

2016 SBA Fact Sheet

Greece

Key points

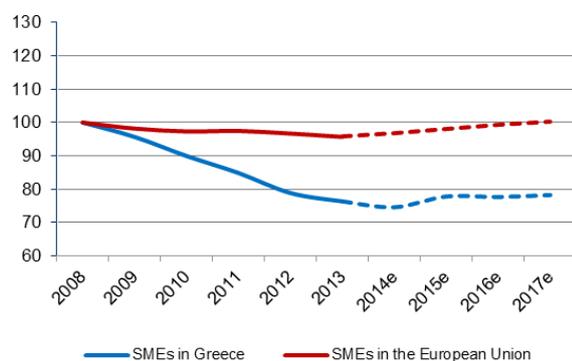
Past & future SME performance¹: SMEs have still not recovered from the financial crisis. In 2015, added value was 35 % below its 2008 value and employment 23 % below its 2008 value. Most recently, however, the recession has turned into stagnation. Added value remained roughly constant in 2014 and 2015. For SME employment, the negative trend ended in 2015. The outlook for 2016-2017 is modest, with limited signs of a near-term recovery. SME employment and added value are expected to remain unchanged from 2015 to 2017. Micro firms are predicted to perform the worst, with a fall in added value of 2 % and stagnating employment. The added value and employment of medium-sized companies, however, are expected to increase moderately at rates of 2 % and 3 %.

Implementing the Small Business Act for Europe (SBA): Greece's SBA profile reflects the difficult business environment most SMEs find themselves in. In six out of nine SBA areas Greece lags behind the EU average, sometimes by a considerable margin. Taking into account the recent completion of the procedure for the re-capitalisation of Greek banks, as well as the capital control measures, the situation is most problematic in access to finance. Together with environment, the area is also the one where conditions have deteriorated the most since 2008. On the up side, there are two areas where Greece's performance is in line with the EU average – entrepreneurship and 'second chance'. State aid & public procurement is the only area where Greece's performance is above the EU average. It is also encouraging that in four SBA areas the situation since 2008 has improved and Greece is catching up with the rest of the EU.

SME policy priorities: Access to finance should be considered a priority, including guarantees and other systems facilitating access to credit and access to alternative sources of financing, such as private equity and venture capital. Regulatory impact assessments, the 'SME test' and consultations with SME stakeholders need to be introduced systematically. Also, a coherent entrepreneurship support strategy still needs to be implemented. Insolvency procedures need to be shortened and prevention measures such as helpdesks, early warning systems and mentoring need to be put in place. More efforts should be deployed to help Greek enterprises export and promote national products.

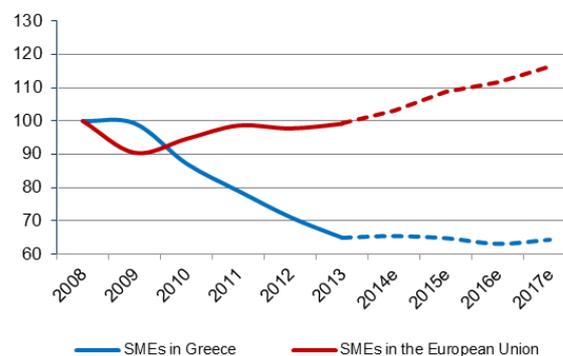
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2014 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2014 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. Published annually, the SBA fact sheets 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.

Table of Contents

Key points	1
1. SMEs — basic figures.....	2
2. SBA profile	3
3. SBA principles.....	5
3.0 'Think Small First'	5
3.1 Entrepreneurship.....	6
3.2 'Second chance'.....	7
3.3 'Responsive administration'.....	8
3.4 State aid & public procurement	9
3.5 Access to finance.....	10
3.6 Single market	12
3.7 Skills & innovation	13
3.8 Environment.....	14
3.9 Internationalisation	15
4. Interesting initiative.....	16

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	682 132	96.8 %	92.8 %	1 264 804	59.1 %	29.5 %	17.0	35.9 %	21.2 %
Small	19 631	2.8 %	6.0 %	361 331	16.9 %	20.2 %	9.6	20.3 %	18.0 %
Medium-sized	2 576	0.4 %	1.0 %	241 105	11.3 %	17.0 %	9.0	18.9 %	18.2 %
SMEs	704 339	99.9 %	99.8 %	1 867 240	87.3 %	66.8 %	35.6	75.1 %	57.4 %
Large	397	0.1 %	0.2 %	271 720	12.7 %	33.2 %	11.8	24.9 %	42.6 %
Total	704 736	100.0 %	100.0 %	2 138 960	100.0 %	100.0 %	47.4	100.0 %	100.0 %

These are estimates for 2015 produced by DIW Econ, based on 2008-2013 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 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 highly important to the Greek 'non-financial business economy'. They generate three quarters of added value and almost 90 % of employment, compared to an average of 60 % and two thirds respectively throughout the rest of the EU. Micro firms are the backbone of the Greek economy, providing almost 60 % of employment and 36 % of added value. SMEs are largely concentrated in wholesale and retail trade, where almost 40 % of SME employment and added value is generated.

SMEs in Greece were hit hard by the crisis and have still not recovered. Added value and employment in 2015 were 35 % and 22 % below their respective values in 2008. Most recently, the ongoing recession has turned to stagnation. Whereas for five years in a row, both added value and employment were

contracting, added value remained roughly constant in 2014 and 2015. For SME employment, the negative trend ended in 2015.

In the manufacturing sector, SMEs were strongly affected by the economic crisis. Added value fell by 41 % between 2008 and 2015 and employment contracted by 32 %. SMEs in the pharmaceutical sector stand out, however, as they outperformed SMEs in most other manufacturing sectors. Added value in 2015 was only 10 % below the level of 2008. This comparatively positive development is a reflection of the position of the pharmaceutical sector as one of the most robust in the Greek economy.² In the last decade, investment in this sector amounted to more than EUR 500 million in fixed assets and EUR 300 million in research and development.³ Nevertheless, SMEs were unable to match the growth of large firms, in which added

value increased by 19 % between 2008 and 2015. The reason for this difference is that growth in the pharmaceutical sector was driven to a large extent by rising exports (3 % average annual growth between 2008 and 2014) and the exporting companies were mainly large firms.⁴ In contrast, SMEs are more dependent on domestic demand, which suffered from various cuts in healthcare spending.⁵

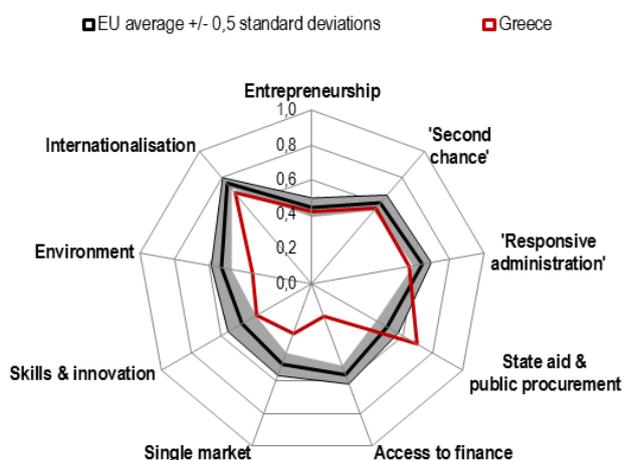
In 2015, SME added value and employment in the transportation and storage sector were still 16 % and 11 % lower than their respective 2008 values. However, SMEs have recovered relatively well from the recent crisis downturn. Between 2013 and 2015, employment increased by 4 %, and added value by 7 %. The relatively strong performance of SMEs in this sector can be attributed to several factors. One is an increase in tourists visiting Greece. This has fostered growth in the land, water and air transport sector.⁶ From January to September 2015, tourist numbers increased by 9 % compared to the same period in 2014, reaching a total of more than 20.6 million.⁷ Increased international demand for transport also benefited the Greek maritime industry.⁸ Through continued investment in new ships, Greece became number one in the world in terms of fleet size in 2008 and has remained at this position since then.⁹ Tighter environmental regulation, together with safety and liquidity problems, has led to greater market concentration in the

maritime industry, benefiting large companies at the expense of SMEs.¹⁰ As a consequence, around 6 % of shipping companies — the 40 largest firms with more than 25 ships each — controlled 55 % of the fleet in 2014.¹¹

In 2015, 30540 new businesses were registered, a fall of 20 % from the previous year.¹² De-registrations totalled 26600, a quarter less than in 2014.¹³ Data on bankruptcies also show a drop: in 2014, 330 businesses formally declared bankruptcy, a drop of 16 % from 2013.¹⁴ The motivation for starting a new business is different in Greece from in the rest of the EU. Opportunity is the most important motivation for entrepreneurs in the rest of the EU, whereas the majority of Greek entrepreneurs claim to have started their business out of necessity.¹⁵

The outlook for 2016-2017 is modest, with no signs of further recovery. Stagnation is predicted for SME employment and added value in the 2015-2017 period. Medium-sized companies are expected to grow moderately at rates of 2 % and 3 % with respect to added value and employment. Micro firms however, which dominate the Greek economy, will perform the worst according to the forecast, suffering from a 2 % contraction in added value and stagnation in employment.

