



HELLENIC
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Assessment on the Annual Progress Report 2026

April 2026



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Assessment of the compliance of the budgetary outturns data reported in the Annual Progress Report 2026

The Hellenic Fiscal Council (HFISC) was established as an independent fiscal authority under the law 4270/2014. HFISC submits the current assessment of the compliance of the budgetary outturns data reported in the Annual Progress Report 2026 (APR 2026) as stipulated in Regulation (EU) 2024/1263 (Art. 23) of the European Parliament and of the Council.^{1, 2}

This assessment takes into account the following:

- a) The APR 2026 macroeconomic scenario and budgetary forecasts that have been communicated by the Ministry of Economy and Finance (MinFin) to HFISC on 16 and 24 April 2026, respectively, and the technical dialogue between experts from MinFin and HFISC.
- b) The Council Recommendation of 21 January 2025 endorsing the national medium-term fiscal-structural plan of Greece.³
- c) The Council Recommendation allowing Greece to deviate from the maximum growth rates of net expenditure as set by the Council under Regulation (EU) 2024/1263 (Activation of the national escape clause).⁴
- d) The most recent data published from the Hellenic Statistical Authority (ELSTAT) covering the entire year 2025.⁵
- e) The Draft Budgetary Plan 2026 (DBP 2026), State Budget 2026 (SB 2026) projections as well as those of the Medium-Term Fiscal-Structural Plan 2025-2028 (MTP 2025-2028).^{6, 7, 8}
- f) The European Commission's (EC) 2025 Autumn Forecasts, along with main economic indicators and macroeconomic forecasts of leading international and national institutions for the Greek economy.⁹

¹ A comprehensive analysis of macroeconomic and budgetary developments of the Greek economy will be included in the forthcoming HFISC bi-annual report.

² The new Economic Governance framework entered into force on April 30th, 2024: Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L 2024/1263), Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024) and Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024).

³ [OJ L 2024/1263, 10.2.2025.](#)

⁴ [OJ C, C/2025/3965, 20.08.2025.](#)

⁵ Hellenic Statistical Authority, press releases 06/03/2026, [Quarterly National Accounts \(provisional data\) - Annual National Accounts \(estimates\)](#) and 22/04/2026, [Fiscal Data \(1st notification\)](#).

⁶ [Draft Budgetary Plan 2026, Ministry of Finance, October 2025.](#)

⁷ [State Budget 2026 \(In Greek\) – Ministry of Economy and Finance, November 2025.](#)

⁸ [Medium-Term Fiscal-Structural Plan 2025-2028, Ministry of Finance, October 2024.](#)

⁹ [European Commission, 2025 Autumn Economic Forecast for Greece, November 2025.](#)

The operational rule

The MTP 2025 - 2028 had set a recommended net primary expenditure growth target of 3.7% for Greece in 2025 (see Table 1). The observed expenditure growth was 2.9% in 2025 mainly due to higher-than-anticipated impact of discretionary revenue measures (DRMs), that was initially projected at €0,1 billion (October 2025), whilst the actual implementation resulted in higher revenues performance of approximately €1,1 billion. At the same time, total expenditure was lower than initially estimated. Overall, the combined effect of higher revenues from DRMs and lower spending kept net primary expenditure below the recommended threshold, creating fiscal space to support higher expenditure growth over the period 2026 – 2028. In cumulated terms, net primary expenditure growth for 2025 stood at 2.8%, well below the recommended 6.5%. In the control account, the cumulated balance reached -1.4% of GDP and improved further to -1.6% of GDP after accounting for flexibility related to increased defence expenditure, remaining consistent with the new fiscal framework.¹⁰

The improved tax revenues in 2025 vis a vis 2024 has been mainly attributed to stronger tax and non-tax collections: increased household incomes; a decline in unemployment (higher revenues from social security contributions); improved revenues from legal entities; higher dividends and better performance by public entities. As a result, in 2025 the primary surplus reached 4.9% of GDP, significantly exceeding the 2.5% projected in the MTP 2025 - 2028 and the 3.6% target set in the DBP 2026. Similarly, the headline balance recorded a surplus of 1.7% of GDP, compared to a projected deficit of -0.6% in the MTP 2025 - 2028 and a surplus of 0.6% in the DBP 2026.

In 2026, annual net primary expenditure growth is estimated at 7.5%, exceeding the 3.6% recommended in the MTP 2025–2028 (see Table 1). In cumulative terms, growth is projected at 10.6%, slightly above the recommended 10.3%. The cumulative balance of the control account stands at 0.2% of GDP and adjusts to -0.1% of GDP after accounting for flexibility related to increased defence expenditure, thereby providing some fiscal space for 2026.

