SELINUS UNIVERSITY
OF SCIENCES AND LITERATURE

PUBLIC POLICIES FOR THE SUPPORT OF ENTREPRENEURSHIP AND SMEs: THE ROLE OF FINANCIAL INSTRUMENTS IN EUROPEAN AND NATIONAL PUBLIC POLICIES IN GREECE TO FACILITATE ACCESS TO FINANCE FOR SMEs

By

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Declaration

"I do hereby attest that I am the sole author of this thesis and that its contents are only the result of the readings and research I have done". The dissertation titled *"Public Policies for the support of entrepreneurship and SMEs: The role of Financial Instruments in European and national public policies in Greece to facilitate access to finance for SMEs"* submitted for the Award of Doctor of Philosophy in Public Policy and Administration at Selinus University of Sciences and Literature, Faculty of Business and Media is my original work and the thesis has not formed the basis for the award of any degree, associateship, fellowship or any other. All materials, various schools of thoughts and other academic consulted during the research work and for the dissertation were duly acknowledged. The research papers published based on the research conducted out of the course of the study are also based on the study and not borrowed from other sources.

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Abstract

The support of entrepreneurship and Small and Medium-sized Enterprises (SMEs) has been at the heart of public policies for economic development and social cohesion in the world's developed economies for several years. Part of these public policies are financial instruments developed on a large scale to address market failures since the global financial crisis of 2008 scoping to facilitate business access to finance. To achieve this, governments of developed economies have provided public sources in combination with private resources to set up special funds aiming to provide liquidity and capital to businesses. Cooperation between public and private sector as well as the co-investment of public and private resources are fundamental elements for the creation of the mechanism of financial instruments which aims to facilitate the access of companies, mainly those which face serious barriers, to financing. This mechanism is called upon to address the shortcomings of the capital market which in countries such as Greece, which has faced a significant public and private debt problem in the last decade, have led a significant part of companies, especially SMEs, to be excluded from external financing. By presenting and analyzing the framework of this mechanism, this dissertation highlights the important role of certain public services as well as banks in the design and implementation of financial instruments programs. At the same time, it highlights a key contradiction related to how it is possible for the State to entrust banks the solution of a problem which they themselves have created following their choices: SMEs' limited access to finance. In order to understand the operation of the mechanism of financial instruments and the role they play in achieving the purpose for which they were created i.e., to facilitate SMEs' access to finance, this dissertation deepens the analysis of the subject using data from various relevant scientific fields, such as public policy, public administration, economics, entrepreneurship theories as well as the definition of SMEs. In the context of empirical analysis, the important contribution of small and medium entrepreneurship to job creation and added value is highlighted both within the European Union and in Greece whose economy is literally flooded with SMEs. At the same time, the failure of public policies pursued to date in Greece to facilitate SMEs' access to finance is clearly reflected. Supporting entrepreneurship and SMEs by facilitating their access to finance through public policies such as financial instruments is a fundamental condition for economic development and social cohesion. Achieving the ultimate goal, however, presupposes the precise arrangement of the role of stakeholders in the design and implementation of appropriate financial instruments programs which should aim to meet the real needs of companies depending on the size and economic activity. An important role could be assigned to a public development bank which should operate complementary to the private banking system. In parallel, it should operate competitively to private banks, having the ability to intervene immediately to cover market failures which are created because of the way capital markets operate. In any case, tackling the problem of limited access of a large number of companies, mainly SMEs, to external financing is crucial to be faced by appropriate public policies which should focus on addressing the real needs of enterprises rather than establishing horizontal criteria which serve other expediencies and targets. The mechanism of financial instruments can play an important role towards this direction, highlighting the crucial role of public intervention for the benefit of economic development and social cohesion and the supportive, but not dominant, role of banks in tackling the problem of limited SMEs' access to finance.

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Abbreviations

CF: Cohesion Fund

CIP: Competitiveness Innovation Program

COSME: Competitiveness and Innovation Program

DG COMP: Directorate-General for Competition

DG REGIO: Directorate-General for Regional Policy

EAFRD: European Agricultural Fund for Rural Development

EaSI: Employment and Social Inclusion

EC: European Commission

ECB: European Central Bank

ECCP: European Cluster Collaboration Platform

EFG: Equity Facility for Growth

EFSI: European Fund for Strategic Investments

EIB: European Investment Bank

EIF: European Investment Fund

EJRC: European Joint Research Center

EMFF: European Maritime and Fisheries Fund

EMU: European Monetary Union

ENAP: Ecole Nationale d'Administration Publique

EP: European Parliament

ERDF: European Regional Development Fund

ESF: European Social Fund

ESIF: European Structural and Investment Funds

EU: European Union

FRS: Funded Risk Sharing

FRSP-GC: Funded Risk Sharing Generic Content

GBER: General Block Exemption Regulation

GDP: Gross Domestic Product

GFSME S.A.: Guarantee Fund for Small and Micro Enterprises S.A.

HDB S.A.: Hellenic Development Bank S.A.

HDIB S.A.: Hellenic Development Investments Bank S.A.

IMF: International Monetary Fund

InnovFin: Innovation Finance

JEREMIE: Joint European Resources for Micro and Medium Enterprises

LGF: Loan Guarantee Facility

MFF: Multiannual Financial Framework

MoU: Memorandum of Understanding

NEDF S.A.: New Economy Development Fund S.A.

NFED S.A.: National Fund for Entrepreneurship and Development S.A.

NSRF: National Strategic Reference Frameworks

NUTS: Nomenclature des Unités Territoriales Statistiques

OECD: Organization for Economic Co-operation and Development

OMU: Organization and Management Unit S.A.

OPCEI: Operational Program for Entrepreneurship Competitiveness and Innovation

RAM: Regional Aid Map

REFIT: Regulatory Fitness platform

SAFE: Survey on Access to Finance of Enterprises

SBA: Small Business Act for Europe

SGP: Stability and Growth Pact

SME: Small and Medium-sized Enterprise

SPR: SME Performance Review

SPSC: Supreme Personnel Selection Council

TFEU: Treaty on the Functioning of the European Union

TTIP: Transatlantic Trade and Investment Partnership

USA: Unites States of America

WPSMEE: Working Party for SMEs and Entrepreneurship

Introduction

Organized societies face significant problems which are intensively seeking solutions through public policies planned by the State under government's responsibility. The aim of public policies is to solve social problems which arise in the public sphere and transformed from social to public problems. The characterization of a problem as public is permeated by a number of disciplines which deal with the issue of State's action, each one from its own point of view. The articulation of social sciences with the cognitive field of public policy is required in order to understand the way in which specific issues are transformed into problems tried to be solved by politics. The element of interdisciplinarity is a major challenge of this dissertation which in this light uses aspects and angles of various scientific fields such as economics, public policy, public administration and political science in order to address the problem of Small and Medium-sized Enterprises (SMEs) limited access to finance. In addition, the dissertation tries to formulate this problem within the framework of public policy. In such direction, it provides a synthetic definition of financial instruments alternatively to incomplete efforts in academia so far which face the problem exclusively with economic and financial terms.