2. SBA profile¹⁶



Greece's SBA profile reflects the difficult business environment Greek SMEs have to operate in. In six out of nine areas Greece's performance is below the EU average. In single market and access to finance, Greece is among the three most poorly performing Member States. This year, state aid & public

procurement is the one area in which the country ranks above the EU average. In two SBA areas — entrepreneurship and second chance — Greece is on a par with the EU average. As was the case last year, in four areas it has managed to improve its conditions for SMEs at a pace that enabled it to catch up with its EU peers.

The SBA areas that got most policy attention in the reference period — January 2015 to March 2016 — were access to finance, entrepreneurship and internationalisation.

The implementation of a number of measures and policies, especially in these areas were considered by stakeholders to be a step in the right direction. Nevertheless more proactive and systemic reforms are needed.

As a result of the adoption of several measures and policies with regard to access to finance, some 2500 SMEs are expected to be established, or advance their operations, and improve their cash flow. As a result, approximately 15000 jobs are expected to be created. The new measures lack multi-level funding mechanisms and tools to assist and advise SMEs — individually or collectively — on how to use the new funds.

Another notable measure, linked to entrepreneurship, is an initiative that aims to help some 1800 SMEs improve their operations by investing in technological and commercial modernisation, the use of ICT, the standardisation and

certification of products, and in improving their products and the quality of their services.

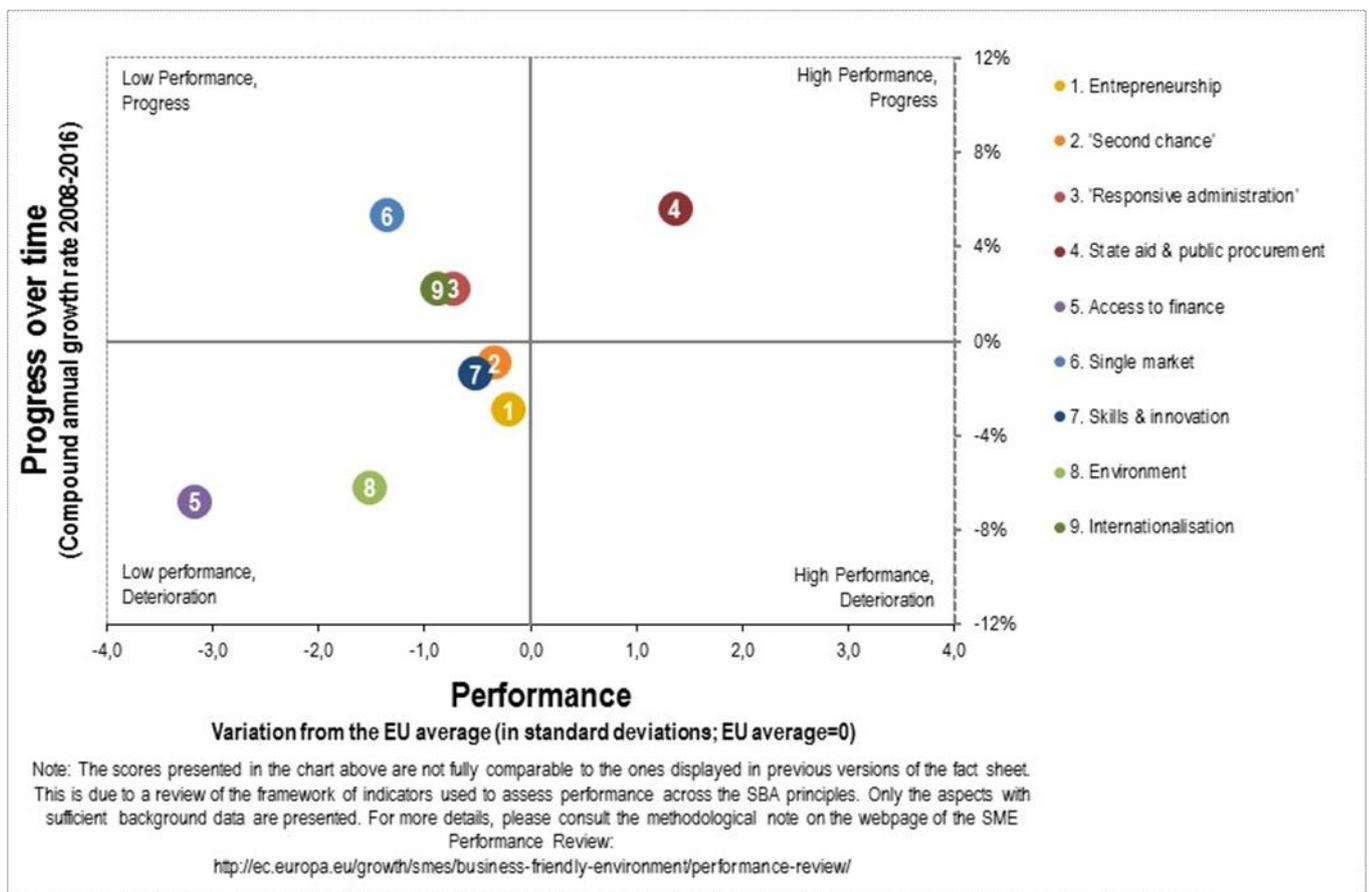
A third measure of particular importance which was implemented during the reference period relates to skills & innovation. A new programme aims to support the establishment of innovative start-ups. Overall, the measure will use total funding of EUR 120 million to create 2500 new businesses and 4500 new jobs. As mentioned by stakeholders, the issue of innovation skills development is considered of primary importance for Greek enterprises in general and SMEs in particular and should be further supported at policy level.

The SBA areas that received little or no policy attention during the reference period are state aid & public procurement, single market and environment.

With regard to the SBA, Greece has not yet formally adopted a specific SBA implementation strategy. In the absence of a dedicated strategy, the SBA is being implemented through a number of measures designed and adopted by several ministries.

The SME envoy, who is also the General Director of Industrial and Business Policy, is well placed to ensure close collaboration with SME stakeholders. Since his appointment, he has been pursuing a proactive approach, by involving SME stakeholders in policy-making and coordinating SBA implementation across the different ministries. During the reference period, his role was institutionally reinforced. SME stakeholders appreciate this.

SBA performance of Greece: state of play and development from 2008 to 2016¹⁷



SBA principles¹⁸

3.0 'Think Small First'

The 'Think Small First' principle is intended as a guiding principle for all policy- and law-making activities. It requires policy-makers 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.

During 2015 and the first quarter of 2016, the main reforms were the reinforcement of the role of the SME envoy — one of the points mentioned in the 2015 fact sheet as an area for further improvement; and the organisation and constitution of the first Industry Forum, under the auspices of the General Secretariat of Industry (GSI).

The SME envoy has been integrated into the hierarchical structure of the GSI and is officially supported by the Directorate of SMEs of the GSI. His political reinforcement is in line with the wish expressed by stakeholders in past years that he should play a stronger institutional role in coordinating the implementation of the SBA measures. Since early 2015, he has been active in promoting interventions in a number of SBA areas, such as access to finance, entrepreneurship and skills & innovation. He has also been active in organising two public consultations with the assistance of the GSI, 'the 'National Observatory for Enterprises' and StartUp Greece', on the review of the SBA and venture capital and start-ups.

He also coordinated the works of the first Industry Forum, set up to discuss and design the future of industrial policy in Greece. With the consent of the Ministry's and the GSI's leadership, he encouraged the integration of SMEs into the Forum's agenda, ensuring that the future industrial policy of Greece will take SMEs into account as a substantial component of the country's industrial arena. The Industry Forum is a key initiative led by the Ministry of the Economy, Development and Tourism and the GSI in particular. The Ministerial Council for Economic Policies has approved its conclusions and their implementation is expected to have positive effects on all SBA aspects and indicators.

Moreover, according to the Small Enterprises' Institute of the Hellenic Confederation of Professionals, Craftsmen and

Merchants, the Industry Forum is considered a useful step and should be regularised, to ensure that it will continue to exist.

