

2017 SBA Fact Sheet

Greece

Key points

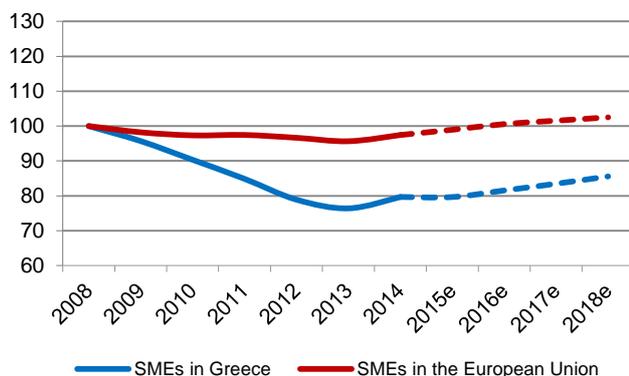
Past & future SME performance¹: SMEs in Greece were hit hard by the crisis and have still not recovered. In 2016, value added and employment were still 34.0 % and 18.4 % below their respective 2008 values. However, the Greek economy has recently made important progress in rebounding from the recession, and SMEs are showing some signs of recovery. Most recently, SME employment increased overall by 2.4 % in 2015-2016, while SME value added decreased by 1.4 % in the same period. Value added in 2016 remained at roughly the same level as in 2013, after the previous 5 years, in which both value added and employment dropped. 2013 marked the beginning of employment growth, specifically in small firms, which have recovered better from the crisis than larger firms; in 2013-2016, employment in small firms rose by 18.5 %. Employment in SMEs, which started to grow in 2015, is forecast to continue to do so in 2017 and 2018, and increases of 2.5 % per annum are expected. Overall, 96 500 new SME jobs are predicted by 2018, almost half of them in micro firms. The stagnation in value added seen in recent years is expected to shift to growth after 2016, increasing by 9.9 % in 2016-2018. With an anticipated annual rise of 5.8 % in value added, small firms are likely to be the accelerator of this growth.

Implementing the Small Business Act for Europe (SBA): Greece's performance is largely below the EU average. State aid & public procurement is the only area where the country performs better than the EU average; in this area, Greece has the 4th best performance in the EU. In skills & innovation it scores close to the EU average. However, its performance in access to finance is the lowest in the EU and the most problematic area for SMEs in Greece, affecting other areas. The second weakest area is SMEs' internationalisation, followed by the environment. Single market and 'responsive administration' have been progressing the most since 2008, despite still being below the EU average. By contrast, the scores in entrepreneurship and 'second chance' have been deteriorating. During the current reference period, Greece adopted and announced a significant number of policy measures addressing 9 out of the 10 policy areas under the Small Business Act.

SME policy priorities: SMEs' access to finance is receiving significant policy attention. However, this still remains the most problematic area, and implementing current measures must be a top priority. This means action on several fronts. More needs to be done on the policy front to help SMEs develop international activities. Public efforts to encourage entrepreneurship should continue and be stepped up. Policy actions should encourage SMEs to do more business online, both selling and purchasing. More public support is needed to help SMEs develop green and innovative products and adopt resource-efficient practices. The link between universities and the real economy should be further developed, while improvements are also needed in late payments, excessive regulatory burdens and administrative complexity. Finally, Greece is still not systematically applying the SME test as part of regulatory impact assessments of legislation.

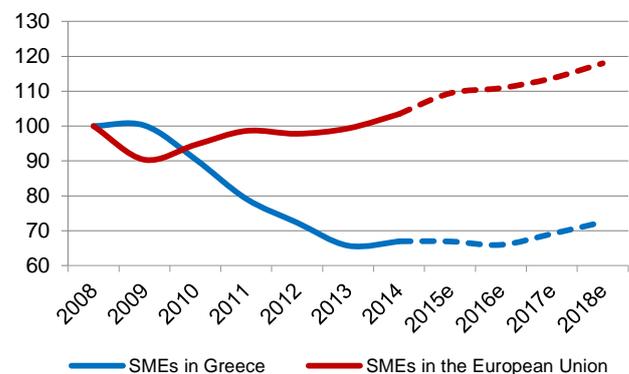
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2015 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2015 onwards)



About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and 'responsive administration' to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Greece		EU-28	Greece		EU-28	Greece		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	678 816	96.2 %	93.0 %	1 288 988	57.3 %	29.8 %	17.0	34.3 %	20.9 %
Small	23 829	3.4 %	5.8 %	412 490	18.3 %	20.0 %	9.5	19.2 %	17.8 %
Medium-sized	2 684	0.4 %	0.9 %	254 639	11.3 %	16.7 %	9.8	19.7 %	18.2 %
SMEs	705 329	99.9 %	99.8 %	1 956 117	86.9 %	66.6 %	36.3	73.2 %	56.8 %
Large	388	0.1 %	0.2 %	294 094	13.1 %	33.4 %	13.3	26.8 %	43.2 %
Total	705 717	100.0 %	100.0 %	2 250 211	100.0 %	100.0 %	49.6	100.0 %	100.0 %

These are estimates for 2016 produced by DIW Econ, based on 2008-2014 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

SMEs are of great importance to the Greek non-financial business economy. They provide around 87 % of all employment, compared to the EU average of about 67 %, and generate around three quarters of total value added, compared to the EU average of almost 57 %. However, SME productivity, measured as value added per number of persons employed, is less than half the EU average. The non-financial business economy depends strongly on micro firms, as they generate 34.3 % of value added and provide 57.3 % of all jobs. On average, Greek SMEs employ 2.8 persons, against the EU average of around 3.9.

SMEs in Greece were hit hard by the crisis and have still not recovered. In 2016, value added and employment were still 34.0 % and 18.4 % below their respective 2008 values. However, the Greek economy has made significant progress in

rebounding from the recession, and SMEs are showing signs of recovery. Most recently, SME employment increased overall by 2.4 % in 2015-2016, while SME value added decreased by 1.4 % in the same period. Value added in 2016 remained at roughly the same level as in 2013, after the previous 5 years, in which both value added and employment dropped. 2013 marked the beginning of employment recovery, specifically in small firms, which have recovered better from the crisis than larger firms; in 2013-2016, employment in small firms rose by 18.5 %.

In 2016, SME added value and employment in *information and communication* were still 34.7 % and 13.6 % lower respectively than their 2008 values. In addition to the overall unstable economic environment, a number of structural weaknesses are responsible for the poor performance of this sector, specifically weak export capacity and comparatively low levels of

expenditure on research and development². Further limiting factors are underdeveloped institutional networks and the small and weak domestic ICT market³. Recently, however, SMEs in this sector have recovered better from the crisis downturn than large firms. In particular, SME employment has risen, increasing by 8.6 % in 2012-2016.

SMEs are becoming more important in *telecommunications*, a sector typically dominated by large firms. This sector is experiencing dynamic growth, particularly in the field of mobile telephony, and SMEs have contributed substantially to this growth⁴. In 2016, the number of SMEs was nearly three times higher than in 2012, and SME employment increased by 72.8 % in 2012-2016. *Motion picture, video and television programme production* has also shown dynamic SME growth, posting an increase of 7.0 % in employment and 28.0 % in value added in 2012-2016. A contributing factor to this was the opening of several private radio stations following the temporary closure of the public radio and television broadcaster 'Hellenic Broadcasting Corporation', which ceased to operate in 2013 but resumed operations in 2015⁵.