Financial instruments belong to public policies aiming to facilitate access to finance for enterprises, especially SMEs which face serious capital raising problems during the economic crisis and prolonged recession in countries like Greece. Actually, financial instruments are an alternative to non-reimbursable state aided grants, a form of use of public funds to boost economic growth and entrepreneurship, as they have the characteristic of resources' recycling and leveraging. As part of public policies for the support of SMEs, financial instruments mobilize public and private resources required to tackle capital market shortages in order to cover the expanded capital needs of SMEs, either through loans or equity provided by co-investing funds. In the first case (debt finance), the use of public funds through financial instruments intends to cover the borrowing needs of SMEs by taking part of the investment risk, either through loan funds co-operated with banks which provide loans with lower interest rates than those of the market, or loan guarantees. In the second case (equity), the use of public funds intends to contribute to the capital support of innovative enterprises mainly in technologically advanced sectors, either in the form of equity (e.g., venture capital) or through participation in their management and decision-making process. In both cases regarding equity a certain exit policy is specified at a predetermined length of time in the form of acquisition, merger, conversion to mid-cap or an entry to the stock exchange market.

The search for adequate forms of SMEs financing became a matter of particular concern for governments at a global level especially after the global economic crisis of 2008. It is noteworthy that the Organization for Economic Co-operation and Development (OECD) has reached to specific general principles and proposals to its member states for policy measures aimed at facilitating access of SMEs to sources of finance. At European Union level and in the context of integrated policy for the support of SMEs as illustrated by the Small Business Act/SBA for Europe (2008)[1], there has been a clear trend in recent years supporting the use of financial instruments against traditional subsidies from member states. This trend is observed both at the level of the European Structural and Investment Funds (ESIF) and the State aid regulatory framework, as well as in the context of the implementation of the Junker Plan for

[1] European Commission (2008), COM (2008) 394 final.

Europe combining various instruments and ultimately, strengthening entrepreneurship as a strong pillar of economic development social cohesion. Supporting SMEs with the provision of financial instruments that help leveraging public and private resources has been constantly high on the EU's agenda during the last few years. Actually, financial instruments could become quite beneficial for the economy for the following reasons: (a) they help leveraging resources from the private sector providing the opportunity to increase total resources for business financing; (b) they contribute to the efficient use of public funds through recycling resources for future use in new investment projects; (c) they reduce the dependence of the economy by non-reimbursable instruments like grants.

This dissertation aims at highlighting financial instruments as public policy for the support of SMEs and entrepreneurship while it is shown that both have an important role in creating conditions for sustainable growth and reducing unemployment. Towards this direction a statistical analysis of the Greek entrepreneurship and SMEs is drawn by the candidate, trying to highlight the most significant aspects of entrepreneurship in Greece by sector and size. Such categorization is followed for the extraction of results in the empirical part of the dissertation in order to spotlight the need for public policy measures such as financial instruments both by sector and the size of the enterprises. Moreover, this dissertation highlights the vital role of State's intervention within the European Union's regulatory framework in order to improve SMEs' access to finance through financial instruments. A key aspect is to emphasize the substantial contribution which public administration could play regarding the designation and implementation of the appropriate financial instruments to cover the real needs of SMEs and their essential contribution to the creation of economic growth. State's role so far seems to be less influential compared to banks which act as financial intermediaries in co-investment schemes created for the implementation of financial instrument programs. It is therefore appropriate to explore the factors which contribute to the design and implementation of financial instruments programs and to illustrate the role of all actors involved. The research of the dissertation leads to interesting results regarding the conditions of SMEs financing and the effectiveness of financial instruments programs implemented in Greece during the last decade. Finally, it hopes to draw supportive conclusions for successful implementation of public policies to facilitate SMEs access to finance in the future.

The theoretical background is based in academic literature where different trends are emerging as regards the necessity and the role of public intervention to cover SMEs financial needs, as well as various editions published under the supervision of international organizations, such as OECD and the institutions of the European Union which are concentrated in the economic aspects of financial instruments. Important information are also collected by the European Union's regulatory framework for the provision of State aid and the requirements that member states need to comply with when designing public policy interventions using financial instruments in such a way that they do not affect competition in the internal market according to the Treaty of the Functioning of the European Union (TFEU).

A structured questionnaire designed in order to address the real financing needs of Greek SMEs and the barriers they have faced so far. Actually, the scope of the dissertation's research is to calibrate problems faced by SMEs when they search for external financing and furthermore, to recognize their real financing needs according to their size and sector. The questionnaire shared to a representative sample of SMEs covering the most significant economic sectors. The results of the survey provide significant elements both regarding current terms of SMEs lending, as well as in terms of size and sector. Such results should be taken seriously into account by policy makers when trying to plan policy measures to enhance entrepreneurship and SMEs access to finance.

The dissertation is structured as follows:

Chapter 1 presents the main theoretical aspects of relevant to the subject scientific fields, such as public policy, public administration, economics, entrepreneurship theories, as well as the definition of SMEs. Chapter 2, presents the theoretical aspects which justify public intervention to facilitate and enhance SMEs' access to finance. Chapter 3 presents public policies to enhance access to finance for SMEs and entrepreneurship in European level as well as policy recommendations in international level. Chapter 4 provides a better glance around financial instruments and provides an alternative definition by presenting the participating bodies and actors in the procedure of public policy making as regards financial instruments to facilitate SMEs' access to finance. It also presents the European Union's regulatory framework as regards financial instruments and various types of such instruments as defined by international organizations such as OECD. Chapter 5 presents programs of financial instruments in Greece to date highlighting their failure to address the problem of SMEs limited access to finance and providing the need for further focused State's intervention to enhance the liquidity of Greek SMEs. Chapter 6 presents the overall framework as regards financing SMEs and entrepreneurship in Greece during period 2008-2019, as well as to define certain important aspects of small entrepreneurship as it demonstrates during the decade 2008-2017. Chapter 7 presents the research of the dissertation, the structured questionnaire created and used by the author, the research methodology, the results and its main findings. Chapter 8 presents the conclusions of the dissertation and proposals for facing up the problem of SME's limited access to finance with appropriate public policies in the future highlighting the role of State's intervention towards this direction.

Chapter 1: Literature review

This introductory chapter presents the academic fields of the dissertation taking into consideration its inter-disciplinary thematic. Actually, the theme deals with public policies to enhance Small and Medium-sized Enterprises (SMEs) access to finance and to support entrepreneurship through financial instruments. Such policies could not appear without State's intervention through public administration and its collaboration with private sector's stakeholders concerned. Indeed, the comprehension regarding the intense interaction between a variety of public sector's services – each one with its power and dynamic - with private sector's stakeholders is quite crucial to understand the role of its one during the procedures of planning and implementation of financial instruments programs as public policy to improve SMEs access to finance. This chapter presents the appropriate theoretical framework concerning public policy, public administration, entrepreneurship and SMEs in order to justify their complementarity to stand out financial instruments programs as public policy to enhance SMEs access to finance.

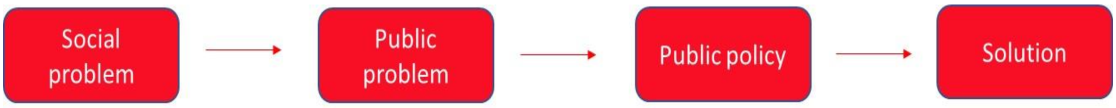
1.1 Definition of public policy

Public policy is distinguished from politics, although many times these two terms are confused by many people in the public sphere. The main difference between the two terms is that the concept of public policy includes what a government ultimately does while politics is a more general term which contains what political parties include in their policy programs. Public policy therefore contains the element of action. However, public policy is necessary to come up with a decision-making process around a specific course of action (Heywood A., 2000) and as a result of implementing intentions. Thus, the concept of public policy includes both the concept of intention, where government deals with what it wants to do, and the concept of action, where government implements what it has previously stated that it intends to do. On the contrary, the concept of politics focuses mainly on the issue of the electoral cycle, the political parties and the political systems that shape the politics of the parties when they request citizens' vote to govern before they take on government responsibility. In contrast, public policy focuses on what political parties ultimately produce when they take on government responsibility (Makridimitris A., 1999: 440).

