Executive summary

Greece has made progress in decoupling emissions from GDP but faces challenges in several environmental areas

Greece underwent extensive reforms to cope with a deep recession. The economy started to recover in 2017. Between 2009 and 2017, some environmental pressures, such as emissions of GHGs, sulphur oxides and nitrogen oxides, declined faster than GDP. Since 2013, however, energy consumption, municipal waste generation and pesticide use have grown more quickly than economic activity. Air pollution has declined but Greece lacks a programme to reduce significant negative health effects. In general, improved monitoring and information will help strengthen environmental management.

In a welcome move, Greece adopted a National Circular Economy Strategy and introduced a tax on single-use plastic bags. However, most municipal waste ends up in landfills, not all of which comply with EU requirements, and hazardous waste management remains a challenge. Efforts are needed to set up adequate treatment infrastructure and apply economic instruments that encourage moving up the waste hierarchy.

Water scarcity is expected to intensify with climate change. Freshwater abstraction is high due to irrigation and leakage. Ensuring that prices cover the cost of supply and reflect scarcity, along with improving agri-environmental measures' effectiveness, will support sustainable water management. Efforts to reduce the environmental impact of agriculture should include a system for collection and safe disposal of pesticide containers.

Compliance monitoring and enforcement must be stepped up

Greece has undertaken a major effort to streamline environmental and spatial planning legislation to lessen the administrative burden on businesses while maintaining alignment with EU directives. However, non-compliance is high: most national-level inspections identify violations, and illegal construction remains a major environmental concern.

Staff cuts in the central Environmental Inspectorate have reduced compliance monitoring. The vast majority of inspections are unplanned, coming in reaction to incidents and complaints. Authorities at all administrative levels are missing activity targets of the national environmental inspection plan. Substantial inspection capacity increases are needed, in addition to the recent emphasis on compliance promotion. Enforcement tools are adequate but need to be applied better: collection of administrative fines is a significant problem.

The country has renewed its commitment to sustainable development but needs to enhance environmental-sectoral policy coherence and leverage green investment

In 2018, Greece renewed its commitment to sustainable development in a voluntary national review on implementation of the 2030 Agenda. However, ensuring coherence between environmental and sector policies such as energy, transport, agriculture and tourism is challenging.

The share of revenue from environmentally related taxes in GDP doubled over the decade, driven by increased energy taxation. Effective tax rates on CO_2 emissions from energy use are relatively high but carbon price signals are inconsistent. Support to fossil fuel consumption accounts for more than one-quarter of energy tax revenue. Greece should identify environmentally harmful subsidies and prioritise which to phase out.

The country has some of the OECD's highest petrol prices and taxes. However, the taxation gap with diesel is also among the largest, despite diesel being more polluting. Renewing the vehicle fleet, one of the oldest in Europe, requires harmonising taxation of new and old vehicles. The 2019 Law on Tax Reform introduced environmental criteria in the tax treatment of personal use of company cars and commuting expenses.

Effective use of EU funds is key to addressing significant infrastructure needs for waste and wastewater treatment. Environmental protection has been particularly affected by the overall decline in investment. Projects have been delayed by poor planning and capacity limitations. While the motorway network doubled over the decade, rebalancing investment from road to sustainable modes would help reduce reliance on cars.

Greece is implementing an ambitious energy transition to 2030

Greece is on track to meet the 2020 and 2030 targets for GHG emissions not covered by the EU Emissions Trading System. The economic crisis, which reduced energy demand, explains much of the decline in GHG emissions in the past decade, although a shift towards cleaner energy played a role. Despite significant deployment of renewables, the economy is still strongly reliant on fossil fuels.

In a welcome move, the government announced a lignite phase-out by 2028 and committed to achieving climate neutrality by 2050. It endorsed a National Energy and Climate Plan (NECP) with ambitious targets for 2030. The plan envisages emissions declining primarily due to decreases from power generation, with emissions in non-energy sectors falling slightly. Promotion of natural gas and renewables, interconnection of islands with the mainland grid and decommissioning of lignite power units are the main measures; they need to be supplemented by a transition plan for lignite-dependent regions. Greece has developed a Long-term Strategy to 2050. Additional policies will be necessary as continuation of NECP measures beyond 2030 will not be sufficient to reach climate neutrality by mid-century.

The country should pursue efforts to adapt to climate change impacts on water, agriculture and tourism

As a Mediterranean country with thousands of islands, Greece is highly vulnerable to the impact of climate change. Sea level rise and freshwater shortage are the priority risks associated with the projected rise in temperatures and decrease in precipitation levels. The country has strengthened its policy and institutional framework for adaptation. The design and implementation of concrete adaptation action, however, are a work in progress. As regions have significant responsibility for developing action plans taking their circumstances and needs into account, capacity building and cross-government co-ordination are needed to align policies and share knowledge. Progress has been made in considering adaptation in some sector strategies but there is room for improvement in water, agriculture and tourism.

Biodiversity conservation requires improved monitoring and further integration with agriculture, fisheries, transport and tourism

Greece hosts abundant European and Mediterranean flora and fauna, including endemic species, and a wide variety of ecosystems and habitats, many of which are of international interest. Habitat conservation status has improved but more than half of species are in an unfavourable state. The main causes of biodiversity loss are urbanisation, habitat fragmentation, pollution, invasive alien species, climate change and fires.

The legal framework is in line with international commitments but Greece lacks a comprehensive biodiversity monitoring system. According to national data, the country achieved the 2020 Aichi target on protected areas but few have management plans or the resources to implement them. Preparation of the biodiversity action plan beyond 2019 is an opportunity to take stock of progress.

As in most OECD countries, there is a need to better mainstream biodiversity into economic sectors. Key pressures come from agriculture, fisheries, transport and tourism, especially coastal. As tourism expands, it is increasingly important to link the sector and national biodiversity priorities. Assistance to farmers to implement agri-environmental measures can help mainstream biodiversity into agriculture. Further integration of biodiversity concerns into spatial planning would go a long way towards protecting species and habitat

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