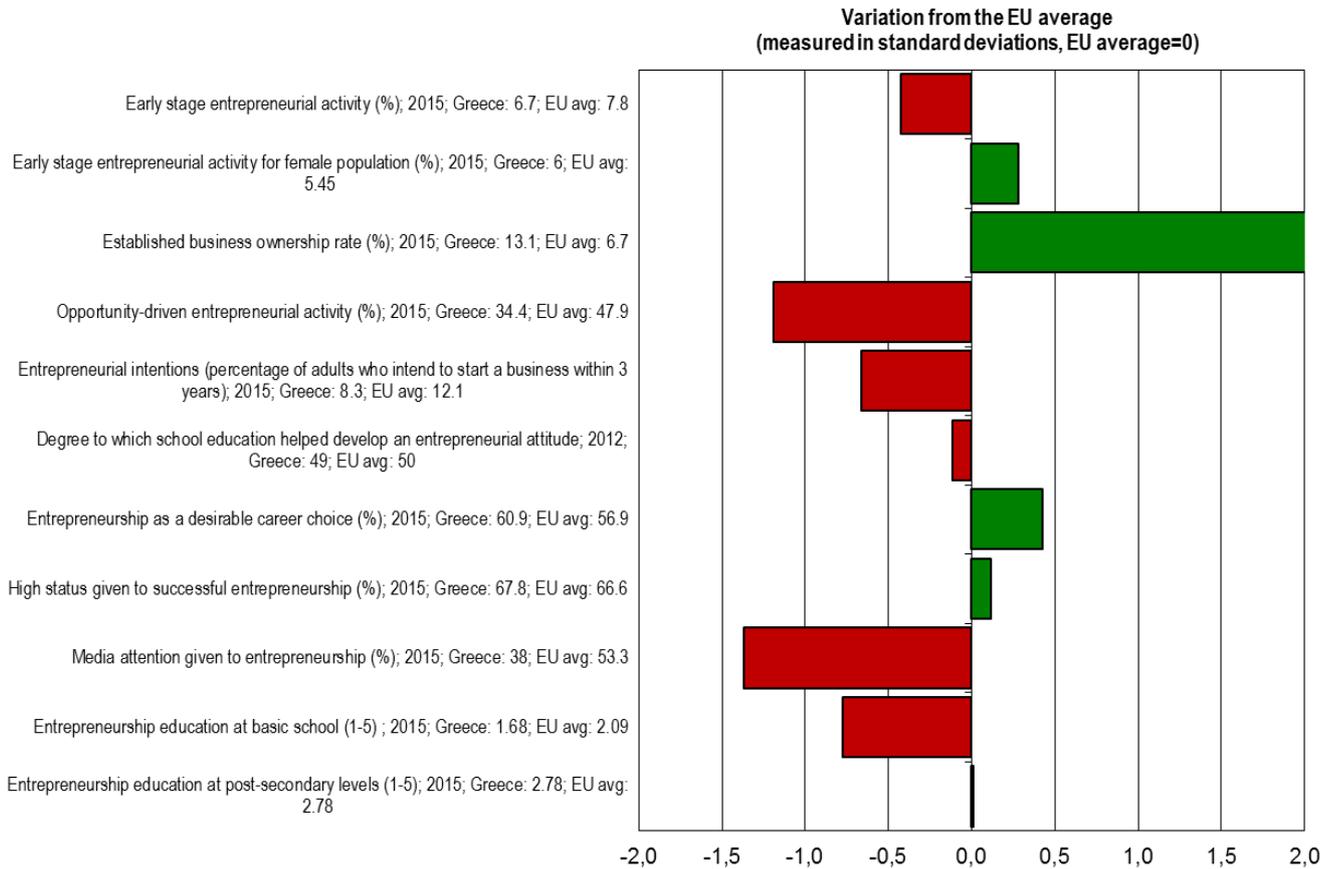
The SME envoy, supported by GGB, has been doing informal 'SME tests' on the Insolvency Law being drafted by the appropriate Legislative Committee, set up under the Ministry of Justice. However, the 'SME test', still at a very early stage of development, is not yet in use in a comprehensive and systematic way.

The 'Think Small First' principle was partially addressed from 2008 onwards. The measures implemented to date aims mainly to strengthen the role of the SME envoy and to address the ad hoc conduct of stakeholder consultations and the performance of *ex post*-only regulatory impact assessments.

Despite all the above, there are some areas where improvement is still required.

- Making regular use of *ex ante* regulatory impact assessments that would make it possible to revise and amend legislation prior to drafting.
- Introducing the 'SME test' before the adoption of legislation. Law 4048/2012 mentions the 'SME test' only indirectly. Unofficially, before any new legislation related to business is drafted, the GSI, specifically the 'SME envoy', is asked to provide input on the potential impacts of the proposed legislation on SMEs.
- Systematically consulting SME stakeholders and giving the 'SME envoy' a more prominent role.
- Introducing the 'Common Commencement Dates' principle.
- Making progress on implementing the 'only once' principle. Some steps have been taken towards better coordinating the collection of information and data on SMEs across ministries, public authorities and institutions to alleviate the reporting burden on SMEs. However, this still needs to be fully applied.

3.1 Entrepreneurship



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

Greece’s entrepreneurship performance is in line with the EU average. This has not changed since last year. However, its overall performance in this area is not without its shortcomings. Greece remains one of the toughest environments for entrepreneurs in the EU. This is illustrated by a continuous fall in the gross number of new businesses, (see section 1). The country has a high level of business ownership, slightly increased from last year — from 12.8 % to 13.1 %. However, the nature of this entrepreneurship is, in general, different to that of entrepreneurship in the rest of the EU. While in most Member States the majority of businesses were set up to take advantage of concrete business opportunities, in Greece this is only the case for about a third of businesses. Most Greek businesses are set up because of the dire economic conditions and the lack of other opportunities for gainful employment. A chronically low level of entrepreneurial intentions reflects this situation. Greece’s performance in this area has continuously deteriorated since 2008, as the unfolding crisis stifled opportunity-driven entrepreneurship and entrepreneurial intentions. On the up side, at least compared to the previous year, on most indicators Greece saw a modest improvement. Whether this is the

harbinger of a lasting improvement in this area remains to be seen.

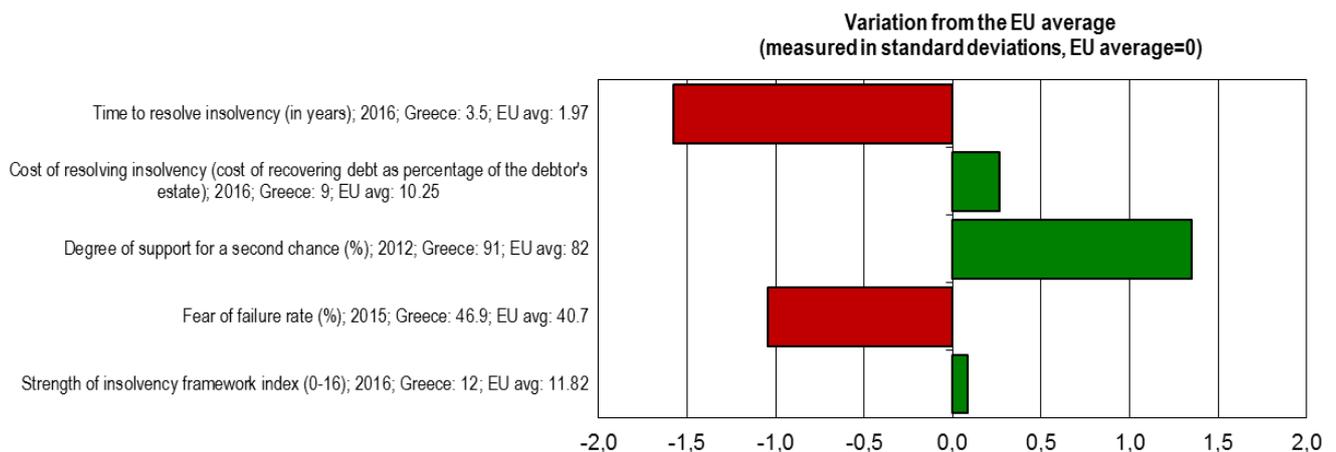
To alleviate the challenging conditions for entrepreneurs, the government has taken a number of support measures since 2008. These include support for female and young entrepreneurs and for SMEs in key economic areas of the country. Overall, the country has followed up on all major SBA recommendations. However, there is significant room for improvement. According to SME stakeholders, a more comprehensive entrepreneurship strategy is needed. So far, nothing has been done to facilitate business transfer through tax measures, schemes, mentoring and support; or to support immigrant entrepreneurs, despite these areas being identified as target categories in the government’s Operational Programme for Competitiveness, Entrepreneurship & Innovation (EPAnEK).

