dutch exports.
5. Export Coaching and Support: RVO offers export coaching and guidance to businesses, especially those new to international trade. They provide assistance in developing export strategies, navigating export regulations, and handling logistical challenges.
6. Market Access Assistance: RVO assists Dutch companies in overcoming market access barriers in foreign countries. This support includes addressing trade restrictions, regulatory compliance, and customs procedures to ensure smooth market entry.
7. Economic Diplomacy: The agency works closely with Dutch embassies, consulates, and diplomatic missions worldwide to promote Dutch interests and exports. They engage in economic diplomacy efforts to open doors for Dutch businesses and facilitate trade negotiations.
8. Trade Promotion Programs: RVO administers and supports various trade promotion programs and initiatives, such as the Partners for International Business (PIB) program, which encourages collaboration between multiple Dutch companies to tackle international market opportunities collectively.

9. Export Financing: RVO provides financial instruments, including export credit insurance and export financing solutions, to mitigate the risks associated with international trade and help Dutch businesses secure export contracts.

10. Networking and B2B Matchmaking: The agency facilitates networking opportunities and B2B matchmaking events that connect Dutch exporters with potential international buyers, distributors, and partners, enabling them to forge fruitful business relationships.

2. Utilisation of interministerial structures, already foreseen in the framework of the National Industrial Strategy (NIS), with some adaptations, where necessary:

- The **Government Industry Committee (GIC)**, at ministerial level, which is responsible for the formulation, implementation, supervision and evaluation of the national industrial strategy, with the aim of the recovery and development of the industry in the country.
- The **Industrial Policy Coordination Committee (ESYVIP)**, at a Secretary General level, which is responsible for the operational support of GIC and has a recommendatory and executive role.

As far as international practice is concerned, a noteworthy case study in Germany involves the creation of an Interministerial Sustainable Finance Working Group (SFWG) to further their commitment to sustainable finance. This group is a collaborative effort between the Federal Ministry of Finance, the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety, as well as the Federal Ministry for Economic Affairs and Energy. The SFWG's primary purpose is to engage in discussions on contemporary sustainable finance matters and provide valuable support in the implementation of their Sustainable Finance Strategy, demonstrating a proactive approach to addressing environmental and economic objectives.

The bodies forming existing interministerial structures have the following features:

A. The **Government Industry Committee (GIC)** plays a pivotal role in the effective execution of the National Industrial Strategy. Its main functions encompass the coordination of all relevant entities responsible for implementing the strategy, ensuring a seamless and synchronized effort among various stakeholders. Additionally, the GIC takes on the responsibility of proposing corrective actions when necessary, identifying areas where improvements or adjustments are needed to optimize the strategy's outcomes. Furthermore, the committee fosters collaboration between groups of scientists and government ministries to propose and implement the prerequisite legal frameworks, amendments, regulatory provisions, and institutional interventions essential for bolstering the National Industrial Strategy. Lastly, the GIC actively participates in identifying research and technical study needs, crucial for staying attuned to evolving industrial landscapes and ensuring that the strategy remains adaptable and responsive to changing circumstances. This Government Industry Committee (GIC) was introduced, following the Decision No. 35/17.08.2020, which pertains to the establishment and composition of a Government Industry Committee to provide operational support.

The Committee is established and composed of:

- a) The Minister of Development, as the Chair,
- b) The Minister of Finance,

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- c) The Minister of Environment and Energy,
- d) The Minister of Education and Religious Affairs,
- e) The Minister of Labor and Social Affairs, and
- f) The Minister of Digital Governance, as members.

The Committee may include, without voting rights, if called upon by the Chair:

- a) The President of the Union of Greek Regions,
- b) The President of the Central Union of Chambers of Commerce of Greece (C.U.C.C.C.G.),
- c) The President of the Hellenic Federation of Enterprises and Industries (H.F.E.I.),
- d) The President of the Hellenic Federation of Industries (H.F.I.),
- e) The President of the non-profit organization known as "Hellenic Production - Council of Industries for Development," and
- f) The President of the Institute of Economic and Industrial Research (I.E.I.R.).

