

2015 SBA Fact Sheet

Greece

Key points

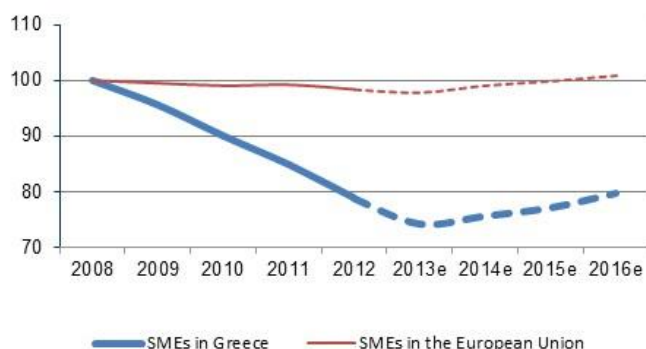
Past & future SME performance:¹ SMEs in Greece are still struggling with an economic contraction unparalleled in the EU. Employment in SMEs is estimated to have fallen by more than 450 000 between 2008 and 2014, to an estimated 1.8 million. Aggregate value added fell by 33 %. From 2013, there were signs of potential recovery. Between 2013 and 2014, the number of people employed by SMEs was estimated to have increased, albeit very modestly, for the first time since the crisis. Early predictions for 2015 and 2016 suggested modest growth, both in terms of SME employment and value added. However, due to ongoing discussions on the country's economic adjustment programme, forecasts for Greece are more uncertain than for any other EU country.

Implementing the Small Business Act for Europe (SBA): Greece's SBA profile is weak. In a number of areas it performs well below the EU average. These include 'second chance' (ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly), access to finance, skills & innovation, and internationalisation. 'Think small first' is another SBA area in which the country has yet to apply a number of key principles. There is no area in which the country performs above the EU average. However, since 2008 good progress has been made in some SBA areas, where it is in the process of catching up with the rest of the EU: the single market, skills & innovation, internationalisation and 'responsive administration'. In access to finance and 'second chance', Greece lost further ground, especially in access to finance, in which it ranks last in the EU.

SME policy priorities: Action is needed on all policy fronts, but particularly on access to finance, 'think small first', 'responsive administration', and SME internationalisation, both within and outside the single market. In finance, access to credit needs to be substantially improved, especially by expanding the newly created support instruments. The 'late payment' directive also has to be applied as soon as possible. Administrative burdens have to be reduced by better coordinating government services, partly by applying the 'only once' principle. The introduction of an 'SME test' is a top priority.

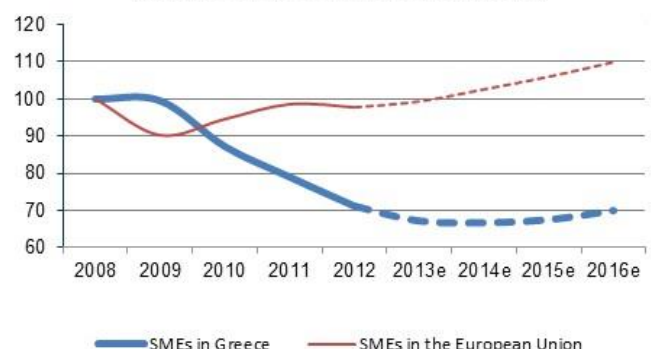
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2013 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2013 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

	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	669 773	96.7 %	92.7 %	1 225 566	58.7 %	29.2 %	18	37.4 %	21.1 %
Small	20 058	2.9 %	6.1 %	361 207	17.3 %	20.4 %	10	20.9 %	18.2 %
Medium-sized	2 455	0.4 %	1.0 %	228 692	10.9 %	17.3 %	8	16.6 %	18.5 %
SMEs	692 286	99.9 %	99.8 %	1 815 465	86.9 %	66.9 %	37	74.8 %	57.8 %
Large	400	0.1 %	0.2 %	273 587	13.1 %	33.1 %	12	25.2 %	42.2 %
Total	692 686	100.0 %	100.0 %	2 089 052	100.0 %	100.0 %	49	100.0 %	100.0 %

These are estimates for 2014 produced by DIW Econ, based on 2008-2012 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 of greater than average importance for the Greek business economy. As in most of the EU, nearly all businesses are SMEs. They provide approximately 90 % of all jobs, and generate three quarters of the total value added. However, SME productivity, measured as value added per head, is only half the EU average. The non-financial business economy is extremely dependent on microenterprises with 0-9 employees, as they produce approximately 40 % of value added and provide approximately 60 % of all jobs. As is typically the case in Europe, SMEs dominate most sectors. With a share of 36 % and 20 % respectively, wholesale/retail trade and manufacturing contribute most to SME value added. These sectors also provide more than 50 % of SME employment, 6 percentage points more than the EU average.

The non-financial business economy has been hit hard by the unprecedented recession over the past six years. Since 2008, SME employment has fallen by approximately 19 %, and SME value added has dropped by 33 %. The number of SMEs has

fallen by approximately one fifth. Small businesses with 10-49 employees have been the worst affected, experiencing an unbroken decline in value added. Overall, the combined value added of enterprises in this segment fell by almost 40 % from 2008-2014.

The continuing economic crisis has caused a sharp decline in the Greek business economy. Lower public spending has resulted in falling incomes and a consequent drop in consumer spending. Both are significant causes of the decline of value added in the business economy. Difficulties in obtaining finance, due to the banking crisis, have further weakened consumer spending. Insurance companies have also stopped providing new export guarantees, and, with the loss of these guarantees, banks and other lenders are less willing to provide credit to finance the production of export goods. This has led to a loss of competitiveness and so to higher unemployment. In general, business economy data are not fully reliable, but the available

evidence suggests that several sectors have suffered significant losses.

Wholesale and retail trade has been severely affected. Since 2008, SME value added in this sector has fallen by 39 %, while employment has fallen by around 21 %. Small businesses, in particular, have severely underperformed: employment has fallen by approximately 30 %, and their value added has fallen by 47 %. SMEs in the professional activities sector have also been badly affected: while employment has been steady since 2008, dropping by less than one percentage point, their value added has fallen by 38 %.

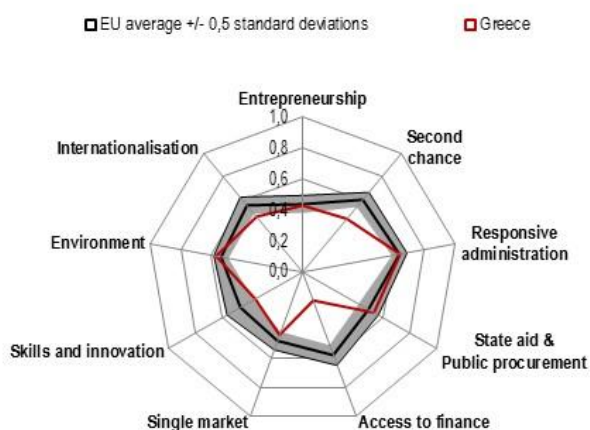
Developments in the business lifecycle mirror the recession. From October 2013 to February 2015, the number of new businesses (108 822) was half that of April 2011 to September 2013 (51 138). On a positive note, deregistration fell in the same interval, from 88 393 in the earlier period to only 49 325 in the later one. As a result, from April 2011 to September 2013 there were 20 429 more registrations than deregistrations,

whereas from October 2013 to February 2015 the net increase was only 1 813.

The economic risks for businesses remain very high. Microenterprises have been most badly affected. More than half reported they were in danger of closing in the second half of 2014 because of the precarious state of the economy.

The outlook for Greece’s SMEs remains uncertain. Forecasts of their future prospects are subject to the very volatile economic and political climate. Estimates made based on the situation at the beginning of 2015 predict an increase of 5 % in SME employment. SME value added is also expected to increase by 5 % from 2014 to 2016. However, these forecasts are much more uncertain than for any other EU-28 country.