During the reference period, one new measure was launched: ‘Upgrading small and very small enterprises by developing their capacity to enter new markets’. The measure aims to help SMEs exploit their competitive advantages and improve their position in national and international markets by helping them in their

investments in technological, organisational and business modernisation, and in the reconfiguration of their products and services. To receive support, new or existing SMEs will have to be operative in one of the eight strategic areas targeted by the EPAnEK Programme: Agrofood/Food Industry, Cultural and

Creative Industries, Materials/Construction, Supply chain, Energy, Environment, ICT and Health. The total budget of the measure is EUR 130 million. Approximately 1 600-1 800 SMEs are expected to benefit from it.

3.2 ‘Second chance’



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

‘Second chance’ means ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Greece’s performance has improved to be on a par with the EU average compared to last year. This is due to a significant drop in the fear of failure rate from 61 % last year to less than 47 % this year. This is one of the sharpest increases in positive business sentiment in the entire EU. It is also in line with the more moderate recent improvements on a number of entrepreneurship indicators. It is too early, though, to see this improvement as a sign of a more permanent upturn in business sentiment. The fear of failure is still one of the highest in the entire EU. It is partially explained by the persisting difficult environment entrepreneurs who want to start a new business after a previous failure face. The key challenge remains to reduce the amount of time it takes to complete insolvency procedures, still among the most time-consuming in the entire EU.

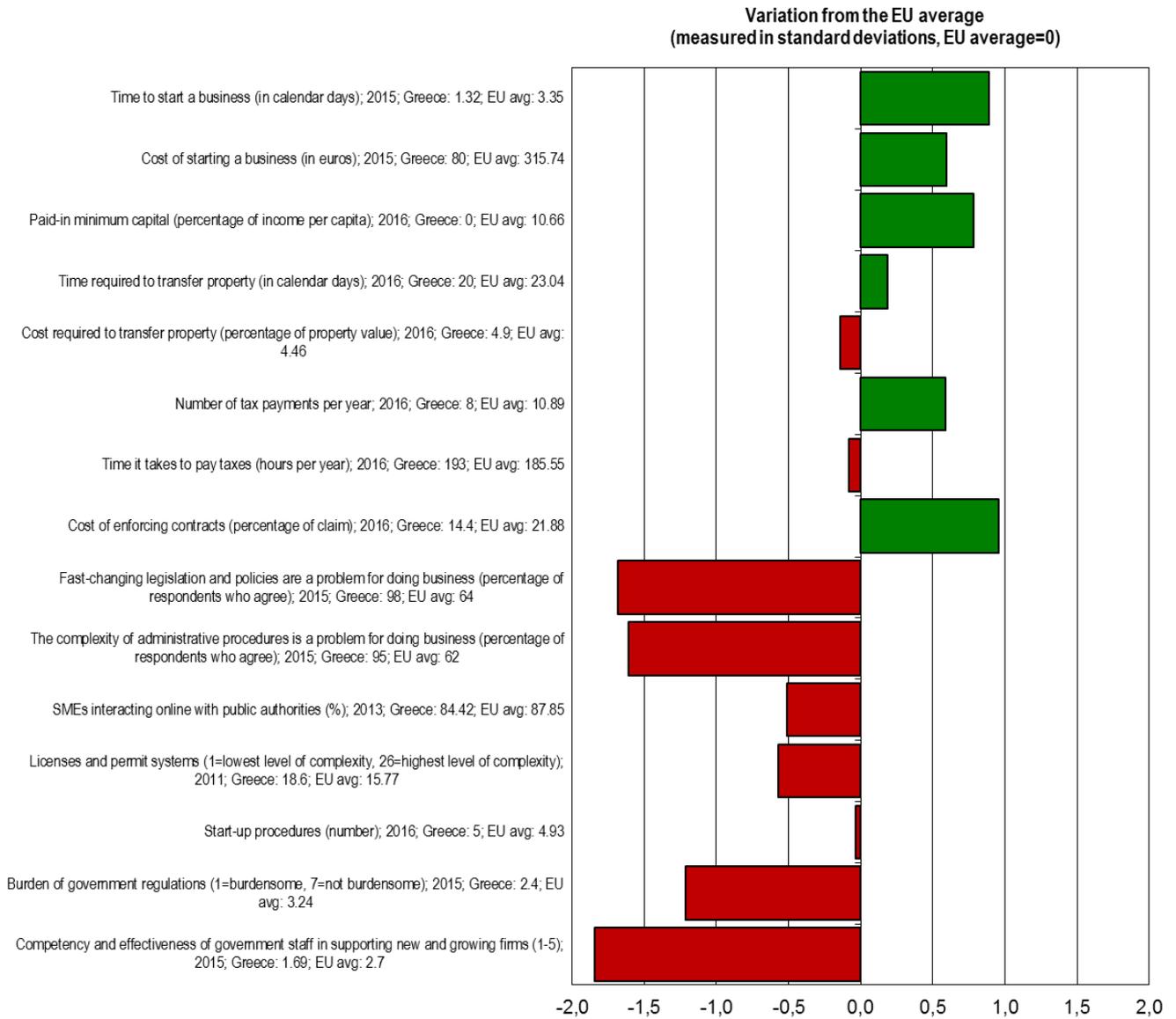
Policy-wise little has been done in recent years to address this issue — either in terms of helping bankrupt but honest entrepreneurs to re-start economically or helping businesses to avoid failure. Next to the shortening of insolvency procedures, the most important area that would require attention is the creation of an early warning system in conjunction with a help-desk mechanism, to prevent SMEs from going bankrupt and

coach them on how to avoid bankruptcy. Such mechanisms will benefit enterprises, but also to creditors and public authorities. The early warning system should allow enterprises to proactively work on their debts before they become unmanageable.

During the reference period, a legislative committee was established under the Ministry of Justice. It has started working on the revision of the national insolvency law, with the Ministry of the Economy, Development and Tourism to ensure that the needs of SMEs will be given primary consideration. The revised Insolvency Law will aim to address several aspects of the ‘second chance’ principle and the challenges outlined above: legal procedures connected to bankruptcy completed within a year; discharge from bankruptcy in a maximum of three years; re-starters to be treated the same way as new start-ups; and automatic discharges for honest entrepreneurs after liquidation. According to the stakeholders, this revision is a step in the right direction. Two preliminary actions have already been taken with Laws 4329/2015 and 4336/2015 introducing better conditions for sustainable enterprises in difficulties.

Apart from setting up the committee, no other significant additional measures were adopted or implemented.

3.3 'Responsive administration'



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

Responsive administration' means public administration being responsive to the needs of SMEs. Greece's performance in this area dropped below the EU average. While hardly any of the indicators in last year's fact sheet improved, Greece scored below the EU average on the two indicators added to the profile this year — the number of start-up procedures and the competency and effectiveness of government staff working in support of businesses. In particular, Greece ranks last in the EU on the second indicator. Its overall administrative framework continues to be hampered by fast-changing legislation and very complex procedures and regulations. On the up side, there are notable exceptions. Start-up conditions have improved

considerably since the SBA came into effect. Time to start-up a business has been reduced from 30 days in 2007 to little more than 1 day. The same applies to the cost of doing so. In both categories, as with the minimum paid-in capital, Greece provides better conditions than the EU on average.

In summary, SBA implementation is far from complete in this area. Despite the progress made, the fundamental issue of the connectivity of public authorities' databases needs to be urgently addressed. Additionally, the development of e-government and online infrastructure that will enable SMEs to handle all procedures online is also considered critical by SME stakeholders.

Substantial progress in this area has been made since 2008, with a number of measures being implemented, such as the ‘New Business Registry/GEMI’ and the ‘Enterprise Greece platform’, and laws passed to simplify administrative procedures that affect the smooth operation of SMEs.

Despite this progress, there is still much room for improvement, especially with regard to online/electronic services, the interconnection of different databases — including those of the tax authorities — and the establishment of one-stop shops allowing SMEs to handle procedures online and with less effort. Some of these aspects are currently being addressed. For example, the GSI recently put in place an online Decision Support System, backed by a Geographical Information System (GIS) system, available in www.ggb.gr. It combines geospatial information (e.g. business parks, regional planning, special frameworks for spatial planning for industrial use and for tourism, NATURA-related data) with business data (GDP per sector, employment, consumption expenditure, population, economic accounts for agriculture) in order to assist foreign and domestic entrepreneurs-investors decisions.

