

# Hellenic Republic

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The national policy for SMEs

The contribution of SMEs:

- In the economic development
- In uplifting the employment
- In the enforcement of the social cohesion, and of course
- In supporting the regional development

is widely recognized not only by the European Union and its member states, but also by the citizens. It is estimated that SMEs both in Europe and Greece constitute almost 99% of the total of enterprises. It is also recognized that SMEs have, due to their small size, comparative ad-

vantage of flexibility. That means they can react and adjust, in a faster way, to the constantly changing market conditions.

Despite the progress marked in many sectors, the European Union hasn't managed (yet) to cover enough ground in the path already set out by the Lisbon Strategy. But, for sure that it is the goal is not to be abandoned. On the contrary the Strategy is revised and readjusted. In this strategy, SMEs have their own, important role in the European production process. At the same time, they are the "secret ace" that Europe should utilize in the new era of Knowledge and direct access.

Changes in Global Economy (such as the liberalization of international trade, the development of information technology, and the intense international competitiveness) have created new challenges and new opportunities for flexible and creative SMEs.

Policies are applied and measures are promoted in specific sectors aiming to:

- Guarantee a favourable institutional environment (regulatory, taxation, financial, technological) without unnecessary bureaucratic obstacles.
- Ensure the easy and friendly access of SMEs to programs for their promotion as well as to Services and Institutions for their support.
- Encourage (by means of incentives) the adoptions of new technologies and innovations of technological, organizational and entrepreneurial aspect.
- Use of the information technology to upgrade their internal organization, operations and transactions with their customers, their suppliers, the public sector etc.
- Promote the access to third country markets.

- Improve the networking among SMEs and between SMEs and Large Enterprises.

- Support the educational training of owners and personnel.

Within these lines, the national policy for SMEs is being developed, while the Ministry of Development is promoting a new series of measures for the support of SMEs, such as:

- The constitution of the National Council of Small-Medium Sized Enterprises (with the active participation of the business community) intending to form a national policy for the SMEs, and co-ordinate the policies that are applied by Ministries and actors of support.

- The facilitation of access to individual programs to the Operational Framework Programme "Competitiveness", by simplification of procedures

- The application for financing

- The evaluation of the application

- The approval and admission to the Program

- The raise of funds for the SMEs, and the increase of the percentage of financing, from 40% even to 55%

- The possibility of financing commercial enterprises, those from the service sector, vital sectors so that they will be able to face the intense competition of third countries.

- The facilitation of procedures concerning the establishment and operation of businesses. The institutional framework for licenses for the manufacturing business has been revised, and there have been created "one-stop" services in Prefectoral Administration, in order to facilitate investors.

In addition, important actions have been taken towards the direction of:

- Activating the Credit Guarantee Fund of Small and Micro enterprises
- Ameliorating the efficiency of support infrastructure for the SMEs via the empowerment of:
  - The Centres of Enterprise and Technological Development
  - The Reception Centre for Investors
  - EOMMEX (Hellenic Organization of Small Medium Sized Enterprises & Handicraft S.A)
  - The Hellenic Organization for Standardization
  - The Industrial and Entrepreneurial Regions.
- Activating and improving the National Council of Quality for the Development
- Reassuring the conditions of healthy competitiveness in all markets through the improvement and support of the Competitiveness Committee
- Suppressing the dominating position of Large Enterprises over the Smaller ones
- Applying a new law for modernising the operation of activities of commercial character and the protection from illegal commerce
- Focus on the planning of the 4th Community Support Framework, introducing new measures of strengthening the SMEs,

In any case, this policy is designed taking into consideration the Citizens development and the creation of an Economy of opportunities, applying policies and measures that boost the enterprises and make Greek economy more competitive.

On the other hand, it is not possible for the State to replace the role of the private sector. Therefore it is necessary for the enterprises to take action, in a way that will permit them to make the best use of new programs provided by the State, to employ the new strategies, to emphasise on new technologies and innovation and to focus on quality and extroversion.

By making good use of the favourable conditions offered by the Hellenic business environment, for both foreign investments and the increase of entrepreneurial activities in our country, and acknowledging that Greece holds an important position, being a portal to Europe, and to enterprises of Western Europe and America to penetrate in the markets of the Eastern Europe, the Balkans, and the Middle East, Greek SMEs can contribute to the competitive economy.

#### The SMEs Sector in Greece

It is estimated that in Greece 770,000 SMEs operate with average occupation of 2 people. Moreover, more than 40% of the working force continues to be self employed in micro- family owned businesses. According to the Euro barometer the number of Greek citizens that have started an enterprise the last three years reaches the 12 percent.

#### The role of EOMMEX

EOMMEX the last years following the national policy for SMEs monitors recent trends in SMEs market and submits policy papers to the government introducing legislation measures, promotes competitiveness through technology upgrade, employing all possible means of knowledge society, digital economy, enterprise cooperation, model application and quality systems.