2. SBA profile²



The SBA profile reveals many underperforming policy areas. There are no SBA areas where Greece clearly outperforms the EU average. By contrast, there are four areas — ‘second chance’, access to finance, skills & innovation and internationalisation — where it is below average. The situation is worst in access to finance, where it has the lowest score of all EU-28 countries by a wide margin. Greece’s profile has changed very little since last year. On the upside, in four SBA areas Greece has managed to improve its performance in absolute terms since 2008. These

are ‘responsive administration’, single market, skills & innovation and internationalisation. On the latter three, its performance improved faster than that of the rest of the EU. However, conditions deteriorated sharply in three SBA policy areas. Two of these are areas in which Greece was already struggling to keep up with the rest of the EU — access to finance and ‘second chance’.

Greece has yet to implement the SBA in full. There are still some areas, most notably ‘second chance’ and ‘think small first’ where it has not taken key measures. Also, many issues have been addressed only very recently, so the effects cannot yet be judged. Still, the progress reflected in the figures for some of the SBA areas is linked to substantial advances in policy reforms since the SBA was adopted in 2008. Essentially, SBA policy implementation in Greece was pursued across the board although with prioritisations. Top of the agenda were and are access to finance and promoting entrepreneurship. Policy action has also focused on skills & innovation, internationalisation and opportunities linked to the green economy. In the reference period for the 2015 fact sheets, i.e. January 2014 to April 2015, important legislative measures were also taken on ‘responsive administration’, ‘second chance’ and access to finance.

In ‘responsive administration’ progress was mainly legislative, focusing on business set up and licensing procedures. On ‘second chance’ — which had been side-lined for much of the past six years — a law enabling payment of overdue arrears to the state by both businesses and individuals in 100 instalments was passed in March 2015. Access to finance continued to receive significant attention. Agreements were signed with Greek banks to support the financial instruments ETEAN and TEPIX, and there were measures to help business recruit unemployed people and to limit local unemployment. SBA areas that received little or no

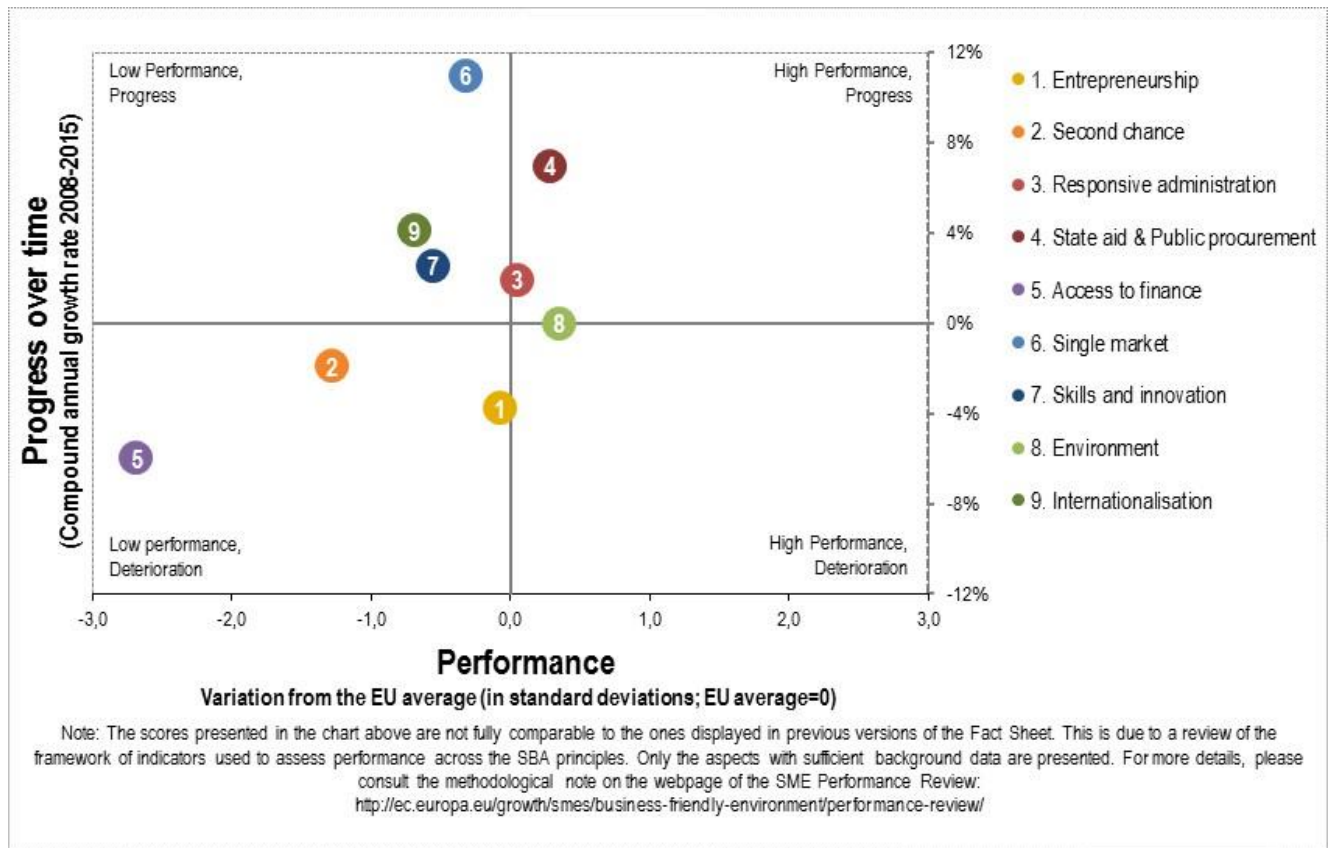
attention include skills & innovation, the environment and the single market.

Overall, given that Greece has been in financial distress since 2010, the progress made in supporting SMEs on the supply side is significant. However, there is still room to improve SBA implementation and make its benefits felt by SMEs. SMEs stress three barriers: licensing, access to finance and taxation.³ The main problems with the regulatory environment for setting up and licensing businesses are the lack of integrated, standard and coordinated procedures, the many agencies involved and ineffective systems for consulting SMEs.

Policy initiatives which could be implemented quickly and make life easier for SMEs include replacing the investment law to make the eligibility criteria simpler, simplifying the procedures

for participating in and running projects, and getting the co-funded operational programme 'Competitiveness, Entrepreneurship & Innovation' running under the Partnership and Cooperation Agreement for 2014-2020.

SBA performance of Greece: state of play and development from 2008 to 2015⁴



3. SBA principles⁵

3.0 'Think Small First'