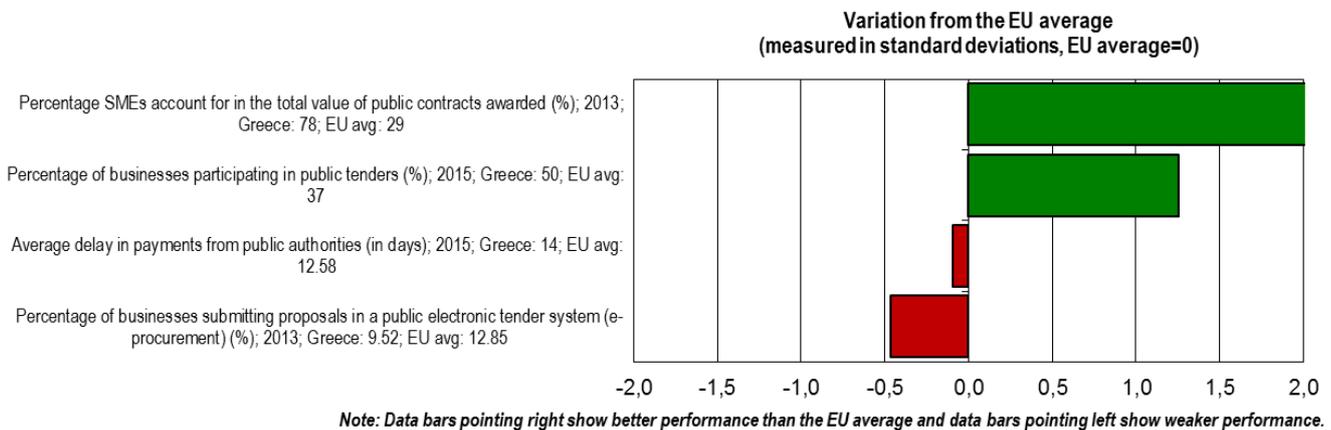
The GSI, in collaboration with the World Bank, is also working on simplifying legislation for the establishment and licensing, initially of manufacturing enterprises, and in due course, of all

economic activities. These measures are considered a step in the right direction, but further and deeper reforms are needed to ensure that all public authorities in Greece are digitalised and their databases connected. This will also help anchor the ‘only-once’ SBA principle.

On a legislative level, Law 4336/2015 aims to reduce the administrative burden imposed on SMEs through the establishment of one-stop shops for businesses. Law 4325/2015 relates to ex officio document research by public authorities. It will reduce the involvement of SMEs in their dealings with public authorities. Both laws are considered a step in the right direction.

During the reference period, one new measure was implemented to complement the measures aimed at alleviating the administrative burden. The ‘Information Technologies for Government (IT4 GOV)’ initiative aims to identify and reward innovative IT ideas and applications for governmental and administrative reforms, based on new and emerging technologies. Ultimately, the measure aims to simplify procedures, reduce bureaucracy and increase the effectiveness and efficiency of electronic governance.

3.4 State aid & public procurement



Greece’s performance has improved to be above the EU average. This has to be taken with a note of caution, though. Much of the improved score is due to revised figures in the payment patterns by public authorities. Last year, Greece scored well below the EU-average on this, with one of the longest payment delays in the EU. This is due to two factors. Firstly, there was a methodological change in the calculation of this indicator. Secondly, during the crisis the way transactions are handled between parties drastically changed. In order to avoid payment losses and excessive delays, deliverers now habitually insist on getting paid in full before delivery of goods. Problems with late payments still persist, as do other problems affecting SMEs. These include complex public procurement legislation, the

limited use of e-procurement services, the share of businesses submitting proposals in an electronic tender that is still below the EU average, and the large size of lots unsuited for most SMEs.

On the policy side, these weaknesses have been acknowledged. Since 2010 the Greek public procurement system has undergone several reforms. A Single Public Procurement Authority (SPPA) has been established in order to function as a single national focal point for public procurements and enforce procurement law. A central electronic public procurement register was also established in 2011.

However, further measures are needed, e.g. allowing SME clusters in the legal framework, to allow SMEs to collectively bid for public contracts. The lack of information for SMEs on public procurement opportunities also needs to be addressed via appropriate information campaigns.

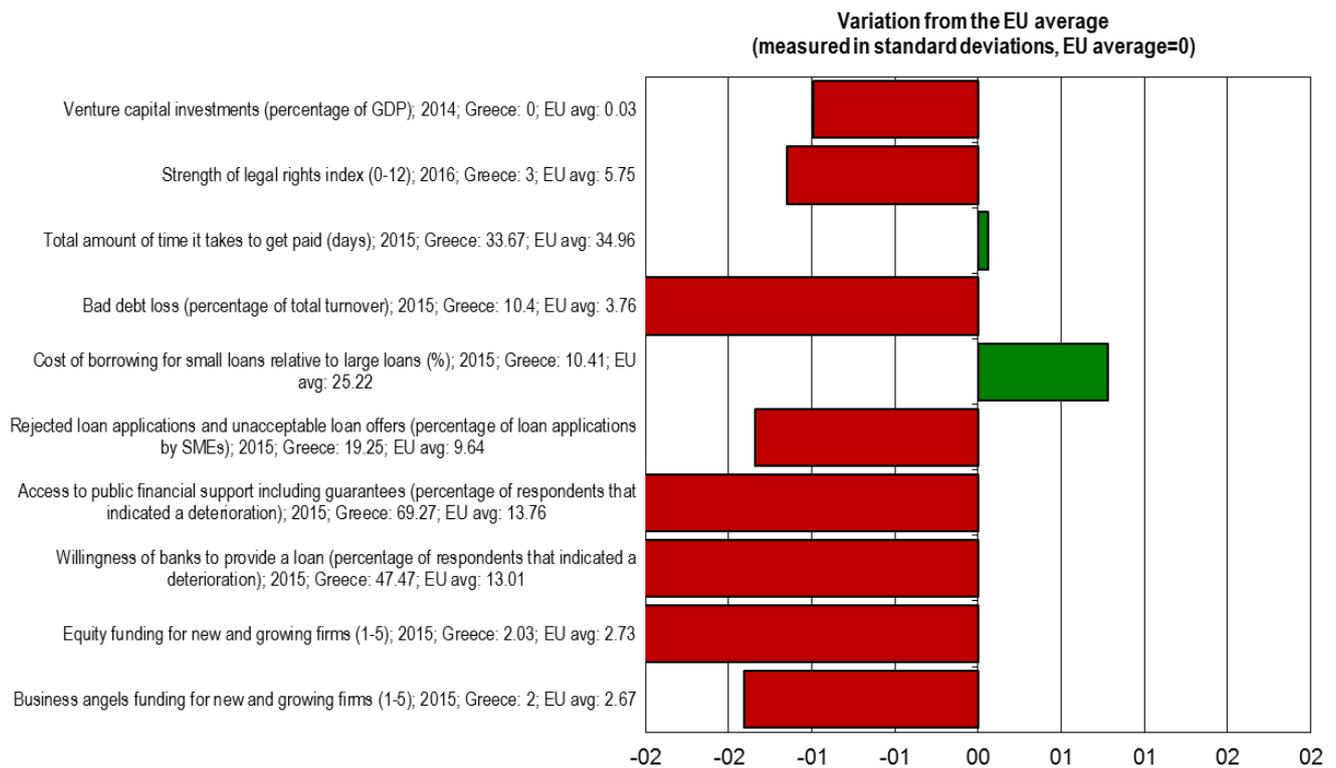
With regard to state aid, further steps should be taken, as progress has been limited throughout the years. In particular the design of a new investment law that would be specifically designed for SMEs is considered a suitable policy intervention.

Progress during the reference period focused on the implementation of the new law on public procurement adopted in April 2016. This law includes specific provisions aimed at

simplification, consolidation and codification with a view to remedying the SME-specific problems referred to above. The SPPA has started preparing interpretation and implementation guidelines for the new law.

Moreover, the SPPA published in March 2016 the first policy document entitled 'A proposal for the adoption of a National Strategy for Public Procurements 2016-2020'. A special chapter is dedicated to SMEs, including guidelines for the promotion of SME participation in public procurements and for the creation of a specialised database for the SME assistance and support. The implementation of the policy document is expected to have a positive impact in many fields and on many indicators.¹⁹

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.

The situation with regard to access to finance for SMEs remains dire. Just as last year, Greece has the lowest score in the EU-28. Since 2008, its performance in this area has considerably deteriorated. Compared to last year, there were only two aspects which saw an improvement. The time to get paid is now in line with the EU average. However, this is due to the specific factors mentioned in the previous section in connection with the payment delays by public authorities.