For 2026, the Ministry of Finance projections indicate an improved fiscal outlook between October 2025 and April 2026. The primary balance has been revised upward from 2.8% to 3.2% of GDP, while the headline balance has improved from a deficit of -0.1% of GDP to a surplus of 0.2%. These improved results are conditional on additional measures that may be required if the energy crisis intensifies.

The continuation of primary fiscal surpluses, anchored in a nationally determined fiscal rule framework that fully aligns and complements the fiscal rules of the EU, represents a calibrated policy stance aimed at reconciling fiscal prudence with macroeconomic stability. Nowadays, within a post-program environment, this approach signals a transition from externally imposed conditionalities to a domestically owned fiscal strategy. Fiscal rules at national and EU level, if properly designed and institutionally safeguarded, enhance policy credibility, support debt sustainability, strengthen investor confidence and ultimately enhance economic growth.

¹⁰. According with the Article 2 par. 2 of Regulation (EC) 1467/1997: “The Commission shall prepare a report in accordance with Article 126(3) TFEU where... the deviations recorded in the control account of the Member State exceed: (a) either 0.3 percentage points of GDP annually, (b) or 0.6 percentage points of GDP cumulatively.” Following the activation of the national escape clause, these thresholds became more flexible.

Table 1: Observed and Recommended net expenditure, Control account, Augmented control account

			2023	2024	2025	2026*
Observed net expenditure						
1.	Total expenditure	bn NAC	111,3	113,9	119,9	131,1
2.	Interest expenditure	bn NAC	7,6	8,2	7,8	7,9
3.	Cyclical unemployment expenditure	bn NAC	0,3	0,1	-0,1	-0,2
4.	EU funded expenditure	bn NAC	5,7	5,9	8,4	12,5
5.	National co-financing of EU programmes	bn NAC	0,7	0,7	0,8	1,2
6.	One-offs expenditure (levels, excl. EU funded)	bn NAC	0,3	0,4	0,4	0,0
7.	Net expenditure (before DRMs) (1-2-3-4-5-6)	bn NAC	96,7	98,5	102,5	109,7
8.	<u>Change</u> in net expenditure before DRMs (D7)	bn NAC		1,9	4,0	7,2
9.	DRM (annual incremental impact, excl. one-offs)	bn NAC		2,0	1,1	-0,5
10.	Annual <u>change</u> in net expenditure (after DRMs) (8-9)	bn NAC		-0,1	2,9	7,7
Annual and cumulated deviations						
11.	Observed net expenditure growth (10(t) / 7(t-1))	% change		-0.1	2.9	7.5
12.	Recommended net expenditure growth	% change		2,6	3,7	3,6
13.	Annual deviation ((11-12) x 7)	bn NAC		-2,7	-0,8	4,0
14.	Cumulated deviation (cumulated from 13)	bn NAC		-2,7	-3,4	0,6
15.	Nominal GDP	bn NAC	224,7	236,7	248,4	261,3
Control account			2023	2024	2025	2026*
16.	Annual balance (13/15)	% GDP		-1,1	-0,3	1,5
17.	Cumulated balance (14/15)	% GDP		1,1	-1,4	0,2
Augmented control account			2023	2024	2025	2026*
18.	Recommended net expenditure growth after removing safeguards	% change		2,6	3,7	3,6
19.	Flexibility from removing the safeguards (cumulated) ((18-12) x 7(t-1) + 19(t-1))	bn NAC		0,0	0,0	0,0
20.	Flexibility from removing the safeguards (19 / 15)	% GDP			0,0	0,0
21.	Defence expenditure	% GDP	2.3	2.2	2.4	2.6
22.	Flexibility from increases in defence expenditure (21 - 21(2021/24)) (**)	% GDP			0,2	0,3
23.	Cumulated balance after flexibility (17 - 20 -22)	% GDP			-1,6	-0,1

(**) The amount has a lower bound of 0 and an upper bound of 1.5 % of GDP.

Source: MinFin (April 2026), ELSTAT, HFISC data processing.