B. The Industrial Policy Coordination Committee (ESYVIP), at Secretary General level, which is responsible for the operational support of GIC and has a recommendatory and executive role.

This body was introduced, following the modification of Decision No. 55035/17-05-2021, which pertains to the establishment and composition of a Coordination Committee for Industrial Policy (Coordination Committee) to provide operational support to the Governmental Committee for Industry. This amendment affects key aspects of the committee's structure and members. It outlines the appointment of a Coordinator for the Coordination Committee, who plays a central role in its operations. Furthermore, the decision designates several regular members from various governmental departments:

- a) Secretary General for Coordination, Presidency of the Government,
- b) Secretary General of Economic Policy, Ministry of Finance,
- c) General Secretary of Energy and Raw Materials, Ministry of Environment and Energy,
- d) General Secretary of Vocational Education, Training, and Lifelong Learning, Ministry of Education and Religious Affairs,
- e) General Secretary of Labor, Ministry of Labor and Social Affairs,
- f) General Secretary of Digital Governance and Simplification of Procedures, Ministry of Digital Governance,
- g) General Secretary of Rural Development and Food, Ministry of Rural Development and Food,
- h) General Secretary of Public Investments and Partnership Agreement for Development (ESPA) Framework, Ministry of Development,
- i) General Secretary of Research and Innovation, Ministry of Development,

to ensure a diverse and comprehensive representation within the Coordination Committee. This step is crucial to effectively coordinate and support the industrial policy efforts, while addressing the broader objectives of the Governmental Committee for Industry. The decision underscores the importance of

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immediate action in setting up the necessary governance bodies and assures that there is no financial burden on the State Budget.

C. It is foreseen that the a.m. Committees may be assisted by thematic Working Groups, where experts for the public & private sectors as well as academia may participate. This is the case of the WG “Green transformation”, which is suggested to act as the co-ordination mechanism, as detailed in Measure I.4.

For ease and speed of implementation, it is deemed preferable to consider existing intergovernmental structures that are also responsible for the National Industrial Strategy

7.3 Additional governance considerations related with measure I4

As part of the development of the measure I4, which also includes the development of a body supervising developments related with the greening of the industrial sector, the following existing institutions/structures with a relevant scope were identified:

- a. the INDUSTRIAL POLICY COORDINATION COMMITTEE (ESYVIP - ΕΣΥΒΙΠ), which is responsible for the implementation of the action plan and the systematic monitoring of the results of the National Industrial Strategy (NIS) implementation. It is not directly "green" in nature, but a dedicated Working Group is foreseen.
- b. the WORKING GROUP ON SUSTAINABLE FINANCE & GREEN ECONOMIC TRANSITION, which is an advisory body to the Minister of Finance, set-up for the effective integration of the sustainability dimension in economic policy and the financial system. Apart from its **ad hoc** nature, this group does not have sufficient representation of the productive sector.
- c. the "ESIF Executive Structure", whose mandate includes functions 1 – 3 above. However, such a structure has not been set up in the Ministry of Development and, moreover, its responsibilities do not include interaction with businesses or the financial sector.

Based on the above, two options for this co-ordination body were examined:

1. Creation of a specialized new entity on the model of a public company under private law, supervised by the Ministry of Development, as the operational arm of the General Secretariat for Industry. It would be staffed by experienced personnel stemming both from the Greek industrial ecosystem as well as from the wider public sector.
2. Utilisation of the following structures, already foreseen in the framework of the National Industry Strategy (NIS) (with some adaptations, where necessary):
 - i. The “Green Transformation” Working Group provides the appropriate level of cooperation of all required stakeholders, as it provides for the representation of the competent General Secretariats, executives from the productive sector and experts. The composition of the WG should also include representatives from the industrial and financial sector.
 - ii. The ESYVIP is the steering body that will guide the WG’s work, evaluate its recommendations and address them to the appropriate level for approval/implementation. It might be necessary to make an explicit reference to participation of the industrial and financial sectors’ representatives, on an ad hoc basis.