The origins of public policy as scientific discipline arise in the 19th century when Woodrow W. (1887) distinguished public administration from public policy and law and presented it as a separated academic discipline according which public entities should activate effectively and efficiently providing the necessary accountability to the society. Organized societies and economies face significant problems which are intensively seeking solutions through public policies planned by the State under government's responsibility. The aim of public policies is to solve social problems which arise in the public sphere and are being transformed from social to public problems. The characterization of a problem as public is permeated by a number of sciences which deal with the issue of State's action each one from its own point of view. Turgeon J. and Savard J. F. (2011) state that "public policy refers to the process through which elected representatives decide on a public action designed to deal with an issue considered by certain actors, whether governmental or non-governmental, to require some kind of intervention". In addition, the element of interdisciplinarity is one of the major challenges posed by the scientific field of problems' study as the articulation of the social sciences with the cognitive field of public policy is required in order to understand the way in which specific issues are transformed into problems tried to be solved by politics (Kountouri F., 2015).

Taking action by the State through public policy presupposes the recognition of a problem as public since it has previously been characterized as social. This means that a problem has already had an impact on the social sphere and has already acquired the character of a social problem. According to Fuller R. & Myer R. (1941) a problem is characterized as social when it presents a "natural history", in the sense that it has gone through the following three (3) stages: (a) the stage of realization, which is summed up in the phrase "something must be done", (b) the stage of determining the solutions and public policies to be followed, which is reflected in the phrase "something else must be done", where the actors in the middle of controversy are drawn up with a specific aspect of tackling the problem and (c) the stage of reform, in which administration is committed to turning public policy into action and is characterized by the phrase "this will be done". Blumer H. (1971), enriching Fuller and Myer's model, identified five (5) stages in the evolution of a problem: (a) the stage of emergence of the social problem, (b) the stage of legalization of the problem, (c) the stage of action's mobilization, (d) the stage of an official plan formation and (e) the stage of an official plan implementation, while Felstiner W., Abel, R., Sarat, A. (1980) base their analysis in the following stages: (a) naming of the problem, (b) claiming against public authorities in relation to the problem, and (c) blaming in terms of responsibility for solving the problem (in Kountouri F., 2015). It is noteworthy that the fact that a problem has been classified as social does not necessarily mean that the it is also a public problem (Gusfield J., 1981). In particular, the emergence of a social problem in a public one presupposes the coexistence of certain specific characteristics, which define it as such and which, according to Gusfield J. (1981), initially include its definition as a problem and its acceptance by the members of a community, the public negotiation around it and finally, the existence of a request for action regarding its regulation.

From social problem to public policy and solution



Wolfe R. describes public policy as a "course of action or inaction taken by governmental entities with regard to a particular issue or set of issues"[2]. Similarly, Turgeon J. and Savard J. F. (2011) "a public policy can be the result not only of action, but also of inaction, on the part of a government". Thoenig (2004) states that "a public policy refers to a course of action directed at a specific area of society or of a territory"[3] while Pal L. (2005) defines it as "a course of action or inaction chosen by public authorities to address a given problem or interrelated set of problems". Kilpatrick D. (2000) who concentrates the interests of public policy on the formulation of regulation, states that "public policy can be generally defined as a system of laws, regulatory measures, courses of action, and funding priorities concerning a given topic promulgated by a governmental entity or its representatives. A major aspect of public policy is law. In a general sense, the law includes specific legislation and more broadly defined provisions of constitutional or international law". Howlett M. and Cashore B. (2014) point out that "policy-making involves both a technical and political process of articulating and matching actors, goals and means. Policies are thus actions which contain goal(s) and the means to achieve them, however well or poorly identified, justified, articulated and formulated". Birkland T. (2001:1) highlights the role of governments on making public policies

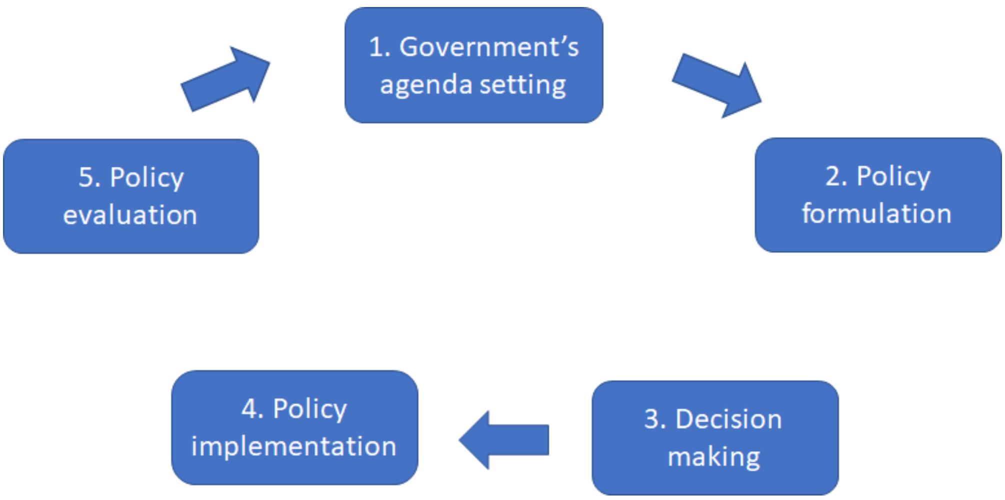
[2] In Cappe Mel (2016).
[3] In Turgeon J., Savard J. F. (2011).

by taking actions in accordance with governments' decisions. Governments are those who decide to act or not to act and these decisions reflect changes or maintaining the status-quo (Birkland T. 2001, Crenson M. 1971, Smith R., 1979).

Dye T. (1972) provides the most known definition of public policy describing it as "anything a government chooses to do or not to do". In Dye's definition government is a primary agent of public policy making because it has the unique ability to initiate consciously authoritative decisions on behalf of the society either to do something or to do nothing. Dye's definition is the narrow meaning of the term "public policy" as it is limited to political decisions. In a broad sense, the term includes the element of action as a sequence of interrelated actions that are part of the implementation of political decisions (Rose R., 1969:6 in Ladi S., Dalakou V., 2016:1). Anderson B. (2003) explained that public policy "is a stable, purposive course of action followed by an actor or a set of actors in dealing with a problem of matter of concern". The above definition concentrates on what is actually done instead of what is proposed or intended. Simultaneously, it differentiates a policy from decision which is essentially a specific choice among alternatives and views policy as something that unfolds over time (Anderson B., 2003:1).