In addition to *information and communication*, the other SME sectors driving the recovery of SME employment in 2014-2016 were *electricity and gas* (with growth of 20.5 %), *water supply* (growth of 11.9 %), *accommodation and food services* and *manufacturing* (both with an increase of 5 %). However, as most of the new jobs created are part-time and low paid, this growth has not been high enough to reverse the overall negative situation in the labour market and — most importantly — has not yet created an enduring boost in domestic consumption⁶.

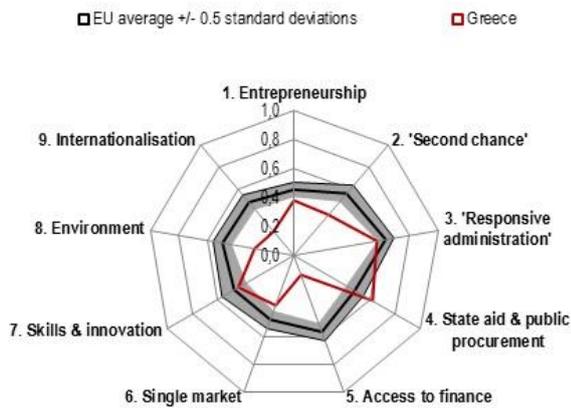
In 2016, 28 615 businesses were registered, compared to 30 540 the year before. This is a fall of 33.1 % since 2012⁷. The only category of firm showing an increase in registrations was that of private companies (IKEs), while all other legal forms of businesses declined⁸. Traditionally, most new businesses are in *accommodation and food services* and *wholesale and retail trade*⁹. Moreover, especially since the economic crisis, many micro firms in Greece are active in the fast food sector and have low levels of growth and innovation.

However, a number of contests and awards have recently been established to encourage start-ups in sectors with high levels of value added such as *information and communication*. By 2013, more than 15 incubators, accelerators and funds had been launched¹⁰. A new registry for start-up support organisations has been created to monitor this aspect of the Greek start-up ecosystem¹¹. A 2015 analysis by Endeavor, an NGO which offers support to growing SMEs, identified 3 000 high-growth Greek companies^{12 13}. These companies, which are typically in the process of expanding their business operations, transforming their sectors and addressing international markets, account for less than 1 % of all firms in Greece, and the large majority of these — 2 900 in total — are SMEs¹⁴.

With 29.3 % of all employment being self-employment, Greece has the highest share of self-employment in the EU, more than double the EU average share of 14.0 %¹⁵. However, the extent of self-employment has decreased in recent years, with the share of overall employment falling by 2.3 percentage points in 2013-2016. The number of de-registrations has also declined in recent years. In 2016, the total was 35 159, which is 13.5 % less than in 2012¹⁶. Insolvencies showed an even sharper decline. In 2015 there were only 189 insolvencies compared to 330 in 2014, a drop of 42.7 %. However, these numbers are not an accurate reflection of improvement in the economic situation of Greek businesses, since most businesses cease to operate without undergoing a formal bankruptcy process¹⁷.

Despite these difficulties, the recovery that started in 2013 is predicted to continue and become stronger. Consequently, the outlook for SMEs, along with the non-financial business economy as a whole, is optimistic. The growth in SME employment, which started in 2015, is forecast to continue in 2017 and 2018, and increases of 2.4 % per annum are expected. Overall, 96 500 new SME jobs are predicted by 2018, almost half of them in micro firms. The stagnation in value added seen in recent years is expected to shift to growth after 2016, increasing by 9.9 % in 2016-2018. With an anticipated annual rise of 5.8 % in value added, small and medium-sized firms are likely to be the accelerator of this growth.

2. SBA profile¹⁸



Greece's performance is largely below the EU average. State aid & public procurement is the only area where the country performs better than the EU average; in this area, it has the 4th best performance in the EU. In skills & innovation it scores close to the EU average. By contrast, its performance in access to finance is the lowest in the EU and the most problematic area for SMEs in Greece, affecting other areas such as internationalisation as well. The second weakest area is SME internationalisation, followed by the environment. Single market and 'responsive administration' have been progressing the most since 2008, despite still being below the EU average, whereas

the scores in entrepreneurship and 'second chance' have been deteriorating.

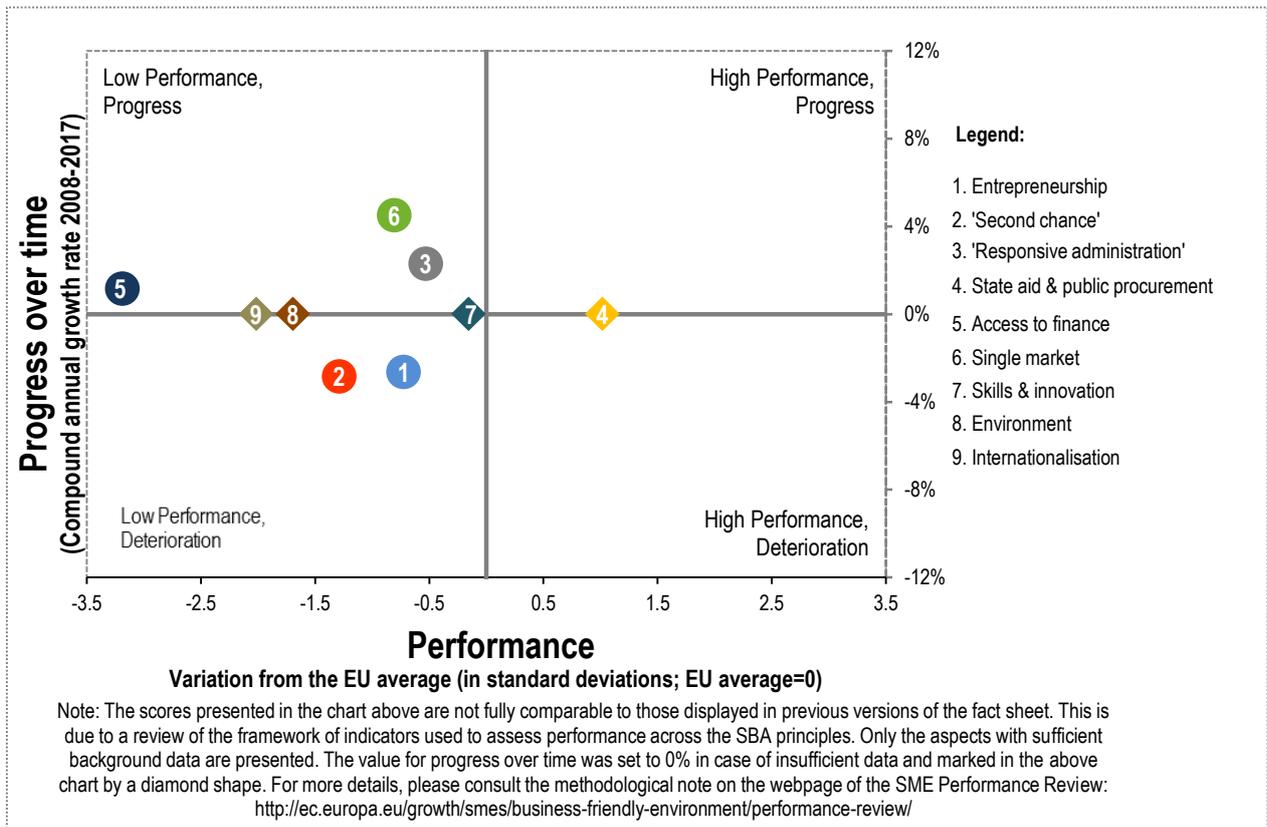
On the policy side, Greece has made a considerable effort to implement the SBA since 2008. Policy strategy has focused primarily on promoting entrepreneurship and increasing the participation of SMEs in research and innovation.