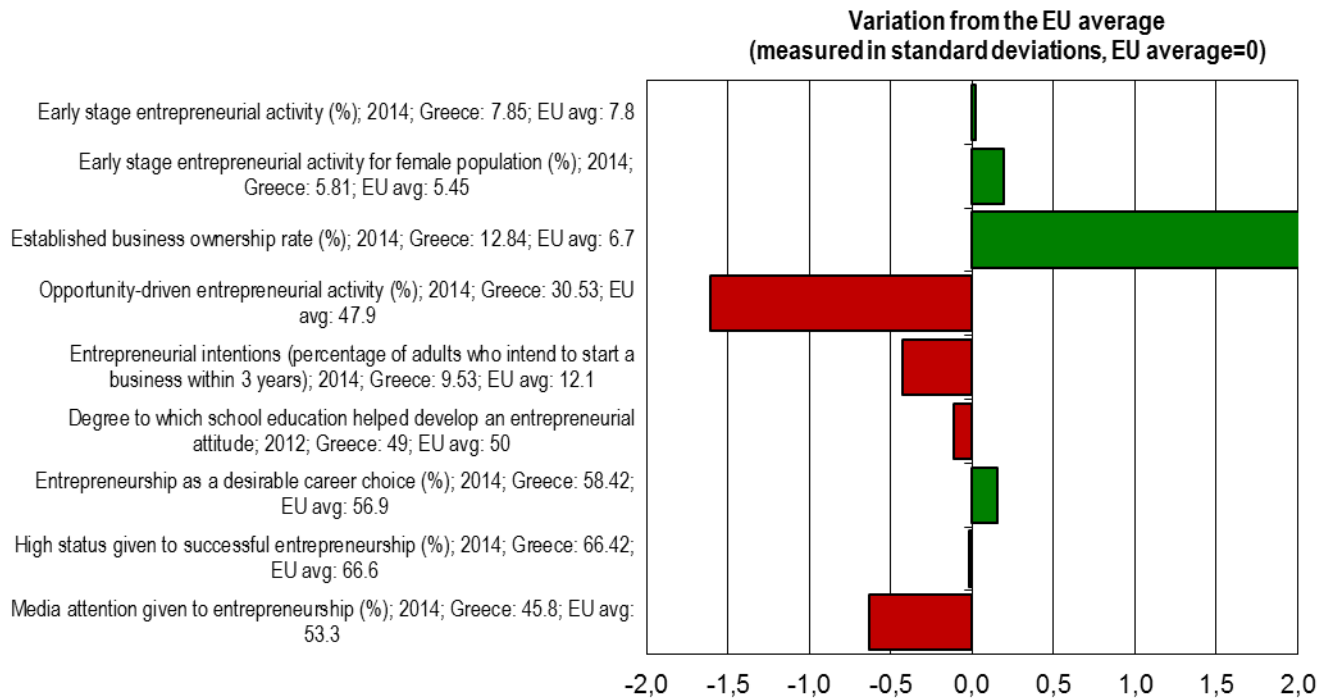
The 'think small first' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policy-makers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply. Greece is not yet fully applying the 'think small first' principle. Most importantly, it still does not subject policy to a systematic 'SME test', though full introduction is complicated by the Economic Adjustment Programme. The principle that businesses should be asked for specific information and documents only once is not yet applied. And common commencement dates for legal and regulatory changes have not yet been introduced.

However, a number of key elements have been put in place in the meantime. Parliament recently passed a new law to combat bureaucracy and promote e-governance by making it compulsory to publish public documents requested by individuals and businesses on the official public administration portal ERMIS.⁶ Stakeholder consultation is now a regular practice, in line with Law 4048/2012 on good practice in law-making and relevant Structural Fund requirements and recommendations. It is compulsory to put policy proposals online on the opengov.gr portal for eight weeks to allow public comments. And there is proactive, targeted consultation in preparation for government measures and projects. The same law also requires that each draft law or amendment of significant importance to the economy and society must also be accompanied by an analysis of its impact on the economy (including business competitiveness), society, management and the environment. The law states that stakeholder consultation, regulatory impact assessment (*ex ante*) and *ex post* assessment of the impact of

action are good practice elements in law-making. Each draft law should also be followed by a 'justification report' made available on parliament's website. This process amounts to, effectively, a regulatory impact assessment under the SBA. The SME Envoy works closely with SME stakeholders, is invited to all major SME meetings and events and consults SMEs proactively. SMEs complain about the burden of inspections and controls. A positive development is therefore the state aid management system SAMIS <http://www.ependyseis.gr/mis>, which allows automatic checks on cases of infringement of the *de minimis* rule.

Over 2008-13, progress was uneven. For most of the time little action was taken. However, a small number of fundamental changes were made. In addition to the 2012 law on good practice in law-making, a new law simplified and facilitated entrepreneurship, especially for SMEs, partly by setting up a new form of private limited liability company, the IKE (Idiotiki Kefalaiohiki Etaireia). The high number of newly established IKEs is a sign of its success. It is a more flexible corporate form, which requires neither a notary nor publication in the Official Gazette. The biggest difference with other limited companies when it was introduced was that IKEs had no minimum capital requirement. The minimum capital for other limited companies, which was EUR 4 500, was removed in 2013. Moreover, share capital can be created by way of contributions from other assets (such as a shareholder undertaking to work for the company) or security for a company's debts. No other measures have been taken. For the future, introducing the 'SME test' and the 'only once' principle are absolute priorities, as is further strengthening the role of the SME envoy.

3.1 Entrepreneurship



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

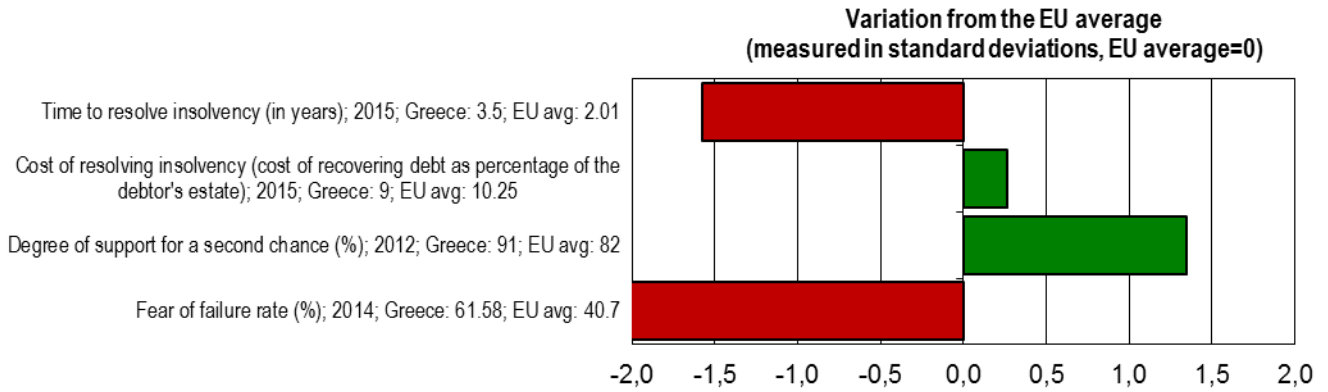
Greece’s overall score remains in line with the EU average. In terms of entrepreneurial activity, Greece is doing no worse than most of its peers in the EU. The rate of established business ownership is actually the highest in the EU, and microenterprises account for a remarkably high share of employment and value added. However, much of this entrepreneurial activity reflects a lack of other career options for the individuals concerned. In the EU, only Croatia has a lower rate of opportunity-driven entrepreneurship. The dire economic situation is the key explanatory factor. It also affects the below-average level of entrepreneurial intentions. Greece’s performance has deteriorated since the crisis in all the individual indicators in this area. The most glaring example is the rate of opportunity-driven entrepreneurship, which fell from 47 % to 30.5 % from 2009 to 2014. Other important factors inhibiting entrepreneurial activities are the complex bureaucratic environment and fiscal issues. On the upside, for most indicators, there was a slight improvement in 2014.

Greece has now addressed all the major recommendations of the SBA, and many important measures have been taken. One key measure in the reference period aims to set up 13 regional ‘one-stop-shops’ to support the development of social partnership companies and social economy entrepreneurship. This measure is managed by the European Social Fund (ESF) Actions Implementation Authority, supervised by the General Secretary for the Management of European Funds in the Ministry of Labour and Social Solidarity. It forms part of the strategic plan for developing and supporting social economy

entrepreneurship and is reviewed together with the TopSa and TopEKO initiatives. It is financed by the European Social Fund and national sources under the operational programme ‘Human Resources Development 2007 -2013’, Axis 4, Priority Axis 2: ‘Development of the social economy for the employment of sensitive social groups’. The aim is the creation of a one-stop-shop mechanism for the provision of information and support for the creation and operation of social partnership companies. Beneficiaries can be public organisations, local government organisations, private corporations and associations from all 13 regions of Greece are eligible to participate. The services offered may include: providing information about social entrepreneurship, coaching and mentoring, incubation, networking, access to financial services, advice about marketing products and services, and best practice counselling. The call for proposals was published in December 2014 and is now at the evaluation stage.