Program "Competitiveness"

3<sup>rd</sup> Community Operational Framework 2000-2006

In order to provide entrepreneurs with funds so that they can increase the competitiveness of their businesses and realise their ambitions, EOMMEX under the auspices of the Secretariat-General for Industry in the Ministry of Development is successfully running programmes under the "Business Competitiveness Programme" (EPAN).

The objective of the Measure has been to encourage business initiatives and assist economic development at the regional level by facilitating the access of existing and new SMEs to the capital market. It is also intended to encourage the creation of new enterprises in sectors related to the new technologies and which are intensely competitive at international level, and to create new jobs in highly specialised areas. All enterprises legally based in Greece (Greek or not) may take advantage of the program.

During the three first rounds:

Target Group	Proposals approved	New Jobs	Total Budget
Women	1,199	2,070	93.300.000
Young people	1,507	4,111	118,700,700
People with Disabilities	130	164	11,700.000

During the fourth round

Target Group	Proposals approved	Total Budget
Young people	2,173	177,700.000
Women	1,634	133,400,00

Micro Commercial enterprises: 2.444 proposals were approved of total budget 200 million.

### Go Online

Go - Online is an action line of the Operational Programmes, Information Society and Competitiveness funded by the 3rd European Union Support Framework, for the period 2000-2006. Eligible to participate to the Go-Online program are all Greek SMEs with up to ten employees apart from joint stock companies (S.A.'s) and self-employed professionals. Financially supports the purchase of the basic terminal equipment, software (Basket I), and internet connection, development of a commercial Website, maintenance and virtual hosting (Basket II). Funding covers 40% of the total cost of expenditure and cannot exceed the amount of 1,250 \_ per Basket; in total 2,500 \_.

The training Support of Go-online aims to acquaint 50,000 Greek SME's with the new technologies and e- business practices. Until now, 32,000 SMEs have been approved, whereas 18.528 received formal training by 1,435 specialized e-business consultants.

In the framework of the Development Assistance Cooperation Program, EOMMEX is authorised by the Ministry of Foreign Affairs to pro-

vide technical assistance to friend countries in the area of SMEs. This is divided into two axes:

1. Inform policy makers to design, create a friendly environment for SMES
2. Provide technical assistance to enhance competitiveness of vital sectors

The Hellenic Government has introduced rules and regulations to encourage banks, venture capitalists and capital markets to create uniquely tailored programs, for example, directing venture capital to seed firms in growth sectors and supporting pension funds participation in venture capital funds and tax incentives.

EU-mandated local government policy: The European Commission mandates that local governments within the European Union implement certain economic policy objectives related to SMEs. During recent years, the Greek SMEs have benefited from the Governmental Structural Funds interventions. Substantial support has also been provided through numerous Community Initiatives, concentrated on grouping activities to achieve economies of scale, and on assistance to SMEs to modernize their production activities and organization.

In Greece with a view to facilitating access of SMEs to capital, the Guarantee Fund Facility Scheme (TEMPME) for Small and Very Small Enterprises has been established. The fund has an initial capital of €100 million and is able to offer guarantees for loans up to €2 billion. TEMPMEs capital € 200 million is covered partially by E.E. (67%) and 33% from the Greek Government. In particular, the fund covers 50% of the guarantees required by financial institutions for loans, with the remaining 50% equally split between banks and the relevant enterprises. It is

estimated that more than 40,000 enterprises take advantage of this Fund.

The mission of the above institution is to facilitate the access of Enterprises to the financial system of Greece, by providing guarantees and counter-guarantees and undertaking part of their financial and commercial risk. The fundamental principal of TEMPME is the allocation of risk between private and public sector.

TEMPME has created 5 programs regarding short-term and/or medium-long term loans of operating or under establishment enterprises of any legal form. The guaranteed loans vary depending on the program from 10-320 thousand euros whereas the guarantee rate varies from 45%-65% and the annual guarantee fee approximates on average 1% of the outstanding loan.

The five programs are

TEMPME 1 is designed to GUARANTEE FUNDS FOR THE ESTABLISHMENT OR THE DEVELOPMENT OF NEW SMALL-SIZED

TEMPME 2 to GUARANTEE FUNDS FOR VERY SMALL ENTERPRISES

TEMPME 3 to GUARANTEE FUNDS FOR SMALL ENTERPRISES

TEMPME 4 to MICRO LOANS GUARANTEE FUNDS FOR VERY SMALL-SIZED

ENTERPRISES and finally

TEMPME 5 to GUARANTEE FUNDS FOR MERGERS, ACQUISITIONS OR TRANSFERS OF SMALL ENTERPRISE

Until the 31 August 2005 there were submitted to TEMPME 2.073 applications of loans reaching 86,7 mil. Euros.

The contribution of small business to economic growth and civic society is multi-dimensional, so government policies also need to think holistically. Where there are clear market failures, we should not be afraid of making carefully targeted interventions, but always working with markets, getting the incentives right, not working against them. I extend my best wishes for the success of a stimulating and insightful conference.