The portion of firms reporting a deterioration with regard to loan applications rejected by banks has halved. However, all other

indicators related to loan financing point to a further deterioration. This refers most notably to the access to public financial support and the willingness of banks to provide loans. The mark-up on interests for small loans compared to those of more than EUR 1 million has also gone up from 4 % last year to 10 % this year. It is still, though, the only financing aspect where Greece ranks above the EU average. In no other EU country do SMEs incur more losses from bad debt than in Greece. Fuelled by the crisis, the proportion of bad debt losses slightly increased from 10 % last year to 10.4 % this year.

Accessing venture capital in Greece remains very difficult. On all related indicators, including the new ones for business angel funding and equity funding for new and growing firms, the country ranks well below the EU average.

In summary, access to finance remains one of the major issues for Greek SMEs, especially in light of the imposition of capital transfer restrictions in 2015. A one-stop shop for SMEs funding is still lacking. There is an urgent need for improved access to risk capital, especially in the form of venture capital and business angel financing. The design and implementation of measures that will improve the availability of these forms of financing are considered to be areas of further improvement. Finally, measures that will encourage investments and facilitate the transformation of debts into equity are also considered important.

On the policy side, various policy measures have been introduced since 2008 to facilitate SMEs' access to finance. These include funding programmes aimed at supporting the establishment and operation of SMEs; public loan programmes and state grants specifically for SMEs and measures for improving cash flow or the uptake of EU funds.

The Hellenic Fund for Entrepreneurship and Development (ETEAN S.A) and its three most important SME financing programmes have since 2013 supported almost 6 500 SMEs in connection with loans worth almost EUR 580 million in total.

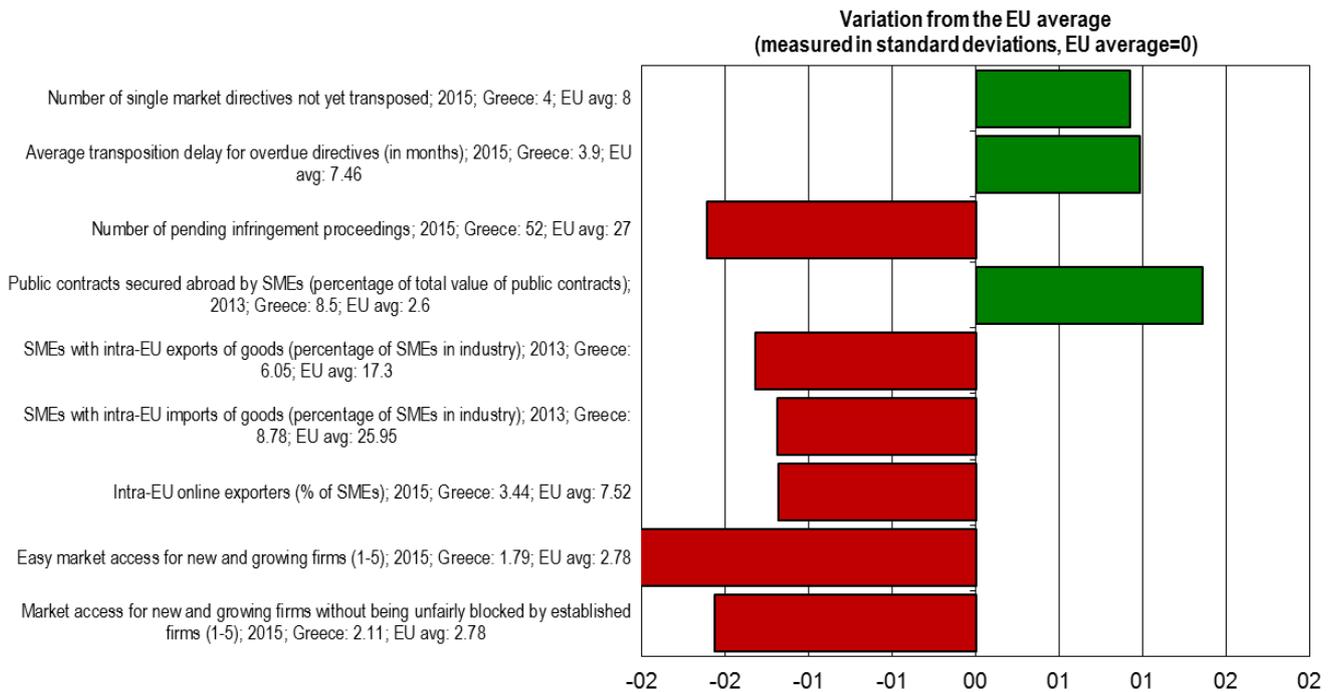
However, the measures so far have proven insufficient to stem the deterioration of the financing conditions for SMEs.

The reforms undertaken during the reference period involve four measures aiming to support SME liquidity and help graduates

start up their own business. The most relevant policy measures implemented in the reference period are the following.

- 'Helping Tourism SMEs to modernise and upgrade the quality of their services' that aims to financially support existing micro, small and medium-sized tourism enterprises to ease the modernisation, quality improvement and products/services enhancement processes, in order to strengthen their position in domestic and international tourism markets. The measure is co-financed by the European Social Fund (ESF) and the Greek government with a total of EUR 70 million. In total, around 1000 enterprises are expected to benefit from it.
- 'Support of self-employed graduates of higher education', aimed at boosting financial support to new companies, while favouring the self-employment of higher education graduates, safeguarding employment and creating new job opportunities. The measure is implemented by the Ministry of the Economy, Development and Tourism — the Special Managing Authority of EPAnEK. In total, EUR 50 million should be allocated to support 2 200 graduates in finance their own businesses.
- Two regional programmes to support liquidity and employment during the crisis, covering the entire country, aiming at subsidising private companies to create new jobs and/or maintain employment, and helping self-employed entrepreneurs sustain their businesses. The programmes expect to financially support 3 700 self-employed entrepreneurs; in addition, 9 000 jobs are expected to be created and/or retained.

3.6 Single market



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. This is a deterioration from last year, when it was on a par with that average. As for the level of individual indicators there was a slight improvement for most of them compared to last year. Most importantly, the proportions of exporting and importing SMEs increased by approximately half a percentage point each. Also, there was progress as regards the implementation of single market legislation. The number of single market directives not transposed came down from 59 to just 4. There were only 52 pending infringement proceedings, compared to 59 last year, while the transposition delay remained unchanged. Hence, there seemed to be a moderate improvement in most areas especially since 2008. The overall negative score is caused by two factors. Firstly, despite the improvements Greece’s SMEs’ trading performance still lags behind the EU average by a wide margin. Secondly, on all three indicators included for the first time this year, Greece scores below the EU average. Most notably, market access for new and growing firms is much more difficult in Greece than in other Member States. Greek SMEs are also much less active using IT-infrastructure for trading in the single market. At 3.4 % of all SMEs, the proportion of Greek SMEs

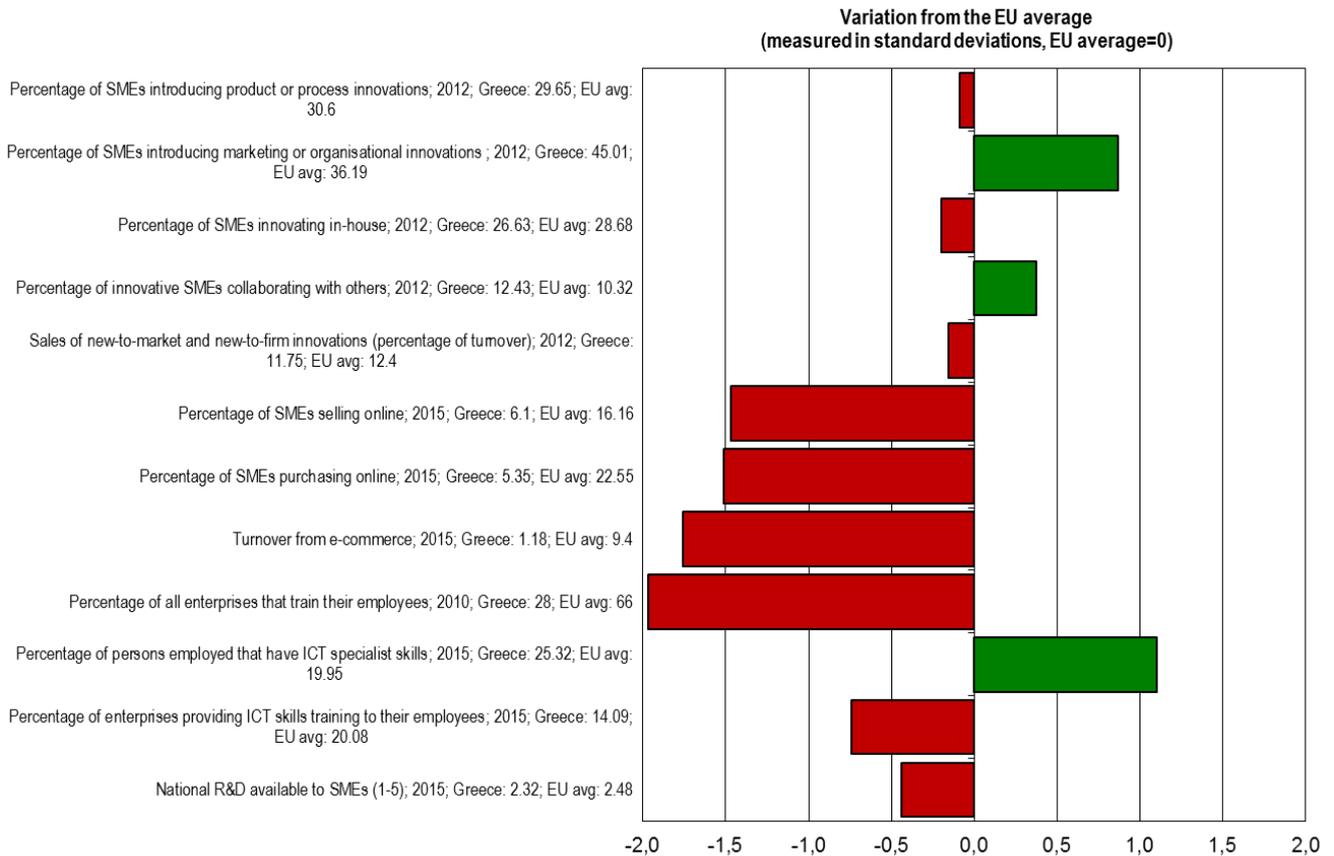
export online within the EU is less than half of the proportion for the EU as a whole.