According to the staged-process approach, public policy takes place in stages which shape the cycle of public policy. The latter is treated as a linear process with a beginning, middle and end (Anderson B., 2003). Actually, the approach of life cycle perceives public policy as a process of successive stages as follows: (a) government's agenda setting, (b) policy formulation, (c) decision making, (d) policy implementation, (e) policy evaluation. It should be noted that the theory of life cycle does not take into account the complexity of political phenomena (Sabatier P. and Jenkins-Smith H., 1993 in Ladi S., Dalakou V., 2016:1), which are very often influenced by various factors that must be constantly taken into account by those involved in the public policy process, as they constantly create new incidents for governments to address. Such factors may be the opinions of various groups of interest and groups of pressure, which do not remain stable but change frequently, often taking the form of reactions to government announcements or legislative initiatives. The definition of the political agenda is part of the formal agenda which, according to Kingdon (2003: 4,5), is distinguished between the "public policy agenda" and the broader "governmental agenda", while the definition of "systemic agenda" includes issues which are considered important by the public having gained a high degree of public interest and visibility (Cobb, Ross & Ross, 1976: 126).

Life cycle of public policy



Lemieux (2002) introduced a systemic approach when trying to define public policy as a sum of activities which try to solve public problems in a given environment characterized by formed relationships between the actors to whom this problem concerns. According to Lemieux, public policies respond to challenges generated by certain problems faced by a group of actors the solutions of which depend on "structured power relationships between the actors involved and the evolution of these relationships over time. These concepts have an influence on the definition of the problem, the ultimate goal being sought and the chosen solution"[4]. By analyzing the procedure of decision making regarding financial instruments in Greece, this dissertation adopts this perspective and further goes beyond by highlighting the significant role of certain actors which belong both to public and private sector. Actually, such actors possess strong power and are activated, either within the public sector and have great influence in the decision-making process, or they are private actors with enormous influence on political parties and their proclaimed policies. In the case of financial instruments, these public actors are certain agencies with great power while private interests are expressed mainly by banks.

In addition, those responsible for planning and implementing public policy must take into account various exogenous, often unpredictable, factors, such as sharp fluctuations in international financial markets which directly affect key fiscal policy parameters which in turn affect money markets and, consequently, businesses. A typical example is the increase in public debt due to the inability of an economy to repay its loan obligations, which in turn increases lending rates which in turn affect lending rates of commercial banks, transferring increased borrowing costs to companies in the form of increased interest rates or pre-conditions to receive lending. The impact of sharp fluctuations in international financial markets is often difficult to be predicted by those in charge of public policy, resulting in exogenous factors that cannot be interpreted through a single linear process.[5] Another typical example is governments' policy measures to tackle the spread of COVID-19 and to prevent pandemics, which have had a particularly negative impact on national economies and international trade in goods and services, as they have affected important sectors with high added value to the economy, such as international transports, industry, trade, tourism, etc., while at the same time they caused unbearable problems to SMEs, especially micro ones.

The case of financial instruments is a prime example of public policy aimed at achieving a political objective such as the improvement of access to finance for enterprises. This can be achieved through specific measures which constitute this public policy, either in the direction of supporting their liquidity or equity. Government's intervention depends on the goal pursued each time: the strengthening of liquidity requires the planning of intervention for the immediate provision of short-term working capital loans to companies through: (a) a co-investment fund in collaboration with banks within which, companies will have access to low interest rate loans, (b) a guarantee fund under which loans will enjoy government guarantee for a significant part of the loan. On the other hand, the strengthening of the capital base of enterprises through the provision of long-term loans or equity has a long-term character, since the capital investment in the form of venture capital or private equity, is based on an exit policy which should be profitable for investors and could take the form of acquisition of the

[4] In Turgeon J., Savard J. F. (2011).

[5] A typical example is the impact of the 2008 international financial crisis in Greece, especially from May 2010 onwards, when the government elected in October 2009 undertook the political decision to proceed on a written agreement for financial support with the European Union, the European Central Bank and the International Monetary Fund (IMF). This agreement (Memorandum of Understanding), which was impossible to be envisaged a few months ago, greatly influenced the process, the character and the content of public policy in Greece in the 2010s.

business by a multinational company, its entry into the stock market or merger with another company, actions which require significant time to be fulfilled.

In any case, the choice of the appropriate financial instrument is part of a more general political framework which very often determines which type of state intervention will be selected. The final decision depends on a number of limiting factors such as the availability of financial resources and the way they are provided, the regulatory framework on which the selected public policy measures and actions are financed, public administration's structure and the development priorities expressed in the context of strategic planning. The final choice, however, always belongs to the government which uses the bureaucratic mechanism of public administration to plan and implement public policies to solve problems called upon to deal with.

1.2 Theoretical approaches of public policy

This section summarizes theory's approaches around the public policy process, in order to highlight the role of both the State and interest groups in shaping public policies based on existing theories. Such theoretical background is necessary to further analyze public policies to enhance SMEs access to finance through financial instruments.

Indeed, in public policy theory there are different approaches as regards factors influencing the process of policy making. The rational approach focused on the important effect of action to address collective problems in the field of public policy, considers that, ceteris paribus, individuals are the ones who influence public policy, with their rational behavior which aims to maximize their benefit. The school of rationalism concludes with a proposal for a small sized public sector and a large involvement of the private sector in the provision of public services (Cairney P., 2012).

The pluralistic approach influenced by the liberal political philosophy of John Locke, perceives the State as a neutral mechanism which tries to resolve conflicts between different interest groups by keeping a neutral role for itself and focusing its interest on the production of legislation (Dahl R., 1963). According to this approach, the different interest groups end up to compromises and decisions arise from negotiations between them. In this context, government formulates public policies which reflect as many common factors as possible, accrued by different demands of conflicting interest groups. According to Kountouri F. (2015: 145), "pluralism as a way of organizing social representation accepts the numerous competing interest groups and their influence to government, while the State retains the role of arbitrator". In addition, the neo-pluralistic approach recognizes the important role of companies in the field of public policy making (Dunleavy P. and O'Leary B., 1987). This seems to be confirmed nowadays in the context of the operation of large supranational organizations, such as the European Union, where large companies' lobbies play an important role in shaping public policies, both at central and regional level. These lobbies can represent either specific industries or business categories depending on their size (large, small and medium, start-ups, etc.). Furthermore, the approach of pluralism attributes to the State the role of mediator - balancer in order to reach a compromise between various interest groups which conflict each other, thus disputing rational approach of methodological individualism (Cairney P., 2012) which considers that individuals behave rational in order to maximize their utility. The pluralistic approach has been criticized as its opponents consider that public policies finally pursued by the State, do not lead to a political, social and economic balance. Instead, they ultimately serve either the interests of the most powerful interest groups which manage to impose themselves (Olson M., 1991). Other interest groups may include powerful business or political elites which possess the means of production or the power mechanism, respectively, forming a capitalist ruling class, the so-called "aristocracy of power" (Mills Wright C., 1956, 2000).

