

Protocol between the Hellenic Republic and the French Republic
For a Partnership for reforms in the Hellenic Republic

By and Between

On the one hand, the Minister for Finance of the Hellenic Republic

On the other hand, the Minister for Finance and Public Accounts of the French Republic

In the presence of the Prime Minister of the Hellenic Republic / the President of the French Republic

And in cooperation with the European Commission.

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Objectives:

Building on the longstanding and historic relations between Greece and France, and based on the common interest and commitment for structural reforms as a prerequisite for growth and social sustainability in the European Union, we wish to prolong and further develop our partnership for reforms.

Greece is engaged in a major reform process. These reforms are key to restore the economic and fiscal landscape and unlock growth and employment. Against this background, this high level memorandum aims at reaffirming the commitment of Greece to develop and implement its ambitious reform strategy, in accordance with the overall agreement with the European Stability Mechanism, and the willingness of France to remain a reform partner for Greece in that endeavor.

Our mutual interest is to realise key structural reforms in Greece, restore the trust of the Greek citizens in their public administration, and contribute to unlocking growth.

This partnership for reforms relies on: i) mutual understanding about working methods; ii) planning and ownership of reforms at the highest level as well as on the ground, at civil service level; iii) consistency and cooperation within the framework of the joint European efforts to support Greece; the desire to see Greece back on the track of socioeconomic development in accordance with the cohesion policy objectives of the European Union

The on-going collaboration between Greek Authorities, French Authorities and the Commission through the Structural Reform Support Service (SRSS) constitutes an essential element for the successful development and implementation of this action.

Areas:

In cooperation with the European Union and other Member States acting as reform partners, France and Greece wish to develop their partnership for reform in particular in the following areas, with the aim of, inter alia, enhancing capacity building. These areas have been chosen because of a) their importance in a sustainable reform strategy of Greece towards a more efficient and competent-based administration and their crucial role in rebuilding the fiscal landscape, strengthening the tax system, unlocking growth but also

enhancing the trust of the Greek citizens in the Greek administration b) well-known, established and recognized French expertise in these areas.

CENTRAL ADMINISTRATION REFORM

France will provide assistance, including through long-term provision of expertise in Athens, on the topics related to the implementation of central administrative reform and, in particular, on the following topics:

- **Improvement of governance, in particular reinforcing the capacity for inter-ministerial coordination** (better planning, monitoring government work, develop capacity of arbitration in the decision-making process) **and piloting the reform** (reinforcing the Governmental Reform Council, capacity building of actors, creation of a reform network).
- **Rationalisation of administrative processes** (shift from a structure-oriented to a service-oriented design of processes) **and help the Ministry of Interior and Administrative Reconstruction (MIAR) to coordinate drive towards simplification among the different public entities involved**; assess the quality of services provided to citizen including through a more effective one stop shop (KEP) approach; revision of the targeted services.
- **Improvement of Human Resources Management: redesign the wage grid** in relation to a new classification of the “klados” system; revision of **non-wage benefits**; revise the system of **selection of top managers**, implement a **new performance assessment system** and initiate performance-related remuneration for top managers; develop a **system of mobility based on the use of job descriptions** and build a permanent reallocation tool using an e-government tool that matches demand with supply; improve the quality of recruitment in line with a **better planning of HR needs**.
- **Strengthening transparency and accountability**: develop a **system of control and audit**; improve the system for **transparency of public documents and decisions**.
- **e-Government: assistance to develop the priorities defined by the government** in design and implementing sound e-Governance in continuing close cooperation with the partner already involved in this domain, the implementation of the e-government strategy policies, the development of IT projects, the development of open source software in the public sector.
- **Change management**: support MIAR in the development and the implementation of a **communication strategy** (internal and external).

TAX REFORM

In accordance with the Greek Authorities' priorities and without prejudice to the degree of institutional autonomy of the General Secretariat for Public Revenue, France has undertaken to enhance its technical support in the field of taxation, in keeping with the general orientations adopted regarding the administrative reform.

Concerning the tax audit field

- By pursuing its ad-hoc technical assistance through missions of short-term or medium-term experts, on the topic of the **professionalisation of the tax audit of high wealth taxpayers and on the related internal control**.
- By considering, in partnership with the Greek Authorities, the **possible establishment of a voluntary disclosure facility for off shore accounts initiative** in order to facilitate the repatriation of capital.
- By providing Greece, as of 1 December 2015, with a **long-term expert, specialised in the tax audit**, who will join the European Union team of advisors assigned to the Minister of Finances' office.