Below follows a table summarizing each option’s advantages and disadvantages.

| Advantages | | Disadvantages |
|------------------------------|---|--|
| 1.New entity | Specialized administrative support mechanism on a permanent basis / dedicated staff | Need for approval at the highest political level |
| | Simple governance / increased accountability | Need to secure operating costs in the long term, despite budgetary constraints |
| | Extendable to the monitoring & implementation of other industry-related strategies | Administrative burden and long time needed for its creation & staffing |
| 2.Structures foreseen in NIS | Existing framework, which will only need minor adjustments | Reduced commitment of WG members due to multiple other tasks |
| | Possibility of external support through Technical Assistance, without charging the state budget | Complex governance / reduced accountability |

From the above comparative analysis, it was considered preferable to proceed with Option 2, benefiting from the existing framework and structures, which allows for a direct measure's implementation. Still, provisions should be sought to mitigate its disadvantages, such as examining possible remuneration of WG members as well as possible exemption from their standard duties. Option 1 could be considered at a later stage, following an assessment of Option's 2 operation's results.

8 Conclusions

The development of the National Strategy for Sustainable Finance (NSFS) aims to support the promotion of sustainable finance in Greece by increasing the flow of finance towards green investments that will enable the achievement of the National Energy Transition targets and (with special emphasis on the needs of the industry and manufacturing sector in particular). The NSFS is directly related to the National Strategy for Industry, as the NSFS is a specific initiative of the NSIA Action Plan.

Achieving the national energy and climate targets will require a significant amount of investment especially in the 2026-2030 horizon. In contrast, the main financial programmes available for green transformation (such as the Recovery Fund and the ESPA) have a forward-looking perspective. Therefore, a significant financing gap is highlighted that is expected to be mitigated especially in the 2026-2030 horizon to achieve the country's energy transition. For the manufacturing sector in particular, the financing gap amounts to about EUR 5.7 billion per year from 2026 to 2030, which will need to be filled. The amount of the funding gap is expected to be reduced to a certain extent if the cycle of key funding packages (e.g., the ESPA) is renewed.

The NSFS highlights the need to direct both private and public/international resources towards financing green investments. Closing the financing gap requires an optimal combination of these resources. It is therefore necessary for both the market and policy makers to identify and match the appropriate financial instruments to specific types of investments to avoid funding asymmetries.

Given the size of the financing gap, it is essential to maximize the opportunity cost of public/international resources and the development advantage they can bring. It is necessary to identify both investments/projects and sectors of the economy that need to receive green finance and which cannot be provided by private capital. It is necessary to create a mechanism for prioritizing the financing of green investments in specific sectors of the economy, considering the socio-economic impact (e.g., jobs created and contribution to the economy). The issuance of a sovereign green bond is an additional vehicle for securing green finance, but it should be based on a robust mechanism for identifying green projects for financing.

Regarding private financing, it is important to make the best use of existing financial instruments and improve access to them. It is critical to address issues such as the identification of appropriate financial instruments that can finance specific types of investments/projects (considering characteristics such as size/type of investment, degree of innovation, expected profitability, characteristics of the company borrowing, etc.) by both companies and the financial system. The creation of a modern tool/platform to inform market actors about financing possibilities and enable the identification of the best financing instruments against each investment type is thus proposed.

This requires the creation of sufficient demand for green investments and projects, both private and public. Informing businesses (especially SMEs) about available financial instruments and the conditions for securing financing (e.g., ESG indicator reports) are key enablers of their energy transition, with multiple benefits for the Greek economy. Furthermore, the existence of incentives, disincentives and fiscal measures will further push the transition towards green investments.

It is becoming clear that the successful implementation of the EFSF requires the coordination and dialogue of all direct stakeholders in the sustainable finance ecosystem, both from the public and private sectors.