On the other hand, Marxism considers that the dominant role in the formation of social relations is played by the division of society into two classes, capitalists and workers, which have conflicting interests. The inevitable conflict between them is a key component of Marxism in its attempt to interpret social reality through the prism of capitalism and its influence in production procedure. Marxist analysis sees the State as a body which manages social problems and affairs for the benefit of the capitalist class, maintaining through its structure the accumulation of capital. Engels F. (1894) stated that modern State is an organization that bourgeois society offers itself in order to maintain the general external conditions of the capitalist mode of production. According to Hirsch J. (1978), the continuity of the capitalist social structure depends on specific interventions made by the State, which are in the interest of the general interest of capital as a whole. An external and relatively autonomous body or institution is called upon to intervene on behalf of capital to serve the long-term interests of the latter. Such body is the State - the "ideal total capitalist" (Altvater E., 1973, Offe C., 1974, Hay C., 1999) - which is therefore an instrument in the hands of capitalists which help them to serve their interests (Dunleavy P. and O'Leary B., 1987). As Ladi S. & Ladakou V. (2016:85) mention, for some Marxists civil servants belong to the same social class with the elites of business and banking sectors and therefore seek, in the context of the state function, to achieve the aims and interests of these social classes (Miliband R., 1969, 1977, Parsons T., 2005). Moreover, in the context of Marxists view, the structural approach was further developed highlighting the dominant role of capital in shaping public policies and in parallel recognizing a degree of autonomy to the State in taking decisions which do not always satisfy the interests of capitalists, but also the interests of lower social classes (Poulantzas N., 1973).

Additionally, the increasing role of elites in shaping the political agenda and consequently public policy is strongly recognized in the theory of elites, whether it concerns excellence (Pareto V., 1935, Mosca G., 1939), power (Lasswell H.D., 1936) or the strong bureaucracy of the democratic elitism of the ministries (Weber M., 1917, 1946 Schumpeter J., 1944). In the latter case, the State is treated as a legitimate monopoly of power, in the context of which the selfish interests of the bureaucracy are served (Weber M., 1917). In the context of elite theory, the State, operating in technocratic and bureaucratic terms, is a corporatist network, in which the governmental, economic and social elites are so interconnected between each other making the discussion of its autonomy ultimately meaningless (Schmitter P., 1974).

In the context of corporatism, what is widely recognized is the participation of various interest groups in the decision-making process and in the adoption of public policies. Precisely, the central position of corporatism is the integration between the main interest groups in the decision-making process, so that with their knowledge and experience they form together with the State the basic directions as regards public policies (Kountouri F., 2015). According to Hague R., Harrop M., (2005: 321), social partners enter into social contracts with each other in exchange for the social compliance of their members. Stakeholders, through their involvement in the decision-making process and in the formulation of public policies, mitigate conflicts with each other, whether they represent large companies or labor. The State possess the role of mediator and cooperates with interest groups which are authorized by their members to take decisions and adopt public policies (Schmitter P., 1977). In the case of corporatism, the State, although it has delegated power to various interest groups, it actively participates in policy-making and seeks to influence the outcome of the negotiation between various interest groups, in contrast to the pluralistic approach mentioned above, where the State holds for itself a neutral role in the negotiations.[6]

The concept of corporatism has now been replaced by the concept of "political coordination" or "social dialogue" (Mavrogordatos G., 2001:33 and Aranitou B., 2012). According to Aranitou B. (2005:77), in the period of corporatism the body of public power was the national State while in the period of social dialogue the body of public power is the European bureaucracy and the European multi-level system of governance, which also includes and national State. The first case concerns multilateral negotiations between equal parties and the supremacy of the result against process, while in the second case the emphasis is given to the "democracy" of the process and not to the socially unequal results the latter can produce. An important difference between corporatism and social dialogue is observed in the example of the negotiations between the State and employers' representing organizations and employees' unions. In this regard Kountouri F. (2015:147) states that "the era of corporatism is characterized by the outcome of the negotiations in favor of the unions, while on the contrary the era of social dialogue is characterized by the full acceptance of the positions of employers' organizations."

Recent approaches such as institutionalism and neo-institutionalism, perceive public policy as a complex political process in which the relationship between organizational structure and policy makers plays an important role. A key assumption of this approach is that policy processes cannot be interpreted one-dimensionally through the study of individuals behavior, but by further taking into account the rules governing the operation of an organization. These rules may be formal, such as operating or staff rules which all employees and executives must strictly comply with or informal rules such as informal employees' codes of conduct. In the context of neo-institutionalism, the emphasis is given either on formal rules and rational preferences as basic decision-making criteria of a rational institution. Furthermore, it concentrates on informal rules of conduct and internal procedures of an organization, as well as on their interaction with the wider environment in which the organization operates (sociological institution). In the context of the latter, decisions are taken not on the basis of efficiency but under the logic of appropriateness[7] (March J. & Olsen J., 1989, 2005, 2006). Additionally, in the context of historical institution, the analysis becomes more and more politicized, pointing out the changes occurred at certain times, during which some "critical junctions" take place (Levi M., 1997:28, in Ladi S. & Dalakou V.:108), contribute to political agenda's changes and consequently to public policies designed and implemented. The adoption of public policies aimed at achieving the goals of the three Memorandums of Understanding (MoU) between Greek governments during the period 2010-2018 with the European Commission, the European Central Bank and the International Monetary Fund, is a typical example of the approach of the historical institution, which highlights the importance and special role of politics (government, political parties) in shaping the political agenda and consequently, public policies pursued.

Furthermore, network theory points out the complexity of public policy and the mechanism through which it is implemented i.e., public administration, focusing on "relationships between policy makers, the informal dimensions of policy-making and policy learning" and as a result, it refers to how organizations and states learn from each other's experiences and mistakes (Parsons T., 2005 in Ladi S. & Dalakou V., 2016:111). Networks may have a coherent form and could be clearly involved in the formulation of public policy or they could be thematic networks without a strict structure but with a limited involvement in the processes

[6] The critique of the corporate model by the New Right is based at this point focusing on interventionism and dominant role of the State (Heywood A., 2006: 385).

[7] March J. & Olsen J., (1989, 2006 in Ladi S. & Dalakou V., 2016:105-107).

of public policy formulation. In addition, scientific communities could formulate a network Composed by members and experts with specialized scientific knowledge in specific subjects which is often necessary for policy makers in their effort to design appropriate measures and interventions to solve specialized problems.

Finally, the systemic approach based on the theory of governance uses the systemic concept when trying to interpret public policy as follows: (a) on the one hand, as a political process focusing either on inputs (i.e. requests of citizens, businesses, social organizations, professional organizations, non-governmental organizations etc.) and outputs (i.e. legislation, government programs composed by specific actions, etc.) of the political system, or on feedback and the interaction between policy systems and within them (approach of the political systems), (b) on the other hand, by pointing out the important role of information flows both by the external and the internal environment and the past, which lead to self-assessment through the feedback process, which in turn leads to corrective actions towards the achievement of the intended objectives.[8]

1.3 The role of public administration in planning and implementing public policies

As mentioned above, public policy is the transformation of politics into the realm of practice. According to Goodnow F. (1900/2003) "politics has to do with policies while administration has to do with the execution of those policies" (in Srivastava M., 2012) while White L. (1948) points out that "public administration consists of all those operations having for their purpose the fulfillment or enforcement of public policy." Indeed, public policies in order to be implemented need to go through a mechanism which, following the relevant mandate of the political power at the level of either central, regional or local administration, undertakes both their design and implementation. According to Weber M. "the foundations of bureaucracy lie on legal-rational authority" and the main elements of bureaucracy are "impersonal order, rules, and sphere of competence, hierarchy, personal and public ends, written documents" (in Srivastava M, 2012). In fact, public policies take shape through an administrative mechanism, the so-called administrative bureaucracy (Weber M., 1917, 1946) which consists mainly of central government bodies i.e., ministries or even regional administrations.