Greece has not yet adopted a specific national strategy to implement the SBA. However, the SBA is being implemented through a variety of measures designed by several secretariats in various ministries, although this makes coordination and synchronisation of the different actions much more difficult.

In 2016 and the first quarter of 2017 (the reference period for policy measures in this year's fact sheets), Greece adopted or announced 20 policy measures addressing 9 out of the 10 policy areas under the Small Business Act. The areas that received the most policy attention during the current reference period are 'second chance', internationalisation, skills & innovation, 'responsive administration' and access to finance.

However, despite the effort, many issues persist, including late payments, excessive regulatory burdens and administrative complexity and the lack of access to finance, which remains one of the most problematic areas for SMEs in Greece.

SBA performance of Greece: state of play and development from 2008 to 2017¹⁹



3. SBA principles²⁰

3.0 'Think Small First'

The 'Think Small First' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policymakers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

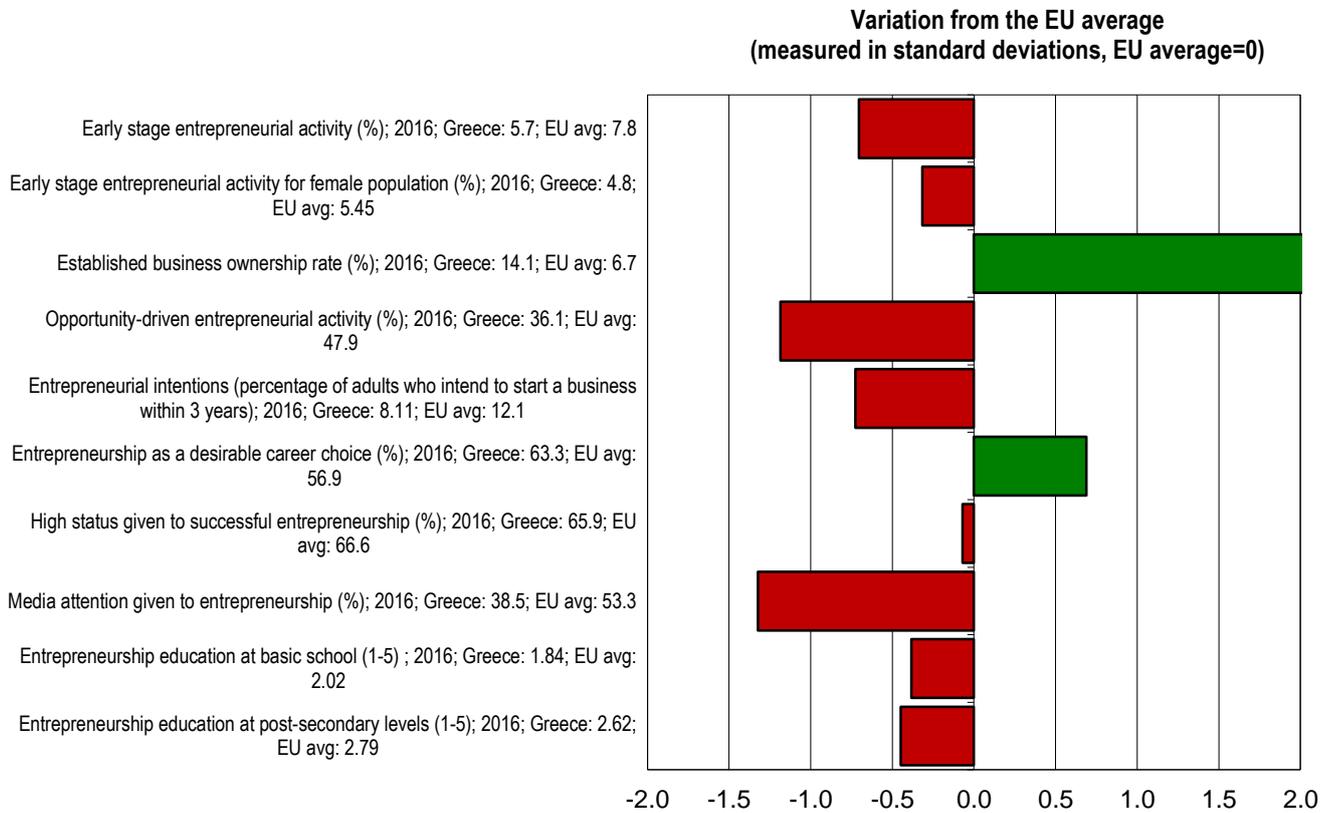
Since 2008, Greece has implemented several measures under the 'Think Small First' principle. The role of the SME Envoy has been strengthened, there are now more stakeholder consultations, and regulatory impact assessments have been improved. Steps have also been taken to reduce administrative burdens, simplify licensing procedures for exercising economic activities and create the electronic one-stop shop service.

However, Greece still needs to put in place fundamental aspects of the 'Think Small First' principle. For instance, the government still lacks the systematic application of the SME test (to assess the impact of new legislation on SMEs) as part of regulatory

impact assessments. Although the regulatory impact assessment process has been implemented since 2012, results of the assessment are not always effectively used. Public consultations take place but under tight time-frames, mainly due to the urgent nature of the policy measures taken under the country's economic programmes.

During the current reference period, the government launched an Industry Forum (*FORUM για την ελληνική βιομηχανία Υπουργική Απόφαση Συγκρότησης*). This forum provides industry stakeholders a place to formulate and communicate recommendations to improve the country's productivity, streamline public spending and implement novel methods in entrepreneurship and innovation. The Industry Forum is considered a positive step for the future development of the industrial sector.

3.1 Entrepreneurship



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Greece performs below the EU average in this area. There has been a downward trend since 2008 and, the country's performance has largely deteriorated since last year. Early-stage entrepreneurial activity has deteriorated since 2014 when it stood at 7.9 %. Media attention given to successful entrepreneurship is the second lowest in the EU. In addition, entrepreneurship education at basic school and post-secondary levels has deteriorated since last year. On the positive side, Greece has the highest business ownership rate in the EU. The rate has increased by 1 percentage point since the previous reference period. The economic downturn in the country and the lack of employment have favoured the creation of new businesses or entrepreneurship out of necessity. Entrepreneurship is also considered a desirable career choice in Greece.

Despite the economic downturn and the lack of start-up financial support, the number of start-ups and incubators has increased significantly in the last several years. This is mainly the result of young entrepreneurs creating start-ups to avoid unemployment. However, Greek start-ups face restricted access to capital, the reluctance of financial institutions to finance innovative and risky investments, and significant resource restrictions for innovative ventures.