As regards future developments, starting up the “Competitiveness, Entrepreneurship and Innovation” (EPAnEK) operational programme co-funded by the structural funds for 2014-2020 is expected to help promote entrepreneurship. The objective is to make firms more competitive and outward-looking, and to facilitate the shift to quality entrepreneurship by emphasising innovation and domestic added value. The operational programme for Competitiveness, Entrepreneurship and Innovation is central to efforts to create a new production model that will lead to development and will strengthen economic competitiveness by attracting private finance.

3.2 'Second chance'



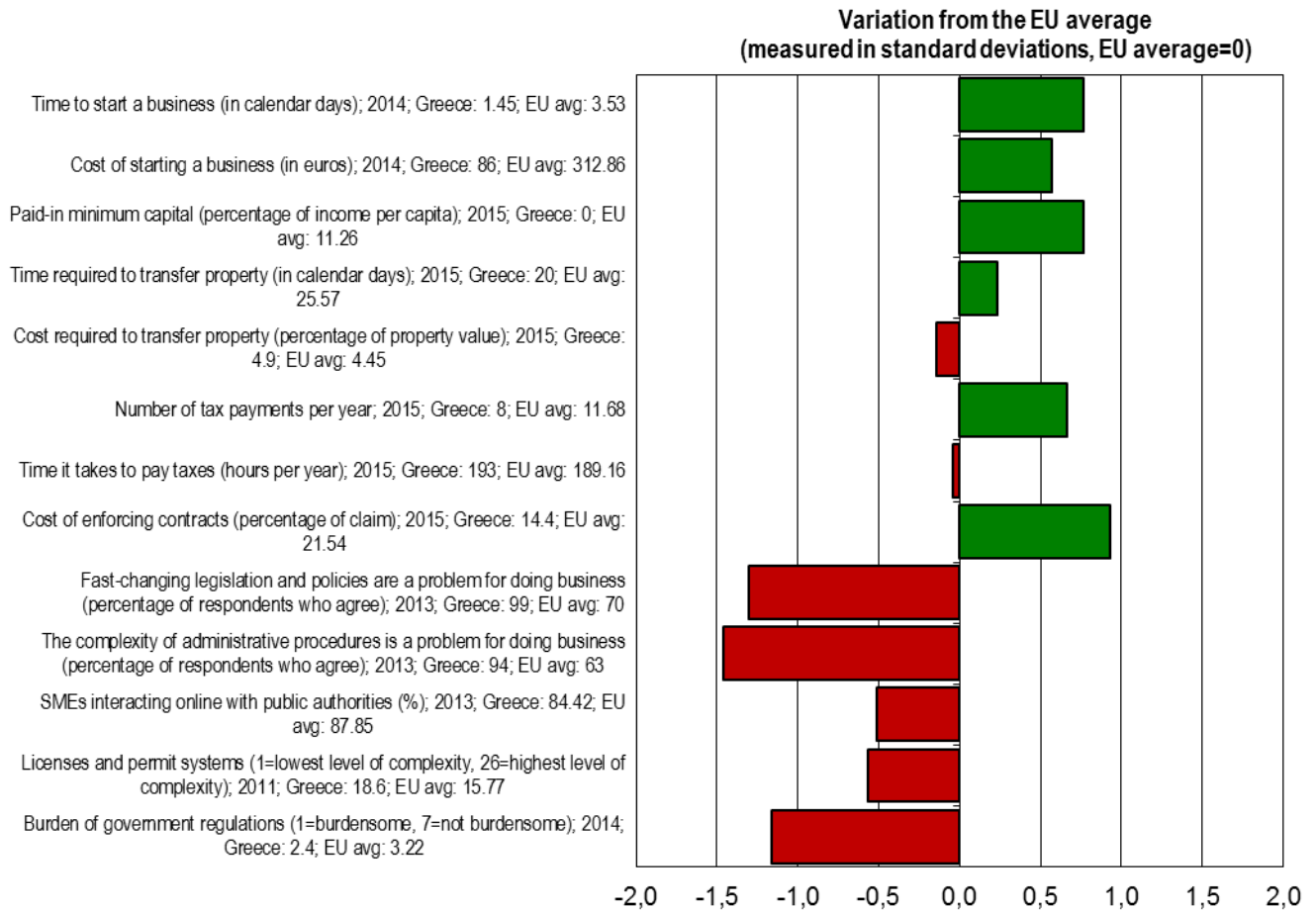
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'Second chance' refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Greece's score remains below the EU average. The different indicators are almost unchanged from last year. The length of insolvency procedures and the extent of people's fear of business failure are still major impediments to starting a business. The fear of failure rate is the highest in the EU. There is an obvious link to the dire economic environment. On the upside, the tough state of the economy has also increased people's acceptance of failure and their support for entrepreneurs who attempt to set up a new

venture after a first failed attempt. The level of support has risen steadily throughout the crisis and is now the highest in the EU.

Policywise, progress in this area has been limited in recent years. The most important measure was a law adopted in 2012 which amended bankruptcy legislation. In 2015, another significant initiative was a scheme offering more favourable repayment arrangements for overdue debts to the state for both businesses and individuals, e.g. in up to 100 instalments.⁷ These arrangements expired at the end of June 2015.

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' refers to public administration being responsive to the needs of SMEs. Greece's score is in line with the EU average. However, excessive bureaucracy and a lack of coordination among public authorities dealing with SMEs remain a concern. This is also reflected in the indicators measuring the overall administrative environment. For almost all business the complexity of administrative procedures (94 %) and frequent changes in legislation (99 %) pose a problem. On both indicators Greece tops the EU-28 countries. As regards the burden of government regulations and the licence and permit system, Greece's performance is not much better. However, the overall situation has improved since 2008. Greece's rate of improvement is, in fact, as high as that of the EU as a whole. The improvements are mostly in specific administrative processes. Start-up conditions improved fastest. The time it takes to open a business dropped from 15 days in 2008 to 1.5 in 2014 and 2015. Note that these official government figures describe the improvement in the best-case scenario and are not an average of 'real life' cases. In the same period, the cost of opening a business fell from EUR 1 101 to only EUR 86. On both counts, Greece has easily met the goals set out in the SBA (of

3 days and EUR 100). The biggest improvement since last year is in the cost of registering property, which fell from 11.7 % of the property value to only 4.9 %.