Concerning the tax compliance issues

By sharing its expertise on the definition of a tool for access to tax legislation and administrative documentation, which will enable the Greek taxpayers and the services of the tax administration to access practical and comprehensive tax documentation.

- By strengthening its technical support on the topics of internal and risks control, in order to raise the awareness of the Greek public finance stakeholders regarding this international requirement, and to improve the transparency of procedures.

Finally, France intends to accompany these reforms with the **gradual integration of civil servants from the Greek Ministry of Finance into the public finance training programme provided by the Public Finances Directorate General**, from the start of the 2016 academic year onwards, under conditions that will be defined by both countries. This training programme will include practical experience in operational services of the French tax administration (Public Finances Directorate General).

PRIVATISATION AND PUBLIC ASSETS MANAGEMENT

France is ready to bring its full support and expertise to **assist Greece in the development of its public assets management and disposal program**, especially by sharing the experience and expertise of its Government Shareholding Agency (APE) on, inter alia, the following range of topics:

- Provide consultation to the Greek Public Authorities in the **establishment of the new Fund to be settled in accordance with the agreement of July 13, 2015 and the MoU**. France's consultation during the course of the establishment of the asset management and disposal program may include matters relating to governance, structuring and key decision mechanisms of the Fund;
- Share the APE's expertise on the **management of public entities pre- and post-transaction**: overall coordination of ownership policy, governance and representation within boards of portfolio companies, strategy monitoring of portfolio companies, financial reporting and monitoring, follow-up of investments, restructuring programs and disposals, framing of the dividend policy;
- **Share the APE's expertise on the French experience on public disposal programs**:
 - Preparing the companies and assets to be sold; choice of adequate market processes (IPO, dual track, ABB, competitive processes, etc.)
 - Identification of potential investors
 - Treatment of accounting issues; preparation of pro forma consolidated accounts
 - Issues linked to statutory charges and pension funds
 - Financing of service public obligations
 - Employee representatives at governance body level in publicly-owned companies, and protection of the Government's strategic interests
 - Regulatory issues
 - Competition aspects

Working methods:

- This reform partnership is an integral part of the European effort to support Greece. Its implementation will be carried out in the framework of the Plan for technical cooperation support of structural reforms agreed between the European Commission and the Greek Authorities, with the Secretary General for Coordination as key interlocutor. It will also be fully consistent with the economic reform measures and commitments associated with the financial assistance package.

- Greece will maintain the full political and operational ownership of the reforms.
- The Reform Partner shares State-level experiences, good practice and supports the Greek Authorities in the thinking process for developing, planning and implementing reform strategy and actions. This partnership contributes to the definition of strategic orientations, including for the support and technical assistance, and facilitates the delivery of reform by the Greek Authorities. To achieve this, the Reform Partner provides political support by maintaining and developing high-level contacts with the Greek Authorities, the SRSS, other EU Member States and relevant stakeholders. The Reform Partner is represented by a senior coordinator and, when necessary, other empowered senior civil servants. The Greek Authorities will also designate a senior coordinator.
- For each of the main reform areas, each party will ensure that particular attention is paid to the means of delivering the key aspects of supervision and monitoring of the relevant projects. The actions and relevant support, as well as clear a timetable of initiatives, will be defined and agreed between the Greek Authorities and the Reform Partner, in coordination with the SRSS and the other reform partners involved. Due regard will be given to the specific institutional status of the General Secretariat for Public Revenue and its degree of autonomy.
- On a project level, the Reform Partner further supports the Greek Authorities, in coordination with the SRSS in identifying and assembling the subsequent relevant expertise. Depending on the nature of the assistance to be provided, expertise will be assembled, notably via Expertise France, from France and other EU Member States, the European Commission itself, international organizations, public agencies and/or the private sector according to the applicable rules. This assistance will realise an optimal balance between seminars and workshops in France or Greece, and short-term and long-term experts (based in, or travelling on a regular basis to Athens).
- The Greek Authorities, in cooperation with the European Commission, will finalise the different processes for financing such expertise.

Our full commitment to reinforce the current framework of cooperation is hereby reaffirmed.

The achievements of this Protocol will be reported twice a year to the two governments, by two senior civil servants, designated respectively by Greece and France.

Signed in Athens on 23 October 2015

On behalf of the Hellenic Republic



Euclid Tsakalotos
The Minister for Finance
of the Hellenic Republic

On behalf of the French Republic



Michel Sapin
The Minister for Finance and Public Accounts
of the French Republic