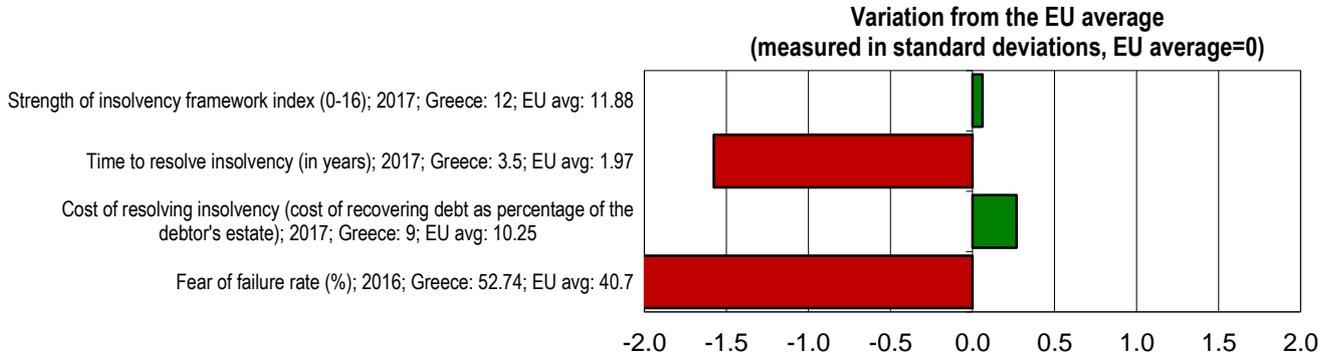
Over the years, the promotion of entrepreneurship has remained a priority for the successive Greek governments. In fact, many measures have been launched under this principle since 2008. The most important reforms have focused on reducing the time and costs to start a new business.

During the current reference period, some new significant measures were adopted, such as those in the new institutional framework for the social and solidarity economy (Law 4430/2016). The new legislative framework establishes social cooperative business and employee cooperatives.

The following measures to promote entrepreneurial development have been designed and approved as part of the competitiveness operational programme:

- The 'Development of local range business parks for manufacturing and the supply chain'. The objective of the measure is to attract private investment and create local business parks.
- The 'Business restart' programme plans to help unemployed people over 45 years old with considerable professional or entrepreneurial experience to create new firms.
- Moreover, a new measure on 'Upgrading small and very small enterprises by developing their capacity to enter into new markets' was launched in 2016²¹.

3.2 'Second chance'



'Second chance' refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Greece performs well below the EU average in this area and has also been following a downward trend since 2008. The fear of failure rate has increased since 2015 and is the highest in the EU. The time required to resolve insolvency is among the highest in the EU: 3.5 years compared to the EU average of 2.0 years.

Reforms appear to be gaining momentum in the past few years since the prolonged economic crisis. Meanwhile, the increase in non-performing loans has necessitated initiatives to tackle insolvency procedures. Greece also needs to improve out-of-court-mechanisms for private debts and to create an early warning system. Currently, SME associations are helping to develop this early warning system, based on the outcomes of a COSME pilot project.

During the current reference period, the following new significant measures were adopted:

- Amendments to the insolvency law (*Τροποποίηση Πτωχευτικού Κώδικα – Δεύτερη Ευκαιρία*) aim to provide a second chance to honest entrepreneurs who have gone bankrupt for the first time (Law 4446/2016).
- The Creation of business (SMEs) support structures for 'non-performing loans (*Δημιουργία Δομής Υποστήριξης*

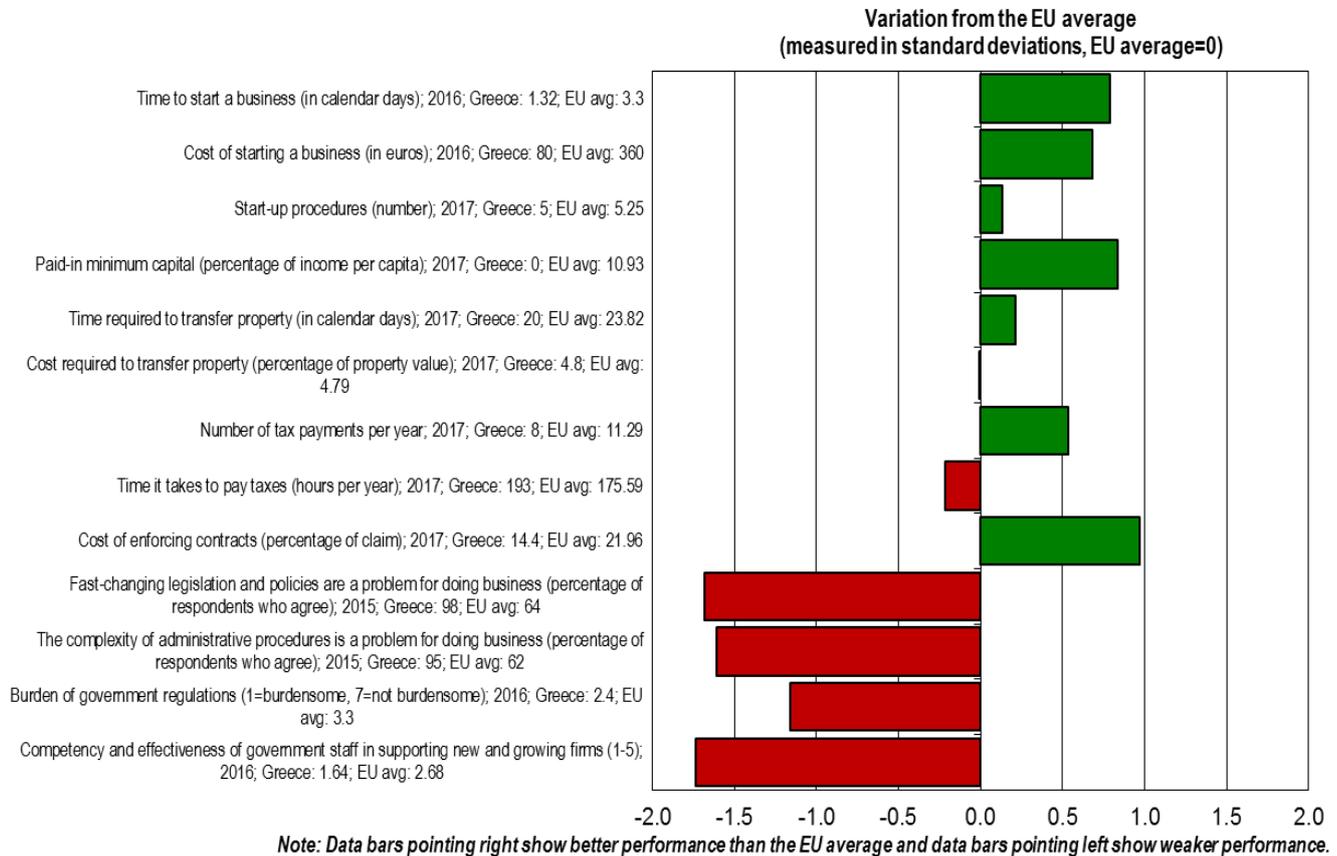
επιχειρήσεων (ΜΜΕ) για Κόκκινα Δάνεια) aims to assist, inform and advise debtors (including SMEs and the self-employed) on how to use extra-judicial mechanisms for public and private debts and debt write-offs. The mechanisms are based on the code of conduct directive issued by the Bank of Greece. The information desks will be located in 50 cities, 45 large municipalities and 25 islands. These desks will serve approximately one million families and 500 000 enterprises, faced with serious debt problems.

- A new law (Law 4469) was adopted on "out-of-court procedures for restructuring the debt of enterprises". The main aim of the new legislation is to restructure the debt of viable enterprises in a simplified manner. The electronic platform and the new business (SMEs) support structures for debt restructuring will play a key role in this process.

Banks are also taking steps to encourage businesses to discuss their non-performing loans with them before the situation becomes irreversible.

To better consider the knowledge and experience of the business community, the committees set up by the government on insolvency issues could also involve representatives of SME associations and/or SME managers.