The degree of involvement of central government agencies in the formulation and implementation of public policies depends on the way in which public administration is structured in each country. In addition, the way public administration is structured and the responsibilities given to ministries and regional administrations significantly determine their scope of involvement, both in the stages of design and implementation of public policies. On the one hand, there are States which have given great degrees of freedom to regional administrations as they have a long tradition of delegating important responsibilities for the design and implementation of public policies such as Italy, while on the other hand there are States which rely on a more centralized model of governance according to which central administration retains for itself the most important responsibilities, such as Greece. The decision about which of the above models will be finally chosen is primarily a political choice which depends on the particular circumstances which affect each State and are related to factors such as geographical location, the structure of the economy and degree of dependence on external factors, various historical or cultural factors etc.

[8] Deutsch K.W., 1963, 1967.

The transformation of policy into public policy takes place solely through the bureaucratic mechanism of public administration which plays an important role in the implementation of public policies as it actively participates in the following stages: (a) design, (b) implementation, (c) control and monitoring, (d) evaluation and redesign.

Public policy planning requires the cooperation between government officials and the technocrats of the public administration. The latter possess significant know-how about legislation in force and implementation, the required procedures, as well as the required resources and the constraints of the environment in which public policy is implemented. For example, the bureaucrats of the public administration actually inform their political superiors about the exact legal framework to be followed for the implementation of the policy, as well as the possible necessity of its modification. They are also the ones on whom the political heads of the ministries or regional administrations rely on and who ultimately influence the decision about the resources required for public policy's implementation, as well as their sources of origin. In addition, public administration technocrats identify potential restrictions imposed by the applicable regulatory framework. A typical example of the implementation of public policies to support businesses are the provisions of Articles 107-109 of the Treaty on the Functioning of the European Union (TFEU), as well as the regulations of the European Structural and Investment Funds (ESIF) on the basis of which state-aid programs and schemes are designed and implemented in EU's member states.

The implementation of public policy takes place through the bureaucracy of public administration as specific roles and responsibilities for planning and implementation are assigned to specific agencies depending on the legal operational framework. Thus, there are public services that have undertaken the responsibility to fully support political leadership in producing or amending legislation. In the case of Greece for example, the production of legislative rules is done at a central level by laws and presidential decrees, while their specialization takes place by ministerial decisions. The first two forms of legislative production are controlled by the parliament and signed by the competent governmental bodies and/or the president of the republic (in case of a presidential decree), while the third form is signed by the competent governmental bodies specializing the general rules of law.

In addition, specific responsibilities for planning and implementing public policies are assigned to specified central government agencies. A typical example in the Greek case is the design and implementation of the National Strategic Reference Frameworks (NSRF) for each programming period, which are implemented with co-financed resources of the European Union and each member-state. In particular, in the case of Greece from 1994 to 2015 (concerns the final period of implementation of the NSRF 2007-2013 with the rule n + 2), the implementation was done through agencies of the central and regional administration, as well as private bodies that were authorized by ministerial decisions to act as Intermediate Bodies for the Management of NSRF projects and state aid programs. In particular, in the context of NSRF 2014-2020, the role of planning and implementation was transferred by Law 4314/2014 to the Specialized Agencies for the Management of the European Structural and Investment Funds, as well as to specialized private entities as in the case of the Operational Program "Competitiveness, Entrepreneurship, Innovation". Such agencies before Law 4314/2014 had exclusively managerial responsibilities which concerned the distribution of funds according to the priority axes of each operational or regional program, as well as monitoring and control of each program's implementation. Monitoring and control are therefore entrusted each time to specific services operating within the public administration and have an important role in the ongoing evaluation of public policies implemented in order to take action in case of deviation from the original objectives or to modify and redefine them.

In this case, specific policy choices[9] created a giant mechanism of specialized agencies not necessarily monitored by the State which have specific responsibilities regarding the management of operational and regional programs of NSRF. In fact, this mechanism - particularly bureaucratic and quite sealed in relation to its external environment but also with other government agencies - has been recruited with professionals who do not belong to the narrow mechanism of the Greek public administration. This nomenclature was selected by special evaluation procedures based mainly on previous experience in the private sector in relation to the management of NSRF projects or state aid to companies but not on the basis of the very strict conditions of the tenders for the admission of permanent civil servants and in accordance to the applicable strict regulatory framework for the recruitment of staff. In recent years, gradually after 2014, this category of staff has taken on important responsibilities which were previously undertaken by the narrow public sector (ministries, regional administrations), evading the strict logic of monitoring and management of operational and regional programs and creating at the same time serious malfunctions to the operation of the public administration, since Managing Authorities undertook the planning of the individual actions and programs. As a result, there is no longer a separation of responsibilities between planning and monitoring public policy and those relating to the management of the procedures and resources required to implement the co-financed programs through which public policy for economic development and the support of employment takes place (Rekkas T., 2017).

In the case of financial instruments to facilitate SMEs access to finance, their implementation and to a significant extent their design, was assigned to the specialized body called "National Fund for Entrepreneurship and Development S.A." (NFED S.A.), which succeeded in 2011 the Guarantee Fund for Small and Very Small Enterprises S.A. (GFSME S.A.) founded in 2002. In 2019, NFED S.A. was transformed with a relevant law into the Hellenic Development Bank S.A. (HDB S.A.) whose target group is all companies operating in the Greek territory and not only SMEs. The development concerning the target groups of each of the above companies created by the Greek State in order to facilitate the access to finance of the Greek companies is characteristic. The financial instruments - exclusively guarantees - of GFSME S.A. addressed only to very small and small enterprises while those of HFED S.A. (loans with state guarantee, loans through mutual funds) also include medium-sized enterprises. Finally, the financial instruments of HDB S.A. are now addressed to all categories of enterprises in terms of size, very small, small, medium and large. A development which deviates from the targeted nature of supporting small and medium-sized enterprises with financial instruments tailored to the needs of each subcategory and possibly leading to distortions in capital markets. Actually, large enterprises financing with sources invested by the State to HDB S.A, may exclude SMEs already facing problems in finance. A special section following presents the agency's entire historical development from its foundation until nowadays.

Finally, the evaluation of the applicable public policies is a particularly important stage to examine the overall implementation process, the degree of achievement of the objectives set during the planning, the impact on the economy and society as a whole, as well as the degree of support for companies and employees, especially in the case of financial support measures. Through the evaluation, it is possible to find data that flowed according to the original design, but mainly data which showed deviations from the initial estimates. The process of ex-post evaluation is carried out under the responsibility of the competent agencies of the public

[9] During the programming period 2007-2013, the organization, structure and operation of the special services involved in the design and implementation of the NSRF programs 2007-2013, was determined by Law 3614/2007 (Government's Gazette / A/3.12. 2007). Respectively, during the programming period 2014-2020, the legal framework that defined the management rules was determined by Law 4314/2014 (Government's Gazette 265/A'/ 23.12.2014).

administration, either by the agencies themselves, or is assigned to external collaborators-consultants. If used properly by the political leaders, evaluation results can be an excellent source of information particularly useful for redesigning public policy to meet socio-economic needs (Rekkas T., 2020).