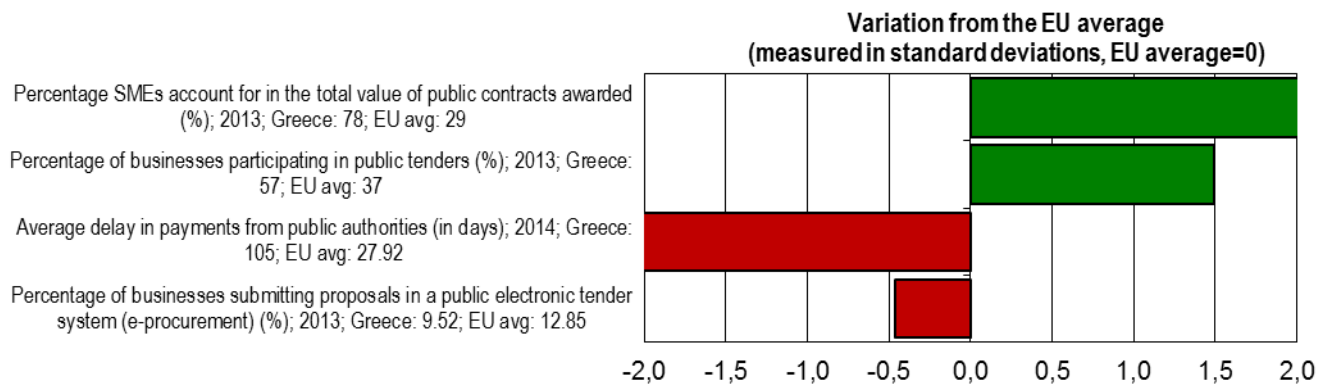
The progress made is due to policy measures implemented since 2008. For example, the Ministry of Development set up a new online platform, StartUp Greece (www.startupgreece.gov.gr), to share information, provide a forum for young entrepreneurs and ultimately to change perceptions of entrepreneurship. In 2012, SMEs were allowed to self-register online in the General Commercial Registry (GEMI) a state-owned electronic database hosted by the chambers of commerce that combines 52 court registries and 54 regional registries. It is now fully functional as a business registry, containing information such as legal acts, directors and/or representatives, annual accounts, amendments of companies' statutes, summaries of court decisions, and jurisdictions for bankruptcies, liquidation, etc. The database has been connected to other registers for electronic processing, and the public sector can now access it to obtain the information it needs for e-procurement. In addition, companies can use a website to file information such as the company's registered

address, amendments to statutes, and annual financial accounts. This ensures that each SME has a single registration number throughout its lifecycle and a single point of service, which significantly reduces administrative burdens. Moreover, Law 3982/11 simplifies licensing procedures for the technical professions, manufacturers and business parks. It was applied in 2012 through a number of implementing acts, and another law, Law No 4072/2012 simplified licensing arrangements by introducing IT-based procedures linked to a single database. In the last year, too, further implementing acts and new laws (4262/2014, 4307/2014) have contributed to fully simplifying licensing procedures. (See section 4 for more details.).

However, not all of the measures work properly yet. For instance, the 'Service Centre for Enterprises' set up in 2010 as a one-stop-shop to help companies with all aspects of licences and permits

has still not reached its potential because of technical incompatibilities. And a number of new procedures have brought extra costs for businesses. For example, private companies will check licensing compliance under law 4262/2014, but the fee has not yet been set. Overall, while there has been substantial progress, important measures have not yet been implemented. This includes the 'only once' principle. Despite some progress in e-government, the system is not yet SME-friendly enough to allow all procedures to be completed online without a notary or applications in person, and interaction with government services is not fast enough or effective enough. The major weakness behind these and the other problems in this area is administrative overregulation characterised by disparate laws that require various ministerial decisions and presidential decrees, against a backdrop of insufficiently coordinated government services.

3.4 State aid & public procurement



Greece's overall performance remains in line with the EU average. However, on individual indicators its performance diverges greatly from the average. It is significantly ahead of most other EU countries as regards the participation of SMEs in public tenders. More than three quarters of the total value of public contracts went to SMEs in 2013. Almost three out of five SMEs took part in public tender processes, compared with less than two out of five for the EU on average. The time taken to be paid by public authorities after services have been delivered remains, by far, the longest in the EU, at about four times as long as the EU average. Improvements in this area have been limited. Progress between 2012 (114 days), 2013 (109 days) and 2014 (105 days) is too small to make a substantial impact. Given the general lack of e-government infrastructure referred to above, the use of e-procurement tools to speed up and facilitate tendering procedures for SMEs remains underdeveloped.

Action to implement the SBA in this area was taken mainly from 2013 onwards. Before that, this area was clearly not seen as a priority for SBA implementation. The Central Electronic Registry

of Public Procurement (CERPP) was established by Law 4013/2011 and has been fully operational since February 2013. Its use has gradually become mandatory for all contracting authorities with the provision that relevant payments cannot be carried out unless crucial procurement data are published. In order to lay the groundwork for gradual implementation, legal framework was consolidated and guidelines to all authorities involved were issued by the General Secretariat of Commerce. The CERPP was envisioned, and then actually implemented, as a major transparency and accountability initiative towards the goal of accurate monitoring of public procurement (supplies, services, works) as part of the state budget, also achieving the goal of a free-access information point about published tenders for all interested parties (contracting authorities, suppliers) and citizens and initiated the collection of previously dispersed information on procurement demand, supply potential and public contracts, thus becoming a significant data base and valuable instrument for informed decision making.

Furthermore, e-procurement for goods, services and works of estimated value over 60.000 € for public and broader public

sector contracting authorities has optionally started since July 2013 (Law 4155/2013) through the promitheus e-platform (www.promitheus.gov.gr), operated by the General Secretariat of Commerce with several operabilities - interoperabilities. The platform's use is obligatory for Central Government as of July 2014 and is gradually becoming obligatory for the rest of the public sector.

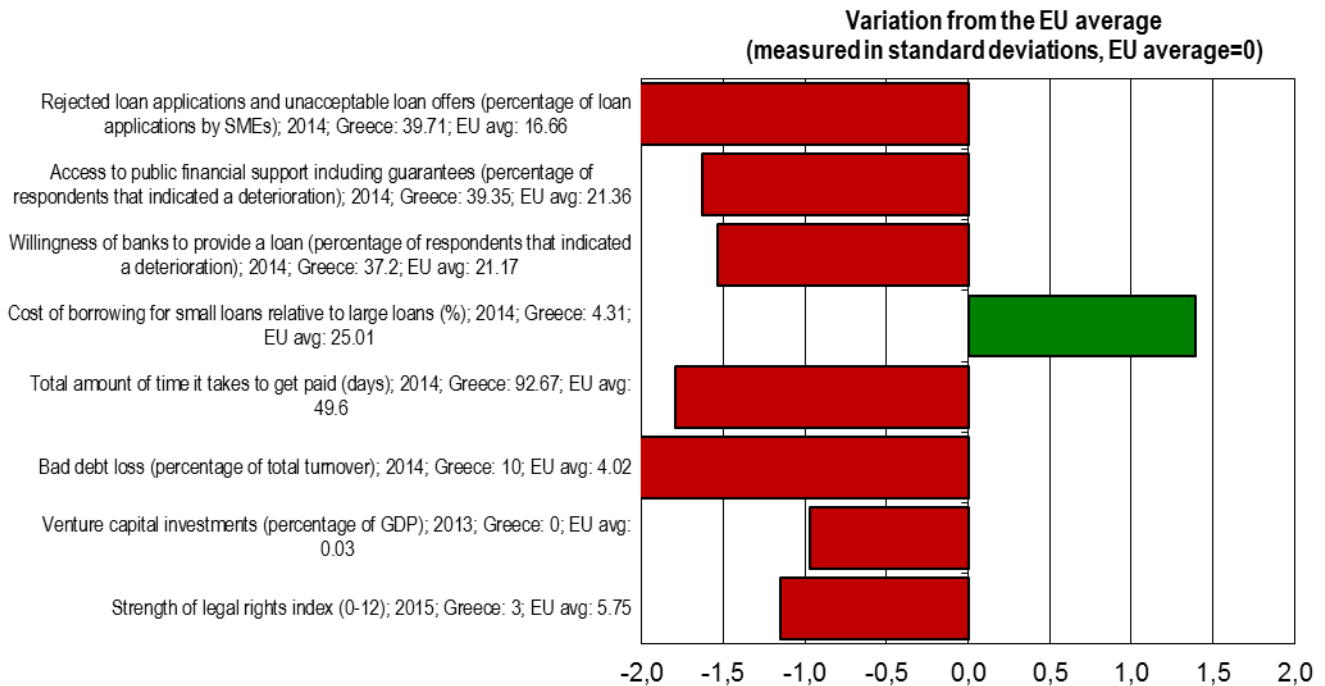
During the reference period some additional measures were taken. These include:

- Law 4281/2014, specifically Articles 156 and 157, eases the administrative burden on SMEs for public tenders. It enables them to prove 'sufficiency' collectively, i.e. by combining the financial or technical capacity of individual SMEs in a consortium. It reduced the performance guarantee to 5 % instead of 10 % of the value of the contract and abolished the requirement for an operating guarantee.
- Since 2014, a separate chapter in the national strategy for public procurement has catered to SMEs, e.g. providing for the option of dividing large contracts into smaller parts.
- Greek legislation is also being brought into line with EU Directives 2014/24/EU on public procurement;

2014/25/EU on entities operating in the utilities sector and 2014/23/EU, a new directive on the award of concession contracts. These directives provide for greater transparency in awarding public procurement contracts and a more efficient and accessible application procedure, from which SMEs should benefit. The process is expected to be completed much sooner than the set deadline of April 2016.