3.3 'Responsive administration'



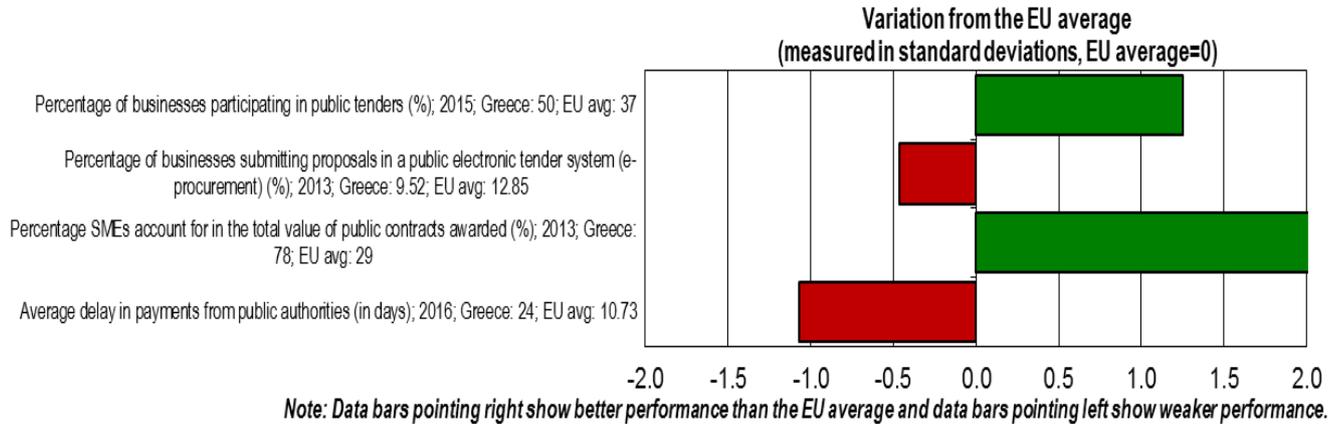
'Responsive administration' refers to public administration being responsive to the needs of SMEs. Greece performs slightly below the EU average, but has made good progress since 2008. The scores for some individual indicators are the lowest in the EU, including the burden of fast-changing legislation and complex administrative procedures on doing business. The competency and effectiveness of government staff in supporting new and growing firms are significantly below the EU average. On a positive note, it now takes just over a day to start a business and costs just EUR 80 in Greece — which is substantially better than the EU average. Furthermore, since 2014, there is no paid-in minimum capital required for business registration.

Since 2008, numerous initiatives have been introduced in the form of new services such as the Service Centre for Enterprises or the New Business Registry (GEMI). However, the administrative framework in Greece remains overly complex and burdensome for businesses.

During the current reference period, three new significant measures were adopted:

- The New legal framework on economic activity and other provisions L.4442/2016 (Νέο πλαίσιο για την άσκηση οικονομικής δραστηριότητας και άλλες διατάξεις) eliminates the advance licensing process and introduces an automated notification/approval process for starting an economic activity and the electronic submission of applications. For this reason, an 'integrated information system of activity' for implementation and inspections is planned, where all the required notices and statements will be stored.
- Simplification of companies' establishment procedures, removal of regulatory hurdles to competition and other provisions L.4441/2016 (Απλοποίηση διαδικασιών σύστασης επιχειρήσεων, άρση κανονιστικών εμποδίων στον ανταγωνισμό και λοιπές διατάξεις) establishes a new electronic one-stop shop service to set up a company via a fully electronic process and without a notarial deed.
- The Pensions provisions (Συνταξιοδοτικές διατάξεις) aim to reduce administrative burdens for companies, including the creation of one-stop shops for businesses.

3.4 State aid & public procurement



Greece performs above the EU average in this principle. The SMEs' share in the total value of awarded public contracts is the highest in the EU. The country also scores well above the EU average for the percentage of SMEs that participate in public tenders. After a massive improvement in the average delay in payments from public authorities from 2014 to 2015, the score for 2016 has deteriorated again and now stands at 24 days.

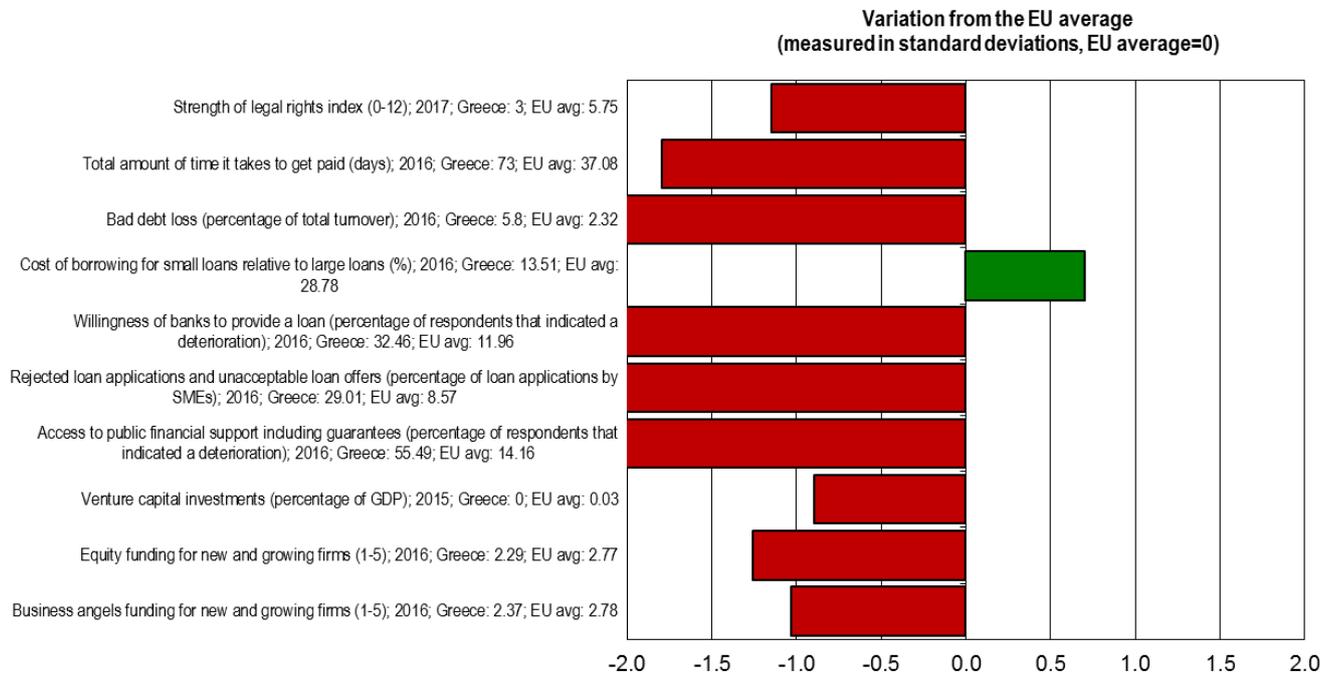
Since 2008, the Greek public procurement system has undergone comprehensive structural reform. This includes new legislation, a new remedies review system, a centralised procurement scheme and the use of e-procurement.

The Single Public Procurement Authority (SPPA) was established in 2012 with significant regulatory and audit powers. In addition, in early 2017 Greece adopted a national strategy on public

procurement to increase professionalisation and administrative capacity in public procurement. It is now being implemented.

During the current reference period, Law 4412/2016 has been adopted to consolidate, codify and simplify Greek legislation on public procurement. A single electronic register was created for the publication of contract notices (KHMDHS) and the submission of e-tenders (ESHDHS). Full use of the e-submission platform for all public procurement procedures is expected by the end of 2017.