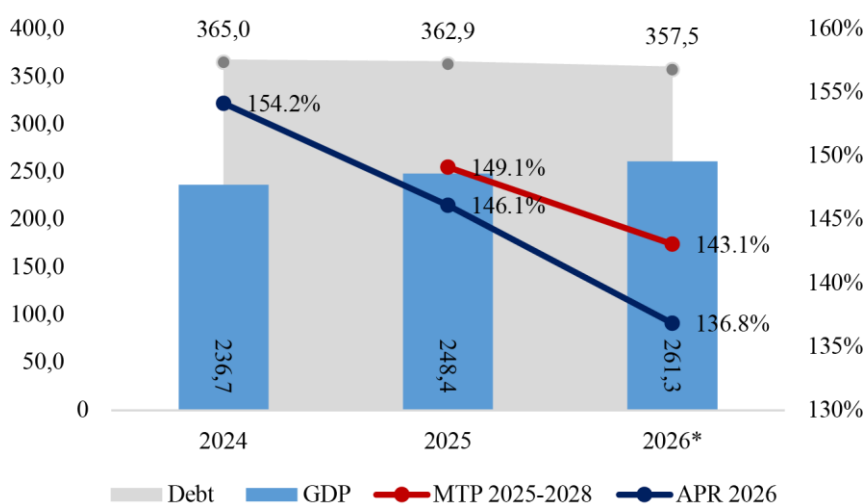
* Given that the control account can only be calculated on the basis of outturn data, here is just an estimation.

Debt

According to ELSTAT's latest announcements, the general government debt-to-GDP ratio is estimated at 146.1% in 2025, reflecting a notable decline of about 8 percentage points relative to 2024 (see Figure 1). Projections from MinFin (APR 2026) indicate that this rapid consolidation will continue into 2026, with the ratio expected to fall further to 136.8% of GDP, implying an additional reduction of 9.3 percentage points. The projected downward trajectory tracks comfortably below the critical upper limits for long-term debt sustainability defined in medium-term (MTP 2025-2028) forecasts. Operating safely beneath this strict sustainability ceiling underscores the effectiveness of recent fiscal adjustments and provides the country with significant structural headroom.

This accelerated debt consolidation trajectory is primarily driven by robust nominal GDP growth and the marked improvement in the primary fiscal balance. A decomposition of the debt dynamics reveals that over 2024-2025, primary surpluses contributed roughly 5 percentage points annually to the decline in the debt ratio, with a somewhat smaller contribution projected for 2026. The snowball effect exerted a strong favorable impact, though moderating after 2024, as the debt-reducing effects of inflation and real growth outweighed the upward pressure from interest rates. In turn, this disciplined performance and adherence to safe debt trajectories have directly bolstered the country's sovereign creditworthiness, driving successive upgrades by international rating agencies and cementing its investment-grade status. These positive rating actions reflect strong market confidence in Greece's economic resilience and translate into more favorable borrowing conditions. Notwithstanding these achievements and the comfortable margin below sustainability limits, it remains essential to uphold a highly prudent fiscal stance, as the still-elevated absolute level of debt necessitates continued vigilance, particularly within the current context of heightened global uncertainty.

Figure 1: Debt of General Government



Source: MinFin (April 2026), ELSTAT, HFISC data processing.

Upside-downside risks

On the positive side, the absorption of resources from the National Recovery and Resilience Plan (NRRP) continues to support public and private investment and hence sustainable economic growth. Also, the stronger-than-expected primary surplus of 4.9% of GDP in 2025 (against a target of 3.7% in the State Budget 2026) reveals a strong fiscal performance, which is anticipated to persist in the medium term to safeguard the downward debt trajectory. Structural reforms, particularly those targeting tax and institutional efficiency, along with recent sovereign credit rating upgrades, are expected to further support growth and thereby contribute to significant debt reductions.

On the negative side, the global economy is going through a period of significant change. In addition to trade policy uncertainty, increasing and severe geopolitical tensions from Ukraine to Middle East raise a number of challenges, both at economic and national security level. At economic level, the geopolitical oil price shocks hurt economic activity and increase the cost of living. At national security level, there is need for more public defense spending, always in coordination with our EU partners. Such developmentst pose increasing fiscal challenges due to unexpected spending needs, potentially straining the fiscal framework. Structural impediments such as labor market inefficiencies, low

productivity growth, and demographic headwinds, especially population ageing, could further weigh on medium-to long-term growth and public finances.

Greece's high public debt and debt repayment obligations require fiscal prudence. Maintaining fiscal discipline is essential to ensure economic stability and reinforce confidence in the country's economic management. Simultaneously, advancing structural reforms in public administration, product and labor markets, and the energy sector, will enhance productivity and promote sustainable and inclusive growth.

For the Hellenic Fiscal Council

The Chairperson

Anastasia Miaouli



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