As regards Greece's overall record in implementing the SBA in this area, most provisions have now been addressed. However, most of the measures have been implemented so recently that it is difficult to assess their effectiveness. This applies especially to the practice of dividing big tenders into smaller, more SME-friendly lots, full implementation of e-government infrastructure and, most importantly, implementation of the late payment directive to put an end to excessive payment delays. There is still no systematic approach to using public procurement to stimulate innovation.

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.

This is the weakest of Greece’s SBA policy areas. Overall, it scores lowest of the 28 EU countries, and since 2008 conditions have substantially worsened, at a faster rate than the EU average. Hence, Greece is in the process of losing further ground. Problems persist in all key areas of finance. On almost half of the indicators, Greece comes last in the EU. The indicators in question cover the whole range of finance, including venture capital financing, loan financing and cash flow. As compared with last year, there have been only a few, for the most part modest, improvements. The percentage of businesses reporting that banks were willing to lend to them fell from 51 % last year to 37 %. The interest rate differential between large loans of more than EUR 1 million and smaller ones shrank from 11 % in 2013 to 4 % in 2014. However, this improvement was cancelled out by the fact that interest rates in general have risen and are now extremely high, making it extremely expensive for any business to take out a loan.

Other loan indicators worsened markedly. For instance, the proportion of businesses finding it harder to get access to public financial support almost doubled from last year’s 20.6 %. In fact, this figure has risen continuously since 2008 when it stood at a mere 14 %. The proportion of businesses which have been refused loans at reasonable rates has risen, from almost 34 % in 2013 to almost 40 % in 2014. This is because it is increasingly difficult for SMEs to provide the required collateral. As a result, many SMEs have no access to bank financing. Venture capital is, at present, virtually non-existent. Hence, many SMEs have little or no access to capital to finance investment. The cash flow situation also remains dire for most SMEs. The time it takes to get paid has come down slightly from its peak in

2009, when the average time taken was 115 days, but is still the second longest in the EU. Meanwhile, bad debt losses have soared from 2 % of turnover in 2008 to 10 % in 2014.

Substantial policy efforts in recent years have not prevented financial conditions from worsening. However, they have at least helped to mitigate the financial distress of SMEs. Most requirements set out in the SBA have now been matched by government actions. However, there are still some elements missing, such as a one-stop-shop for financial advice and support programmes.

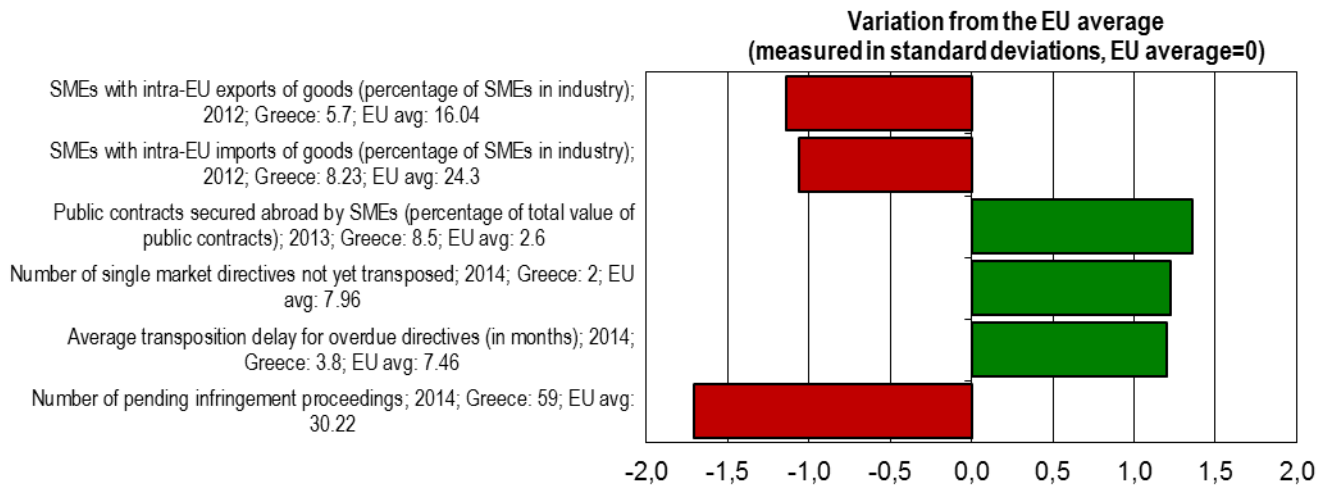
One of the most notable measures taken in the past six years was the establishment of the Institution for Growth (IfG) in 2013. The IfG is a non-bank financial institution that supports innovation and growth by catalysing private-sector financing, especially for SMEs. For example, it provides debt and equity financing for SMEs. The IfG lends and invests on market terms. It uses co-financing arrangements in which commercial and cooperative banks participate. Greece has committed EUR 350 million to the IfG, while other national and international partners have also made substantial contributions to the IfG’s equity. As of May 2015, 291 contracts of up to EUR 78.7 million have been signed and EUR 64.2 million disbursed to cover 238 approved loans. Another support instrument is the Hellenic Fund for Entrepreneurship and Development (ETEAN) and the Guarantee Fund for SMEs. ETEAN was created as a wholly owned state corporation in 2011, with start-up capital of EUR 1.7 billion. It

manages and implements projects financed via the state budget, such as the public investment programme, an operational programme under the European Regional Development Fund, the EU Fisheries Fund and the European Structural Funds. ETEAN provides guarantees for loans to small and medium-sized enterprises by banks and other financial institutions. The Guarantee Fund for Greek SMEs was set up under a funding agreement between the Ministry for Development and Competitiveness and the European Investment Bank (EIB) to

grant favourable loans of EUR 1 billion to Greek banks for on-lending to SMEs by the end of 2015. By June 2014 a total of EUR 153 million had been allocated to Greek SMEs.

It was recently announced that the Hellenic Fund for Entrepreneurship and Development would be merged with the New Economy Development Fund to create a 'Fund of Funds' for further developing the venture capital market in Greece with the use of structural funds.