3.5 Access to finance



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

In this area, Greece performs well below the EU average. Indeed, this is Greece’s most problematic SBA area. Although the cost of borrowing small loans is cheaper than large loans, bank lending to SMEs continues to remain a significant challenge, not least because the average interest rate of 5.3 % was the highest of all EU countries in 2016. The percentage of rejected loan applications and unacceptable loan offers is the highest in the EU at 29 %, but about 10 percentage points lower than in the previous period. Access to public financial support has deteriorated since 2008, and after having reached its lowest level in 2015, it has improved by 14 percentage points. Venture capital is almost non-existent in Greece, and the availability of business angels funding and equity funding is still marginal. It takes on average 73 days to get paid. Although much improved since 2008, the figure is still nearly twice the EU average, causing significant cash-flow issues for SMEs.

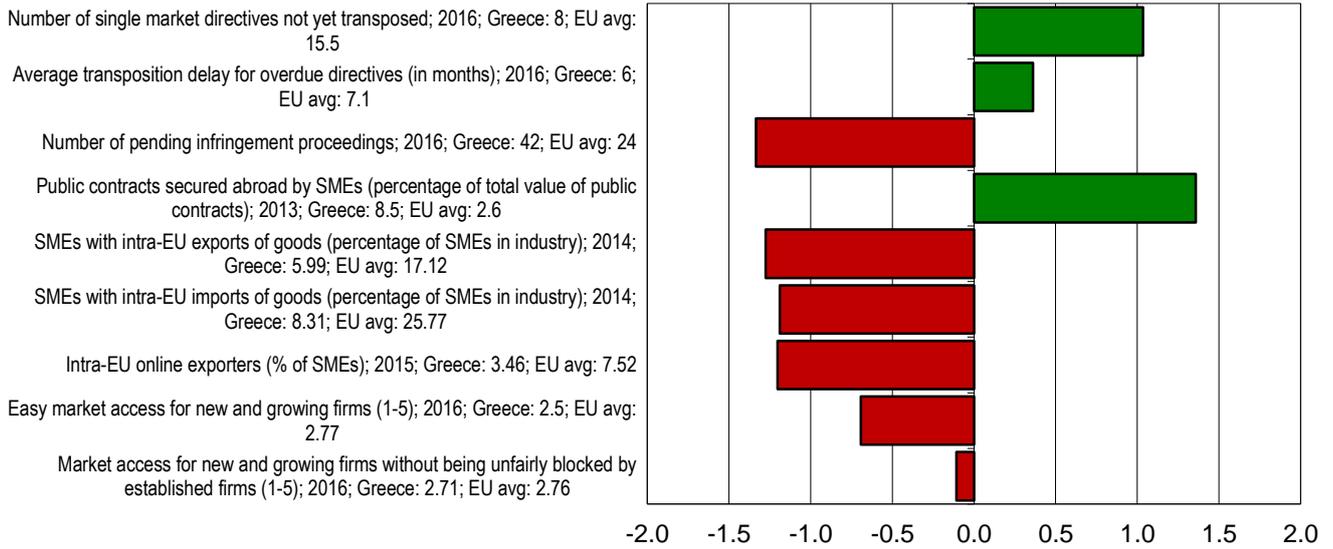
Access to finance has received significant policy attention due to the economic crisis. However, despite the policy efforts and reforms introduced since 2008, Greek SMEs still face severe liquidity problems and find it difficult to finance their activities and investments. Most of the support measures implemented since 2008 were co-financed by EU sources, including EU structural funds and funds from the EIF, EBRD or EIB. The measures have included grants, financial instruments to promote venture and equity funding, public guarantee schemes for micro loans and tax incentives for investments.

During the current reference period, the institutional framework for crowdfunding (L.4416/2016) was adopted (amendments to L.3401/2005 and L.3606/2007 for issuing prospectuses and providing investment services, creating electronic platforms and managing IS for crowdfunding). In addition, four new significant measures were adopted:

- The Escrow Account (*Ανοιχτός Καταπιστευτικός Λογαριασμός*) relieves beneficiaries from depositing an advance payment guarantee. The Escrow Account mechanism was introduced in June 2016 so that SMEs participating in the Operational Programme for Competitiveness, Entrepreneurship and Innovation 2014-2020 (EPAnEK) would not have to deposit the advance payments guarantee.
- The EquiFund (*Ταμείο Επιχειρηματικών Συμμετοχών*) is a new fund-of-funds to boost entrepreneurship and attract investments in businesses in strategic economic sectors.
- The Greek Development Law (*Αναπτυξιακός Νόμος*) aims to support the development of less favoured areas of the country through different aid schemes.
- The Entrepreneurship Fund II (*ΤΕΠΙΧ II*), with an initial budget of EUR 400 million and co-financed by the Greek Government and the European Regional Development Fund, makes it easier for companies (SMEs in particular) in the strategic sectors of the Greek economy to access finance.

3.6 Single market

Variation from the EU average
(measured in standard deviations, EU average=0)



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

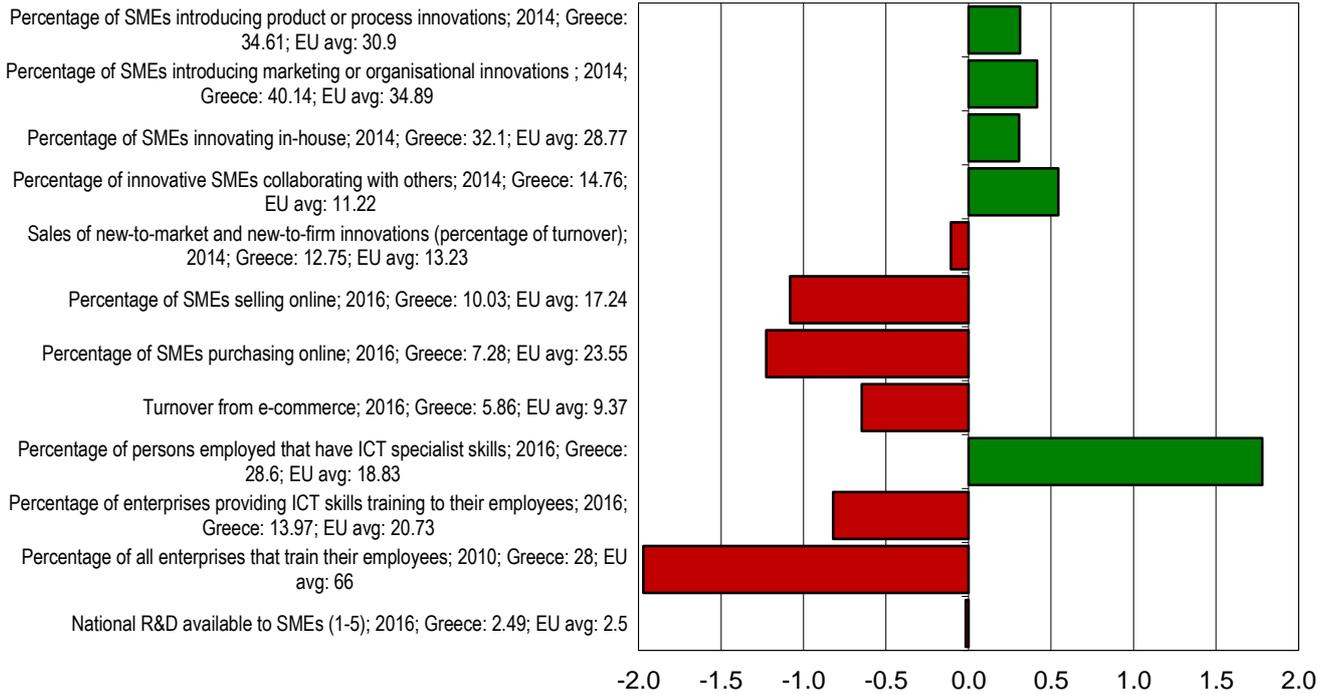
In this area, Greece performs below the EU average, but 'has been following a strong positive trend since 2008. Greece is among the 8 Member States that have succeeded in reducing the number of single market directives still to be transposed to only 1 %. In addition, there is an average six-month delay in transposing overdue directives, which is 1.1 month better than the EU average²². While the percentage of SMEs in industry with exports of 8.3 % is among the lowest in the EU, Greek SMEs are good at securing public contracts abroad.