The limited progress in this area is partially explained by the lack of priority for this policy area in the SBA implementation. Since 2008, policy action was focused on the implementation of single market legislation.

Policy-wise, the SBA area of single market has been addressed, to a limited extent, by measures and laws implemented in Greece from 2008 onwards. There are still a number of SBA recommendations to be addressed. These include the establishment of an ‘single market information system’; the design of measures that would enable the participation of SMEs in the development of standards and help Greek SMEs to better reach EU standards; policy initiatives to help Greek SMEs to overcome difficulties in accessing patents and trademarks within the single market; and enabling information sharing between national standard bodies and trade promotion organisations.

During the reference period, no significant additional measures were adopted or implemented in relation to this principle.

3.7 Skills & innovation



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

Greece continues to rank below the EU average in this area. However, the situation is not as bleak as it appears. On most innovation-related indicators it is in line with most other Member States. The challenges are focused on the take-up of IT by Greek SMEs. On all the relevant indicators, it lags behind the EU average by some margin. Only a small minority of Greek SMEs trade online. For example, while EU SMEs generate on average almost 10 % of turn-over from e-commerce, in Greece it is only 1 %. Another area of concern is the training of employees. On both, the share of SMEs training their employees in general and more specifically related to IT skills, Greek SMEs have some catching up to do vis-à-vis their EU peers. The potential for expanding IT-activity seems to be there, since as of 2015 one in four employees has specialist IT skills. This is a larger share than in the EU on average.

The area of skills & innovation has been among the ones that received substantial attention at policy level from 2008 onwards. In particular, the measures adopted aimed at the establishment of clusters and incubators, the development of SMEs' R&D competencies, the facilitation of their access to innovation and knowledge, the adaptation of vocational training

to the requirements of the labour market and the creation of start-ups.

Apart from strengthening the IT use of SMEs, in skills & innovation there are two priority areas: the promotion of commercialisation of innovation by SMEs, as the majority of measures implemented to date aimed at the development of innovation up to the level of prototype, without emphasising the need for commercial uptake; the encouragement of active IP management. Responding to these priorities, in 2014 a new directorate for business innovation and new technologies was set up within the operational framework of the GSI. The directorate aims to help SMEs to integrate innovation, Key Enabling Technologies (KETs) and eco-innovation into their business planning. Moreover, measures such as the 'New Innovative Entrepreneurship' programme, promoting entrepreneurship with a strong emphasis on the commercialisation of products and services innovation by SMEs, were successfully launched and provided good returns.

In addition, the development of a network of training providers accessible throughout the country and sectors would also be

beneficial. Also, there is a lack of technology transfer structures in support of SMEs and of a national identification and diagnosis system to analyse required business skills. Although, on the latter, IME GSEVEE, together with four other business stakeholders (SETE, SEV, GSEE and ESEE), recently concluded a project that developed a system for skills needs identification and diagnosis in 10 specific sectors. The project is expected to be expanded to address skills needs analysis in other sectors, as well as conducting a study at regional level.

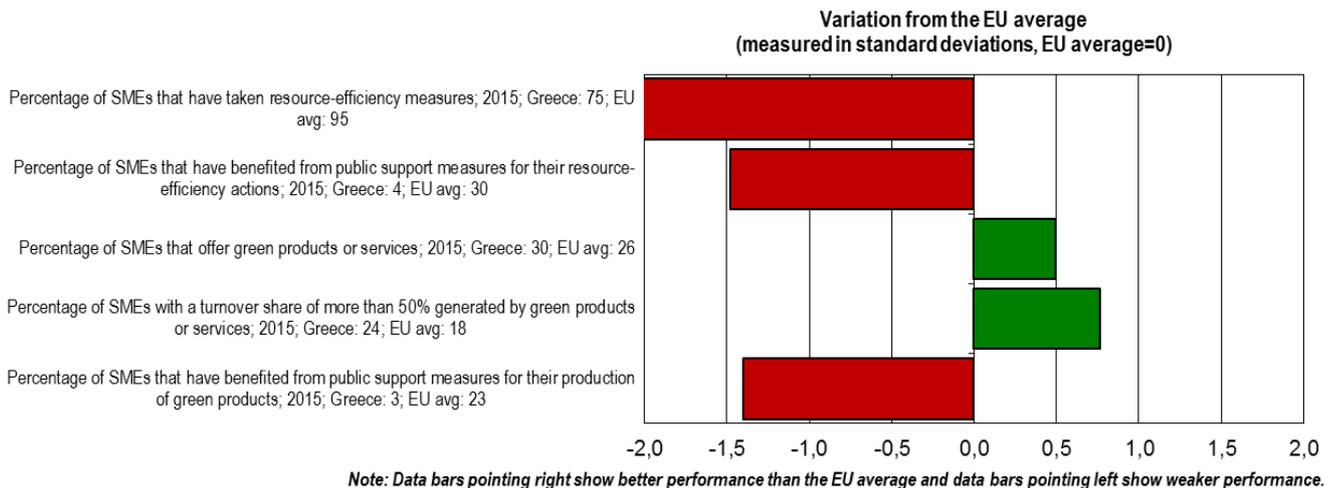
Two measures were adopted during the reference period:

- The 'Start-up entrepreneurship' measure which supports the establishment of small and micro-enterprises in the

following priority areas: Agrofood/Food, Energy, Cultural and Creative Industries, Supply Chain, Environment, ICT, Health/Drugs, Materials/Construction. The measure will invest in total EUR 120 million for the establishment of around 2 500 new business and 4 500 new jobs.

- The 'Training and Validation (of skills) opportunities for unemployed 18-24-year-olds in private sector enterprises in priority areas for the Greek economy; the aim is to provide 15 000 unemployed young people between 18 and 24 with mentoring services, training and validation of (new) professional qualification skills to ultimately facilitate their search for permanent employment in one of the identified high-growth sectors.