3.6 Single market



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

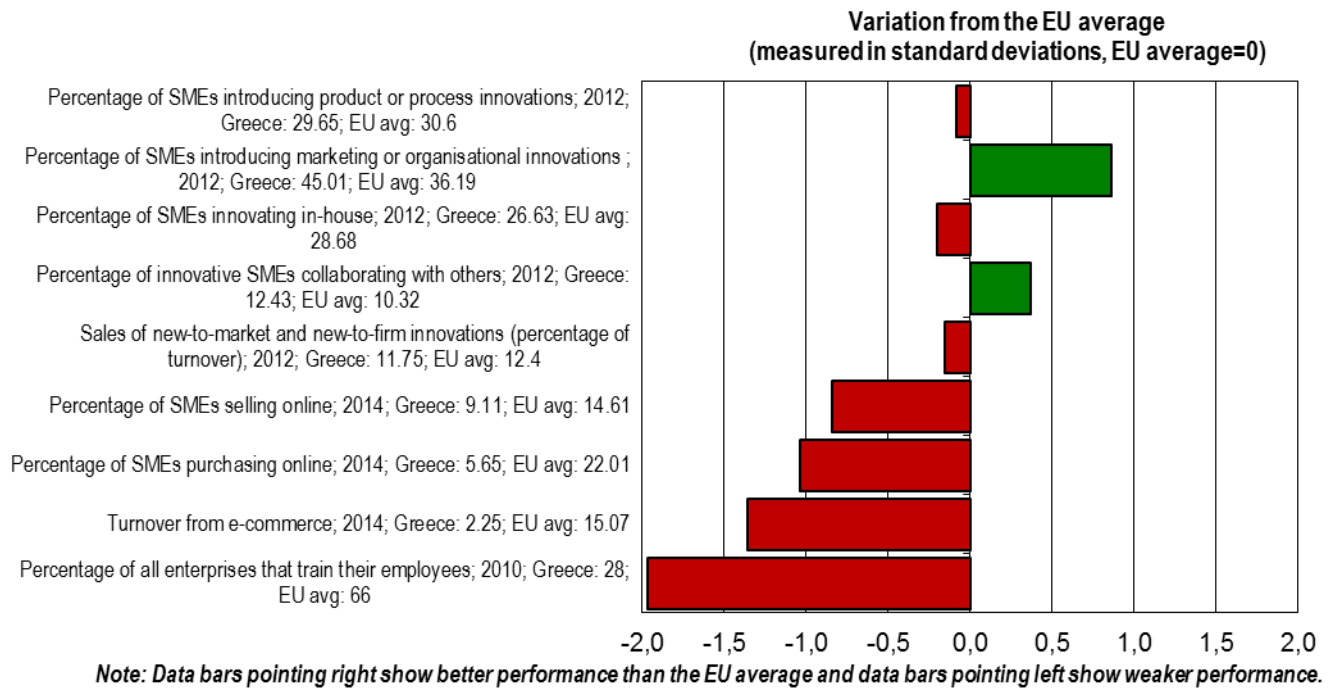
Greece's performance is in line with the EU average, having substantially improved since the adoption of the SBA. This is one of the SBA policy domains where Greece is catching up with the EU, mainly as a result of sustained efforts to transpose EU single market legislation into national law. Greece now performs above the EU average, with a transposition deficit of only 0.2 % with one exception: the number of infringement procedures is still one of the highest in the EU, despite falling from 88 in 2008 to 59 according to the most recent Single Market Scoreboard. Its efforts do not seem to have had an immediate bearing on the trading performance of Greek SMEs in the single market, though. The proportion of manufacturing SMEs exporting to and importing from other EU countries remained more or less at the

same low level, despite occasional spikes. There is no comparable data yet for the service sector, which is more important to Greece than to most EU countries.

The policy response in this area has mainly focused on improving the transposition of EU legislation. There were a few additional measures geared to implementing missing SBA components such as the establishment of a national contact point.

In the reference period, there were no additional measures taken.

3.7 Skills & innovation



Greece’s performance in this area fell below the EU average this year, worsening on almost all indicators. Innovation indicators are still in line with the EU average. The percentage of SMEs introducing market or organisational innovations was even above average. However, its performance in IT use and training trails most of the other EU countries by some way. Greek SMEs generate the lowest turnover from e-commerce in the EU. The situation is no better as regards the percentage of Greek SMEs purchasing and selling online. These figures have remained more or less static since 2008 while many other EU countries saw a fairly rapid expansion.

On the policy front, Greece has been very active in this area since 2008. All of the SBA provisions have been addressed, although in some cases effectiveness can be improved. Its performance on innovation, but also on more IT-focused indicators, is proof of this.

The measures adopted since 2008 can be broadly divided into four categories:

- measures promoting entrepreneurship (SBA priority 1) but with a strong emphasis on innovative businesses (e.g. ‘New Innovative Entrepreneurship’ (2011) supporting start-ups and young companies in developing both product and service innovations; and programmes supporting young women entrepreneurs and young people to start up new innovative businesses (2013), employing innovation-related evaluation criteria as a substantial evaluation parameter;

- measures promoting skills development: ‘Voucher for young people aged 18-24 years in private enterprises to obtain work experience’ (2014);

- measures that have a solid focus on innovation, like the programme ‘Manufacturing under new conditions’ (2010) aiming to strengthen businesses’ technological innovation, implementation of innovative investment projects and development of new value added services; the programme ‘Creation of business clusters — One Greek product, one market: the planet’ in sectors where Greece has a competitive advantage (pilot phase in 2011 and second phase in 2012); the programme ‘Cooperation 2011’, providing grants for collaborative R&D projects; and the programme ICT4GROWTH, DIGI-mobile and DIGI-retail (2011) using IT for the benefit of SMEs;

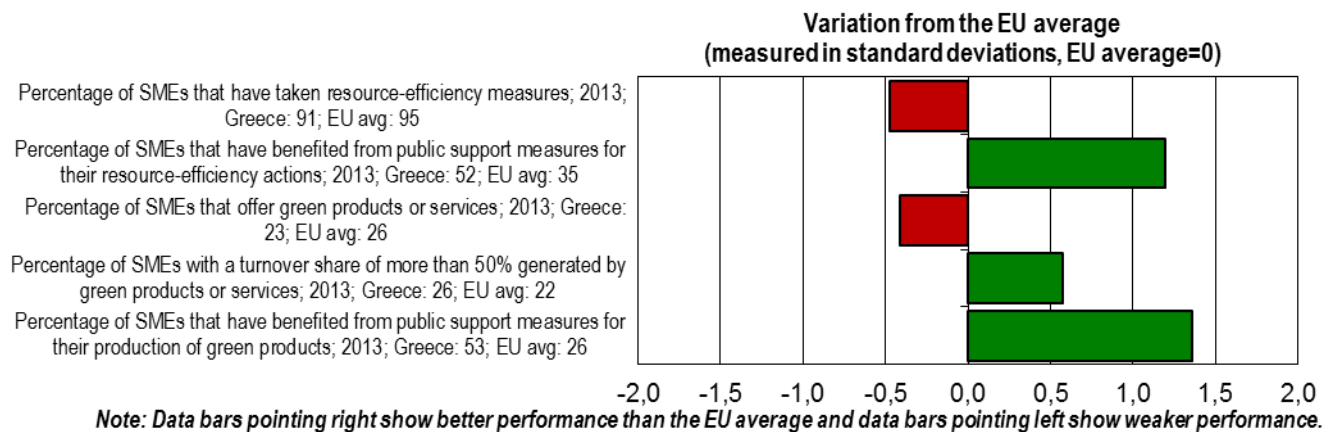
- fiscal measures such as those provided in Law No 4110/2013 to further enhance fiscal incentives for businesses carrying out R&D.

During the reference period, these measures were complemented by three main projects. The first is geared to tackling the problem of insufficient skills training in SMEs. Hence, the ‘Voucher for young people aged 18-24 years in private enterprises to obtain work experience’, managed by the ESF Actions Implementation Authority, aims to increase opportunities for young unemployed people aged 18-24 years to enter the labour market, through theoretical and practical training that potentially leads to their being placed in jobs in the private sector. It is supervised by the General Secretary for the Management of European Funds in the Ministry of Labour and

Social Solidarity, with a budget of EUR 43.2 million. The second and third projects are focused on innovation from an organisational and administrative point of view: to create better conditions for R&D&I and strengthen cooperation between research institutes and business, a new national framework for 'Research, technological development and innovation' has been launched by the General Secretariat for Research and Technology (Law 4310/2014 for Research, Technological

Development and Innovation). In addition, in order to support efforts to bring R&D to the market, a new directorate for business innovation and new technologies has been created within the operational framework of the General Secretariat of Industry. The new directorate aims, among others, to help SMEs particularly to integrate innovation, Key Enabling Technologies (KETs) and eco-innovation into their business planning.