Nevertheless, there are still SBA provisions pending that need to be addressed, including the establishment of an internal market information system and assistance to Greek SMEs to access patents and trademarks.

During the current reference period, no significant additional measures were adopted or announced.

3.7 Skills & innovation

Variation from the EU average
(measured in standard deviations, EU average=0)



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Greece performs broadly in line with the EU average in this area. A major area of concern is the low percentage of companies that train their employees, which is undermining the competences of the country's workforce. On the other hand, of all the EU countries, Greece has the second highest percentage of employed people who already have ICT specialist skills. Unfortunately, those skills have not translated into a thriving e-commerce sector — from which SMEs could benefit. The percentage of SMEs purchasing online is the second lowest in the EU, and the percentage of SMEs selling online is still below the EU average, although the turnover from e-commerce increased in comparison to the previous reference period (from 1.2 % to 5.9 %).

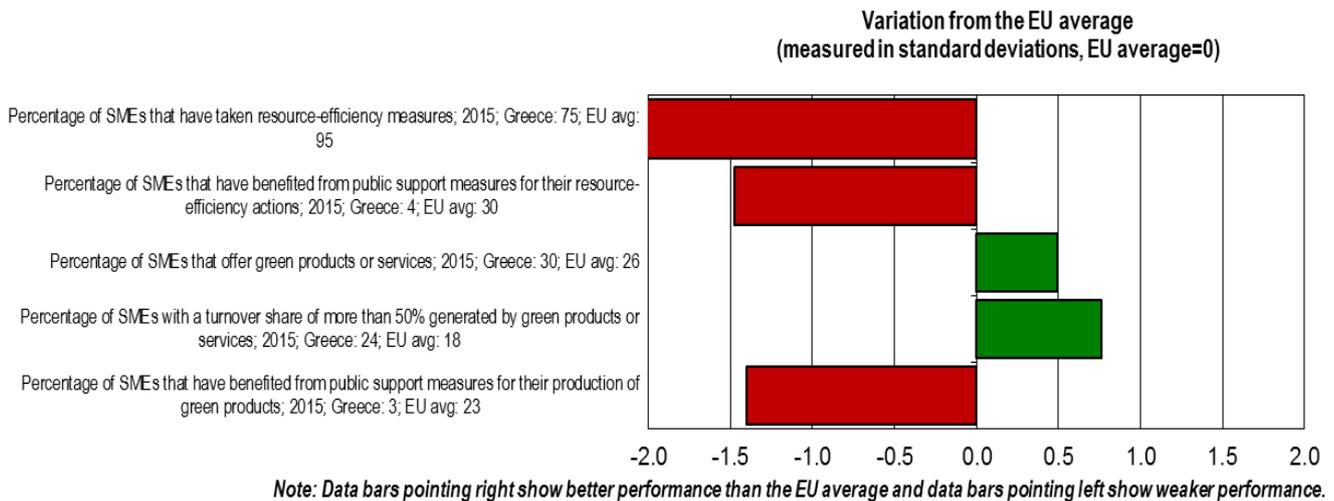
On the policy side, measures have been implemented to promote technological innovation in businesses, to support the creation of clusters and incubators and to facilitate access to innovation and knowledge. Additional policy efforts are needed to adapt the education system and vocational training to the requirements of the labour market.

During the current reference period, two new significant measures were adopted:

- The training and certification of knowledge and skills of workers in the private sector (*Κατάρτιση και πιστοποίηση γνώσεων και δεξιοτήτων εργαζομένων στον ιδιωτικό τομέα*) aims to design employee training programmes to improve professional competences and skills.
- The Institutional framework for the encouragement and support of research and innovation — Hellenic Foundation for Research and Innovation (*Θεσμικό Πλαίσιο για την ενθάρρυνση και υποστήριξη της Έρευνας και Καινοτομίας — Ελληνικό Ίδρυμα Έρευνας και Καινοτομίας*) establishes a non-profit private body to promote research and innovation in Greece, under the guidelines of the national strategy for research and innovation.

In addition, the Research — Create — Innovate (*Ερευνώ-Δημιουργώ-Καινοτομώ*) programme is currently being implemented. It aims to better connect research and innovation to entrepreneurship and SMEs. It is doing this through a series of interventions that include closer collaboration on research with public research organisations, technology transfer and support for innovation in new products and services.

3.8 Environment



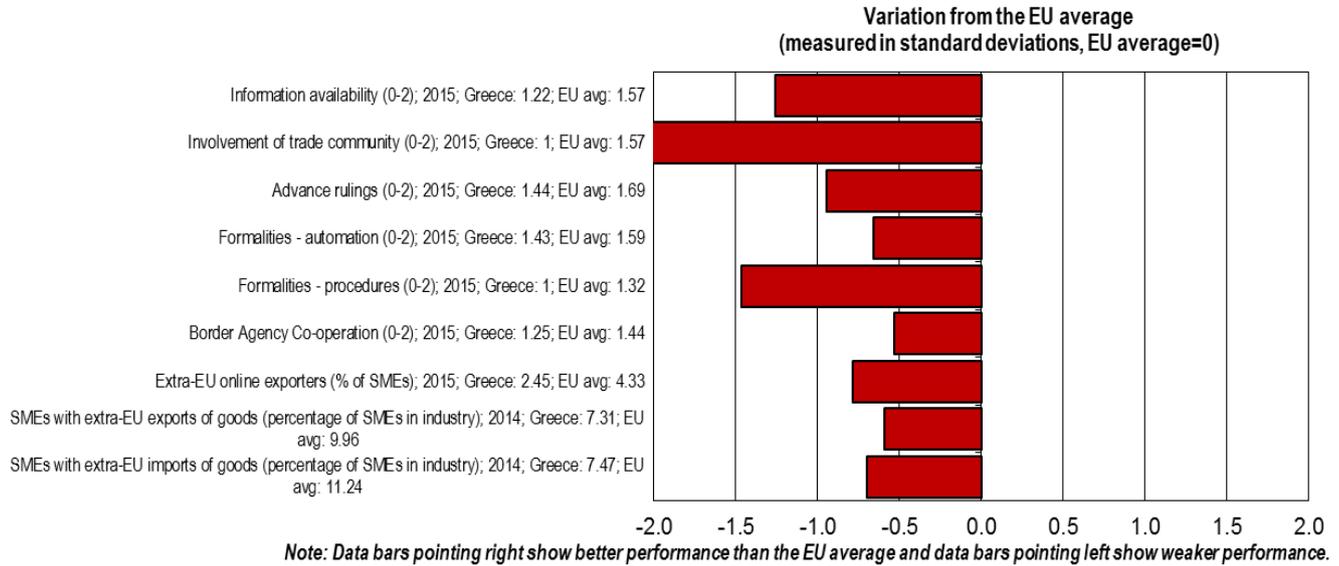
Greece performs below the EU average in this area. The proportion of SMEs that have benefited from public support measures for their resource-efficiency actions is the lowest in the EU. Similarly, the share of SMEs that have benefited from public support measures for their production of green products is the third lowest in the EU. This may be explained by the austerity measures taken by the Greek Government in recent years. The proportion of SMEs that have taken resource-efficiency measures is about 20 percentage points lower than the EU average. This is probably due to the lack of support.