A common element of all the above stages is the involvement of public administration's technocrats in the implementation of public policies. This happens because public administration's professionals, in addition to being called upon to design public policies on a case-by-case basis, are the ones who supply the current political leadership with the necessary elements (e.g., legal framework) to formulate new policies and at the same time they help them in the inevitable task of accountability in a democratic governance environment. According to Mihalopoulos N. (2016:196), public administration's professional by his behavior, bridges knowledge with practice. He acts as a link between scientific, abstract theory and application. He actually behaves on the basis of an "esprit de corps", applying management, organization, budget or financial analysis techniques to solve a public problem and expresses a condensed ethical behavior of values, such as political neutrality, integrity, independence and meritocracy. According to Goodsell C. (1992), "the civil servant is not only a professional of administration, but is also a skilled craftsman", while Gao F. (2008), without distinguishing between public or private administration, argues regarding that "administration, public or private, is not only a science, but is also an art" (in Mihalopoulos, 2016:197).

In the field of management science and under a standard regulatory content, the administrative professional who holds the position of civil servant is the one who knows how to plan and organize the work of his organizational unit, to staff it properly, to manage, to control it and achieve its goals. According to Fayol H. (2010), the administrative professional concentrates on the administrative functions of management, thus assuming an important role in the implementation of public policy. On the other hand, the reality is quite different, as the administrator/civil servant very often faces different and complex issues on a daily basis, as well as issues that need to be addressed immediately, which often cannot even be predicted since they stem from the unforeseen needs of political leaders and finally effect the administrative function to a short-term reference horizon (Mintzberg, 1971, 1990). The understanding of public administration therefore depends to a large extent on the day-to-day routines that professional executives are called upon to face (Noordergraaf M., 2000, Noordergraaf M., Stewart R., 2000 and Tengblad S., 2006), which identifies the size and quality of the work they perform. In addition, in the context of classical management science, the value of the concept of meritocracy and the staffing of public administration with professional civil servants, politically neutral and dedicated to serving the public interest (Mihalopoulos, 2016:194) are emphasized.

From the above mentioned elements, it is understood that the administrative professionalism and the high specialization on the objects of competence of the respective public service together with the required enrichment of professional knowledge according to the changeable social and economic data and the speed of creation of new knowledge and technology, are capable and necessary conditions for the proper functioning of the public administration and consequently, for the implementation of public policies with a beneficial result to the economy and society as a whole. In the case of financial instruments, as will be seen below[10], the administrative professionalism of the competent executives and agencies of public administration, is one of the most important elements of the overall mechanism which transforms the political intension for State's intervention into an applicable public policy.

[10] See chapter "Actors participating in the procedure of Public Policy to facilitate SMEs access to finance".

1.4 Definition of entrepreneurship

It is of great importance to define the term "entrepreneurship" as financial instruments actually concern entrepreneurship and belong to policy measures aiming to enhance companies' access to finance. The latter remains one of the most significant problems faced by a large number of enterprises and consequently force governments around the world to take several measures or create programs to achieve this quite difficult goal. In the literature several definitions of the term "entrepreneurship" exist as there is no consensus among researchers. Actually, it depends on the side and scientific field the researchers approach the term. Identifying new business opportunities and expand them into new activities which create earnings is identical to the word "entrepreneurship".

According to Karayiannis A.D. (2003), the first who described entrepreneurship back in the ancient years were ancient Greeks. Philosopher Xenophon recognized the adventure and opportunity seeking activities of oversea merchants. Entrepreneurship as a term has its origins in the French word "entrepreneur". According to Landstrom H. (2005:8) the term "entrepreneur" appeared for the first time in the 1437 "Dictionnaire de la langue francaise" referring most commonly to a person who is active and achieves something[11] while the word corresponded to someone who undertakes to do something. In the 17th century the word "entrepreneur" was used to describe a person who had been contracted by the State in order to carry out a certain task at a fixed price. Initially, the word described those who contracted with the State for the construction of major projects, a condition which shifted the definition to people who developed dual roles: on the one hand, the role of organizing and administrate major projects, and on the other hand, the role of a capitalist. "The organizing role involved integrating various production factors such as labor, material and machines. The role of capitalist implied taking the risk that costs would not exceed the contracted price" (Landstrom H., 2005:9). During the 18th century the word was released by contracts with the State and became identical to an "undertaker" i.e., someone who undertakes certain tasks while taking risks.

As stated before, there is no commonly accepted definition of entrepreneurship in the academic literature. The meaning of the undertaker thus was used by Adam Smith (1776), who wrote about "the undertaker of a great manufacture" (in Landstrom H., 2005), a phrase which connected with manufacturing enterprises of large scale. Gartner W.B. (1990) claims that "entrepreneurship has become a label of convenience with little inherent meaning" while other researchers believe that "the word entrepreneurship is normally used by analysts to mean whatever they like" (Aitken H., 1965, Hart 1975 and Stewart 1991 in Gedeon S., 2010). The fact there is no commonly accepted definition of entrepreneurship springs from the characteristics of the term which concerns a variety of academic disciplines. According to Ahmad N., Seymour R. (2008) the term "entrepreneurship" has occupied scientific fields such as anthropology, social sciences, economics and management (Drucker, 1985, 1999, Ghoshal & Bartlett, 1995).

As already mentioned, the origins of the word "entrepreneurship" derive from the French verb "entrenprendre" which is synonym to the verbs "undertake", "initiate", "begin", "start" and "make" (Ahmad, N. and Seymour, R., 2008, Mbhele T.P., 2012). All these synonyms are strongly connected to an entrepreneur who undertakes risks and responsibilities to run his/her own business. Richard Cantillon was the first who used the term in 18th century trying to define the terms "entrepreneurship" and "entrepreneur". As he was involved with

[11] The exact meaning of the most commonly use of the word "entrepreneur" appeared in the "Dictionnaire de la langue francaise" was "celui qui entreprend quelque chose".

commerce for living, he provided the first ideas about these terms which are commonly used in academia so far (Santos Góes A.O. and Brugni T.V., 2014). Actually, Cantillon expressed entrepreneurship as “self-employment of any kind” and entrepreneurs as “non fixed income wage earners and risk takers as they invest known amount without knowing how much amount it will generate”[12]. While emphasizing on the economic function of the entrepreneurship, Cantillon describes an entrepreneur as someone who engages in exchanges with profit and makes judgements under uncertainty as regards future sales of goods (Herbert R., Link A., 1989). He furthermore described the entrepreneur as a person who purchases a raw material at a known price but sells it at an unknown price (Cantillon R., 2010; 1755). Some years after Cantillon’s substantial contribution to enterprise economics, Abbé Nicolas Baudeau (1910, originally 1767) asserted that the entrepreneur possess the role of an agent who uses knowledge and intelligence to innovate, hypothesizing that the latter is a source of economic growth (in Mayer et al, 2018). Almost a century later, Jean-Baptiste Say (2002; 1815) described the entrepreneur as an economic actor whose activities generate added value (Fillion L. J., 2011) drawing a clear distinction between the role of the entrepreneur and the role of the capitalist (Schumpeter, 1954: 555). For Say the entrepreneur has a vital role in economy highlighting the importance of entrepreneurship for growth towards equibrium. Schumpeter pointed out that Say was the first who distinguished the role of an entrepreneur from the role of a capitalist (Schumpeter, 1954: 555 in Fillion L. J., 2011). Beyond the ability to plan, assess projects and taking risks, Say developed moral qualities which should be part of the entrepreneur's behaviour, such as: judgement, perseverance, good sense, knowledge of the world, as well as business expertise.