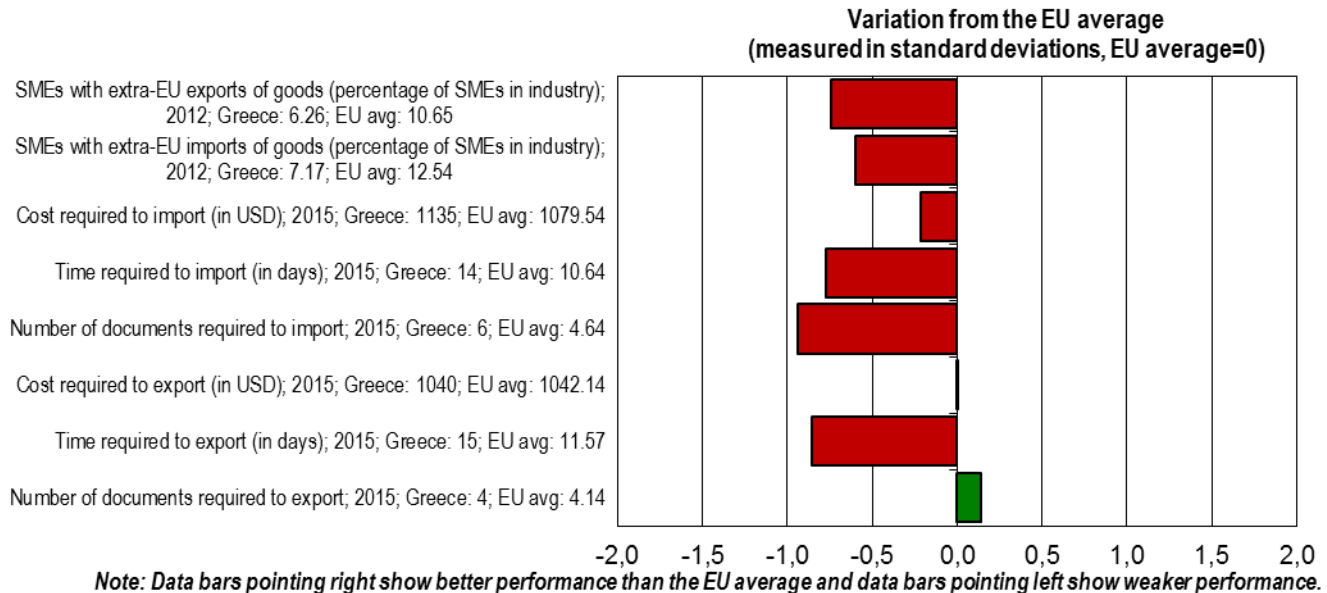
3.8 Environment



Greece's performance remains in line with the EU average. The high percentages of SMEs that received support for either implementing resource-efficiency measures or for producing and marketing environment-friendly products stand out. This performance has been fuelled by policy support since 2008. Several programmes were launched in the past with a clear focus on environmental protection and related objectives. Examples include 'Green Business 2010', a programme promoting the development and marketing of green products and services and improving the environmental and social profile of businesses. The programme 'Green Infrastructure', also launched in 2010, helps SMEs to improve business activity in waste management and treatment. 'Green Tourism', another

programme launched in 2010, aimed to develop a green culture in tourism and improve the services provided in tourism. Another directly relevant measure launched in 2013 was 'Relocation of businesses in Industrial and Business Areas and Business Parks'. A number of measures in other policy areas such as entrepreneurship and access to finance also included actions related to this policy area: for example, 'Supporting Youth Entrepreneurship — second round' (2013) supports start-ups that incorporate innovative ideas and environmental friendly processes. Although no new measures implemented in the reference period, overall, Greece has addressed the requirements set out in SBA fairly comprehensively.

3.9 Internationalisation



Greece’s performance remains below the EU average. In both the trade performance of SMEs and trading conditions as expressed in the time, cost and bureaucratic effort needed to trade with non-Member States, Greece trails behind the rest of the EU. As regards SME export performance, Greece’s score of only 6 % of manufacturing SMEs exporting to non-EU markets is one of the lowest in the EU. Comparable figures for the service sector are not available. As regards the trading environment, the major competitive disadvantage is the time taken to export and import. Both take about a third more time than the EU average. Since 2008, improvements in practically all indicators were large enough to allow Greece to catch up slightly with the rest of the EU. However, the pace of improvement needs to accelerate sharply.

Greece’s improved performance was accompanied by substantial policy efforts. These built on the development of a national export strategy. The strategy launched in 2011 initially centred on: (a) expanding Greece’s export basis, (b) promoting trade and foreign direct investment and (c) facilitating trade. It had two major goals: to significantly reduce the trade deficit by 2014 and to boost goods exports to 16 % of gross domestic product

(GDP) by 2015. Law 4072/2012 on the improvement of the business environment provides for an integrated information system (the ‘Single Window’) to make exporting and importing procedures easier. And a new institution, Enterprise Greece, was set up in 2014 by merging the existing Greek Organisation for Foreign Trade and Invest in Greece SA. The role of Enterprise Greece is essential, since it bridges the need to attract international funds/investment and the requirement for more proactive entrepreneurship. The national export strategy was complemented by programmes to make potential exporters more competitive. The most important was the programme ‘Internationalisation Business Competitiveness’ launched in 2010, which included support for human resources training in SMEs on issues relating to internationalisation. Significantly improved in design and inspired by SBA best practice examples, the ‘Internationalisation Business Competitiveness’ programmes entered its second phase in 2013. The initial budget was doubled, reflecting the need for investment in Greek SMEs. Since 2011 various initiatives and programmes were launched to support human resources training in SMEs on issues relating to internationalisation.

4. Interesting new initiative

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

Law 4262/2014 'Simplification of licensing requirements for business activities'

Law 4262/2014 (Official Government Gazette A'114/2014) on simplifying licensing procedures for economic activities, particularly as amended by Article 82 of Law 4307/2014 (Official Government Gazette A'246/2014), attempts to radically simplify licensing requirements and establish a uniform regulatory framework for compliance and inspection. Law 4262/2014 has three main aims: (a) to establish the general principle of freedom to conduct economic activities that abide by tax and social security regulations, (b) to transfer inspections from the licensing stage to the business operation stage, and (c) to set up central information management systems for licensing and inspection, providing a password to each firm in order to enable online follow-up of the licensing process.

Under Law 4262/2014, Joint Ministerial Decision 12684/92 (Official Government Gazette B'3181/2014) abolishes the requirement to apply for an operating licence or to formally declare a total of 103 business activities. In these cases, the only requirement is now simply to notify the licensing authority of the start of business operations (a settlement licence may still be required).

References:

StartupGreece: www.startupgreece.gov.gr

http://www.investingreece.gov.gr/files/FT/2014/kwdikopoiisi_Nomou/FT_%CE%9A%CE%A9_%CE%94_%CE%99_%CE%9A%20_N%203894_N4072_N4146_%CE%9D%204242_4262_en.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 for the 28 EU Member States and 7 non-EU countries that also contribute to the COSME programme. 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/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 2013, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2012 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 The 2015 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.

³ Hellenic Federation of Enterprises (SEB) (2014): SEB's Observatory for the Business Environment; Athens: 2014.

⁴ 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 2015. 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 2015. 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. For more information on the methodology see Saisana and Dominguez-Torreiro 2015 on the webpage of the SME Performance Review: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

⁵ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2014 and the first quarter of 2015. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2015 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.

⁶ L.4325/2015 (Official Gazette A' 47/11.5.2015)

⁷ Law 4321/2015 (Official Gazette A' 32/21-3-2015).