3.8 Environment

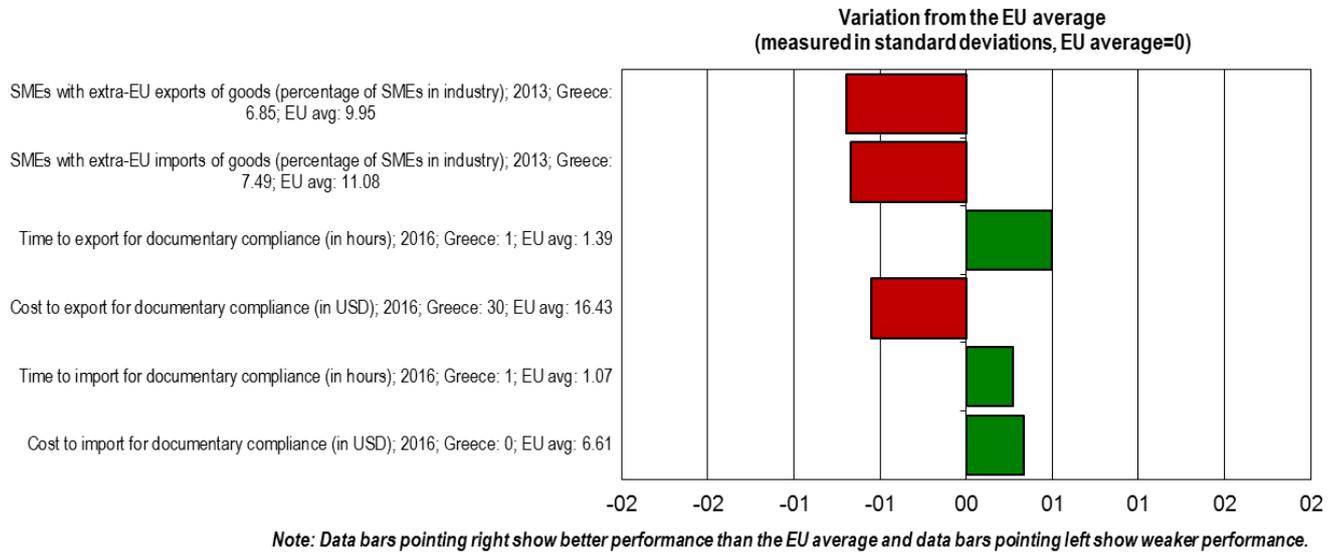


Greece performs below the EU average in this area. This is a deterioration as compared to last year. Greek SMEs' performance declined in all categories. During the crisis many found themselves confronted with a dilemma. On the one hand, in the last five years the price of electric energy has risen by up to 42.5 % and gas prices have also increased by up to 27 %. This led to a huge pressure to reduce energy costs. On the other hand, the average annual turnovers decreased cumulatively by 75 %. This, combined with the austerity-induced pressure on balancing public finances by limiting expenses by cutting support programmes, made it very difficult for SMEs to finance the necessary investments. The result was a drastic fall in the share of SMEs receiving support for both resource-efficiency measures and the production of green products. Consequently, also the proportion of SMEs putting in place resource efficiency dropped from 91 % last year to 75 % this year. The share of SMEs producing green products fell from 30 % to 24 % this year. Only the share of SMEs specialised in offering green products remained more or less constant, as it was 24 % in 2015 compared to 26 % in 2013.

This area was not a priority in SBA implementation in recent years. Hence, the observed downward trends were not mitigated by decisive policy actions since 2008. Regarding business and enterprises, overall, Greece has adopted four measures addressing the SBA recommendations of provision of incentives for the development of eco-efficient businesses and products/processes (Green Infrastructures, Green Businesses and Green Tourism and Relocation of businesses in Industrial and Business Areas and Business Parks were implemented from 2010 to 2013). More actions are needed to implement the SBA agenda in this area in full and to increase SMEs' energy efficiency, use of renewables, adoption of EMAS certification; advance green public procurement and establish an organisation which will be responsible for providing strategic support to SMEs to ensure environmental and energy regulatory compliance.

However, during the reference period, no additional significant measures were adopted.

3.9 Internationalisation



Greece continues to perform below the EU average. This is mainly due to the trading performance of Greek SMEs. The share of Greek SMEs exporting and importing to and from extra-EU partner countries remains below the EU average. There is a positive trend, though. Between 2008 and 2013, both shares increased by 50 %. The administrative conditions for importing and exporting are similar to those of most other EU countries. Only the costs for documentary compliance in the case of exports are almost double the EU average.

The relative good performance in this area was facilitated by the substantial amount of policy initiatives since 2008. Greece has established a single online contact point — the General Exports Registry (GEME) — and implemented measures aimed at promoting internationalisation and facilitating trade — the single window for exports. Also the programmes ‘Internationalisation Business Competitiveness I and II’ were implemented for the provision of financial instruments to promote internationalisation. In 2011, a strategy was launched for expanding Greece’s exports, promoting foreign direct investment

and facilitating trade, to reduce the trade deficit and increase exports. Enterprise Greece was also set up as an online platform, aiming to bridge international funds and investments with local entrepreneurs.

In the reference period, an online portal was developed under the Ministry of Foreign Affairs, the ‘Market Ombudsman’ (www.agora.mfa.gr), which aims to support Greek businesses wishing to enter into economic transactions in countries within the EU or beyond, by advising them on available funding programmes and other business opportunities. Apart from information, the portal offers assistance to Greek exporters if they have problems during their business transactions, provides customised responses to such issues and business mentoring on exports via seminars and other activities.

Overall, despite the progress noted in the area, it is important for the Greek government to continue supporting the internationalisation prospects of Greek enterprises and specifically of SMEs through additional mechanisms, such as coaching and training.

3. Interesting initiative

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

Market Ombudsman

In mid-2015 an online portal was developed under the Ministry of Foreign Affairs' General Secretariat of International Economic Relations and Development Cooperation, the Market Ombudsman (www.agora.mfa.gr). The Market Ombudsman is a modern tool for supporting businesses and provides helpdesk services, through the Foreign Ministry's 'Agora' portal, to Greek enterprises active internationally, with the aim of supporting their export efforts and expanding Greek business activities into new markets.

The Market Ombudsman offers the following services:

- business advice for operating in foreign markets;
- information on business opportunities;
- information on available European and international funding programmes;
- support for the resolution of problems arising during business operations;
- assistance in relation to individual issues;
- business mentoring via specialised seminars and events.

The online portal operates through a contact form to be used by the exporter. The portal user can select the subject for which information is requested, the relevant category of business advice or business information required, the key sector (agrofood, goods and beverages, tourism, pharmaceuticals, etc.) and the market of interest (Europe, Balkans, Russia and EEC, Far East, etc.).

References:

www.agora.mfa.gr

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, the fact sheets 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/index_en.htm

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. As from 2014, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2013 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/index_en.htm

² Hellenic Association of Pharmaceutical Companies, 2013: <https://www.sfee.gr/wp-content/uploads/2014/11/FACTS-FIGURES-final.pdf>, last accessed 23.03.2016.

³ <http://www.onmed.gr/farmako/item/316075-d-demos-i-elliniki-farmakoviomixania-borei-na-igithei-tis-eksodou-apoo-tin-oikonomiki-krisi#ixzz43YGwFNrg>, last accessed 21.03.2016.

⁴ Foundation for Economic and Industrial Research, 2015: <http://www.amcham.gr/wp-content/uploads/2015/hw15/17.%20Efthimia%20Korra.pdf>, last accessed 23.03.2016.

⁵ <http://www.rsc.org/chemistryworld/2015/08/greek-crisis-puts-pressure-pharmaceuticals>, last accessed: 23.03.2016.

⁶ <http://www.skai.gr/news/finance/article/253602/elstat-simadika-ofeli-kai-stis-metafores-apo-tin-auxisi-tou-tourismou/>, last accessed 16.03.2016.

⁷ <http://www.kathimerini.gr/845334/article/oikonomia/ellhnikh-oikonomia/3eperasan-ta-7-ekatommyria-oi-odikes-afi3eis-tovristwn-to-enneamhno-toy-2015>, last accessed 16.03.2016.

⁸ Eurobank Research, 2014, https://www.eurobank.gr/Uploads/Reports/ECONOMYMARKETS_wpMAY_2014.pdf, last accessed 23.03.2016.

⁹ Ibid.

¹⁰ Germany Trade and Invest, 2015: <http://www.gtai.de/GTAI/Navigation/DE/Trade/Maerkte/suche.t=griechische-reeder-bleiben-weltspitze.did=1261322.html>, last accessed: 24.03.2016.

¹¹ Ibid.

¹² G.E.MI.: http://www.businessportal.gr/search_2.php, last accessed: 24.03.2016.

¹³ Ibid.

¹⁴ ICAP press release, <http://www.icap.gr/Default.aspx?id=9881&nt=146&lang=1>, last accessed 16.03.2016. However it needs to be noted, that there is preliminary evidence from the General Commercial Registry (GEMI) that the number of de-registrations increased again in the first months of 2016 compared to 2015.

¹⁵ <http://www.greeknewsonline.com/number-of-new-greek-entrepreneurs-rose-significantly-in-2014/>, last accessed 24.03.2016.

¹⁶ The 2016 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.

¹⁷ 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 2016. These are measured against the individual indicators which make up the SBA area averages. This means that 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 2016. 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/index_en.htm

¹⁸ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2015 and the first quarter of 2016. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2016 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.

¹⁹ <http://www.hsppa.gr/index.php/8-c-eaadhsy/193-protash-gia-thn-yio8ethsh-e8nikhs-strathgikhs-gia-tis-dhmosies-symvaseis-2016-2020>