Some noteworthy measures implemented in recent years include support for green tourism and green business. More efforts and incentives are required to encourage the development of innovative eco-efficient processes, products and services, including the use of green public procurement.

During the current reference period,

- the Strengthening environmental industry programme (*Ενίσχυση Περιβαλλοντικής Βιομηχανίας Πρόγραμμα*) was designed and approved in the context of the Competitiveness operational programme (EPANEK). The aim of the programme will be to promote investment initiatives in environmental industries.
- The Energy Saving Fund II (JMD 7313/1818) will provide low-interest loans, guarantees and interest-rate subsidies to improve energy efficiency and upgrade housing, and to promote the use of renewable energy sources and intelligent energy management for the benefit of the environment. It is an indirect aid to SMEs in the relevant industries. The Fund will manage EUR 68 million from the Operational programme for competitiveness, entrepreneurship and innovation.

3.9 Internationalisation



Greece performs well below the EU average in all indicators. Due to the replacement of most of the indicators in this year’s edition, overall performance in this area cannot be compared to previous years,²³ with the exception of imports and exports of goods by SMEs from and to countries outside the EU. The involvement of the trade community is the lowest in the EU. Greek exporting SMEs are still underperforming. Insufficient information provision and burdensome customs formalities for internationalisation activities are still an issue. However, the main problems for the internationalisation of SMEs are access to finance and capital controls.

Since 2008, Greece has implemented a substantial number of policy initiatives to help SMEs internationalise. The depressed

domestic market has pushed Greek SMEs to export their products and services in order to grow or survive.

During the current reference period, the National action plan for an export strategy (*Εθνικό Στρατηγικό Σχέδιο Δράσης για τις Εξαγωγές*) was adopted to enlarge Greece’s export base and support Greek exporters by improving their business skills and operational capabilities and by providing information on foreign markets. In addition, the Extroversion — internationalisation of SMEs programme (*Εξωστρέφεια — Διεθνοποίηση ΜΜΕ*) was announced to financially help SMEs in the manufacturing sector to improve their competitiveness in international markets and to encourage participation in EU and international value chains.

4. Interesting initiative

Below is an example of an initiative from Greece to show what governments can do to support SMEs:

'Escrow Account' (Ανοιχτός Καταπιστευτικός Λογαριασμός)

The Escrow Account mechanism was introduced in June 2016 so that SMEs participating in the Operational programme competitiveness, entrepreneurship and innovation 2014-2020 (EPAnEK) would not have to deposit an advance payments guarantee, a condition which acted as a deterrent to many entrepreneurs in Greece.

Once the SME participation is confirmed under one of the four EPAnEK action lines, an escrow account is opened and can be used to directly pay supplier invoices, provided that the entrepreneurs have fulfilled some specific requirements.

Overall, this mechanism has been created to enable businesses that have liquidity problems to implement projects and investments under EPAnEK and also to simplify the related administrative procedures.

For those entrepreneurs who are interested, the mechanism also offers the possibility to follow the traditional process of receiving an advance payment rather than using the Escrow Account mechanism.

References:

<http://www.mindev.gov.gr/images/enimerotiko-simeioma-escrow-account.pdf>

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

<http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

Endnotes

¹ The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. From 2015, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2014 figures from Eurostat's structural business statistics database. The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

² ΣΕΒ (2013), Ο ΤΟΜΕΑΣ ΤΗΣ ΤΕΧΝΟΛΟΓΙΑΣ ΚΑΙ ΤΗΣ ΠΛΗΡΟΦΟΡΙΚΗΣ ΚΑΙ ΤΗΣ ΕΠΙΚΟΙΝΩΝΙΑΣ (ΤΠΕ). Report on the ICT-industry.

³ Ibid.

⁴ Ibid.

⁵ ΣΕΒ (2016), available at: http://www.sev.org.gr/Uploads/Documents/weekly_21_1_2016.pdf, last accessed 20.03.2017.

⁶ ΓΕΝΙΚΗ ΣΥΝΟΜΟΣΠΟΝΔΙΑ ΕΡΓΑΤΩΝ ΕΛΛΑΔΟΣ, online available at <http://www.inegsee.gr/wp-content/uploads/2016/11/ENDIAMESH-EKTHESH-2016-INE-GSEE-H-ELLINIKI-OIKONOMIA-KAI-H-APASXOLISI2.pdf>, last accessed 17.03.2017.

⁷ General Electronic Commercial Registry (GEMI), as reported by Endeavor Greece 2016: Greek Entrepreneurship in Numbers, online available: <http://endeavor.org.gr/wp-content/uploads/2017/02/Greek-Entrepreneurship-2016-ENG.jpg>, last accessed: 27.03.2017.

⁸ Ibid.

⁹ Endeavor, 2013: Entrepreneurship and Investment Opportunities in Greece Today.

¹⁰ Ibid.

¹¹ www.startupincubator.gov.gr

¹² Endeavor Greece, 2015: Creating Jobs for Youth in Greece, report online available: <http://endeavor.org.gr/wp-content/uploads/2015/07/Endeavor-Greece-Creating-jobs-for-youth-in-Greece.pdf>, last accessed: 27.03.2017.

¹³ No Eurostat data on high-growth firms in Greece is available. The data is not comparable to Eurostat, as Endeavor's definition of high-growth firms may differ from Eurostat's definition.

¹⁴ Endeavor Greece, 2015: Creating Jobs for Youth in Greece, report online available: <http://endeavor.org.gr/wp-content/uploads/2015/07/Endeavor-Greece-Creating-jobs-for-youth-in-Greece.pdf>, last accessed: 27.03.2017.

¹⁵ Persons employed and self-employed persons refer to persons aged 15-64. Source of the data is Eurostat. To calculate the 2016 value, quarterly data from the LFS series was averaged over all quarters for which information was available on 20.03.2017.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ The 2017 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

¹⁹ The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2017. These are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2017. All SBA principles, with the exception of the 'Think Small First' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

²⁰ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2016 and the first quarter of 2017. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2017 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year's fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.

²¹ <http://www.antagonistikotita.gr/greek/secretariat1.asp>

²² The data on the transposition of directives for 2016 were compiled in December 2016, while the 2015 data were collected in May 2015.

²³ All World Bank indicators (time and cost to export and import) have been replaced by six OECD trade-facilitation indicators (following a scale where 0 is the worst and 2 is the best score). Please see Moïsé, E., T. Orliac and P. Minor (2011), 'Trade Facilitation Indicators: The Impact on Trade Costs', OECD Trade Policy Papers, No 118, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5kq6nk654hmr-en> for more information on the methodology applied to construct the indicators; further information is available at: <http://www.oecd.org/trade/facilitation/indicators.htm>, last accessed 06/07/2017.