From the economic perspective of entrepreneurship, Marshall A. (1980) and classic economists perceive the entrepreneur as the owner of a firm who is simultaneously: (a) a capitalist and a manager, (b) is the risk-taker and the decision-maker, (c) is devoted to supervise the firm and coordinate its functioning (Grieco D., 2007). Under this perspective, the entrepreneur is an individual who finances the firm and coordinate its productive factors, i.e is an individual who organizes the enterprise. According to Marshall A. (1980) organization belongs to the factors of production accompanying land, capital and labor. Organization though in Marshall’s perception plays a key role to industry because it has a unique characteristic: it coordinates the other factors. This meaning has its origins in medieval times when an entrepreneur was identical to a building constructor (Landstrom H., 2005) of major projects who needs to overcome various tasks from organizing the factors used for the development of the project to create profit by it. For Marshall, entrepreneurship is an enterprise moving element and entrepreneurs need to create new products or improve the production plan of a current product. Moreover, Marshall A. pointed out that an entrepreneur should have a deep knowledge of industry and should be a natural leader (Santos Góes A.O., Vianna Brugni T., 2014).

The term “entrepreneurship” has been widely connected by researchers to profit and risk taking which highlights the economic aspect as well as the importance of risk for entrepreneurship. Knight F. (1921) and Drucker P. (1970) connect entrepreneurship with risk taking as regards doing business. For Knight F. risk is connected with the income of the entrepreneurs who bear market’s uncertainties and attempt to predict and act upon market changes occurred. Herbert R. and Link A. (1989) identified twelve aspects of entrepreneurship connected to the explanation of the term in economic terms such as profit or risk. Actually, they described entrepreneur as someone who: “(i) takes decisions by making assumptions under risk and uncertainty, (ii) supplies financial capital, (iii) is an innovator, (iv) is a decision maker, (v) is an industrial leader, (vi) is a manager, (vii) is an organizer and coordinator of

[12] P.J. Peverelli and J. Song 2012: 3; Rothbard 1995: 351 in Mbhele T.P., 2012).

economic resources, (viii) is the owner of the enterprise, (ix) is an employer of factors of production, (x) is a contractor, (xi) is an arbitrageur and (xii) an allocator of resources among alternative ones". Reynolds P. et al (2001) expressing Global Entrepreneurship Monitor (GEM) view extended the term "entrepreneurship" beyond the creation or the attempt of making a new business, to the expansion phase. Zimmerer T. et al (2008:5) claim that new business arises in the face of risk and uncertainty, focusing on entrepreneurs' "purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them"[13].

Kirzner I. criticized the neo-classical economic theory by deepening in the entrepreneur's significant role towards economy's equilibrium. Actually, Kirzner I. (1985) explains entrepreneurship as a warning sign for doing business where profit opportunities, not visible to others or competitors, exist. In this perspective an entrepreneur is not necessary someone who holds an innovative idea but a person who discovers new opportunities where others cannot see. Following Walras (1969) thoughts on entrepreneur's tense to earn profit as an arbitrageur, Kirzner I. (1973) describes the entrepreneur as someone who recognizes and acts upon profit opportunities. Actually, Kirzner's economic approach defines entrepreneurship as an economic function which aims to gain profit from prices, quantities and qualities diverging from their equilibrium values and points out that the entrepreneur is someone who finds profit opportunity in a new product or production process and moves quickly to fill this market gap identified by him before others (Klein P. & Foss N., 2009). Furthermore, Hisrich D. (1990) finds entrepreneur as a person who undertakes initiatives and is characterized by creative thinking. Venkataraman S. (1997) and Shane S. & Venkataraman S. (2000) define entrepreneurship in terms of sources of opportunities highlighting that entrepreneurship is "any activity which involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways to organize, markets, processes and raw materials through organizing efforts that previously had not existed" (in Mbhele T.P., 2012). Casson M. (2004), highlights the role of information cost and volatility to entrepreneurship as well as the role of entrepreneur as market maker and furthermore, strongly criticizes neoclassical's hypothesis of perfect information pointing out that the environment in which an enterprise activates is heterogeneous.

Alternative perspectives see innovation as a key factor for entrepreneurship. Actually, Schumpeter J. (1934) introduced innovation in the definition of entrepreneurship emphasizing that entrepreneurs should always find the appropriate way to respond to any economic discontinuances and defined "entrepreneur as an individual who can exploit market opportunities through technical and/or organizational innovation" (Schumpeter J., 1965[14]). In his perspective, innovation is the guide to find new combinations spurring creative destruction which in turn result in the creation of new goods, services or even firms against existing ones (Shane S., 2003). According to Schumpeter, economic development as a dynamic process depends on entrepreneurs whose ability to innovate plays a key role for growth (Herbert R. and Link A., 1989). Schumpeter taking over Say's definition went further to explain that "the essence of entrepreneurship lies in the perception and exploitation of new opportunities" (Schumpeter, 1928) and defined the entrepreneur as "the pivot on which everything turns"[15]. In fact, his perception was based on five elements associated with innovation by entrepreneurs "(a) an introduction of a new good, (b) an introduction of a new method of production, (c) an opening of a new market, (d) the conquest of a new source of supply of raw material and (e) the carrying out of the new organization of any industry"[16]. Additionally,

[13] In Smith W. and Chimucheka T. (2014).
[14] In Eroglu O. and PIcak M.(2011).
[15] In Grieco D. (2007).
[16] Schumpeter (1934:66) in Fillion L. J. (2011).

Bolton B. and Thompson J. (2000) defined an entrepreneur as "a person who habitually creates and innovates to build something of recognized value around perceived opportunities". In Kirzner's later perspective (1997), the entrepreneur always searches for new opportunities to trade while Deakins D. and Freel M. (2006) define entrepreneur as someone who is capable to operate as intermediary when such an option can lead to profit creation. Drucker (1985) defined entrepreneur as anyone who manages to establish a new business and entrepreneurship as the act of innovation which involves endowing of existing resources with new wealth-producing capacity. In contrary, Stevenson H. & Gumpert D. (1985) argue that "entrepreneurship is a process by which individuals pursue and exploit opportunities irrespective of the resources they currently control" (in Landstrom H., 2005:11). Gartner W.B. (1988) defined entrepreneurship as a process to create new organizations.

Other definitions such as the behavioral theory of entrepreneurship focus on personality trait, highlighting that entrepreneur is anyone whose motivation originates in high-upper goals trying to achieve (McClelland D., 1961). Research in this field outlines a number of traits a person should have in order to become a successful entrepreneur and focuses in general entrepreneurial characteristics such as achievement orientation, self-reliance, pro-activeness, future orientation and risk taking. For Penrose E. (1959) entrepreneurial activity in the context of the resource-based view of the firm involves identifying opportunities within the economic system[17]. In accordance to Onuoha (2007), "entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities". It is noteworthy that the industrial organization literature defines that entrepreneurship is measured in terms of new firms' creation and also in accordance with industrial dynamics i.e., the entry and exit of firms, identifying that Schumpeter's creative destruction is a substantial determinant of productivity dynamics in micro level, considering that new firms can displace the older and obsolete ones (Vivarelli M., 2013). Thomas A. and Mueller S. (2001) argue that the study of entrepreneurship should be expanded to international markets to investigate the conditions and characteristics that encourage entrepreneurial activity in various countries and regions emphasizing that national culture has definite effect on entrepreneurship[18].

A number of researchers have used various sub-terms in the form of adjectives to provide different glances of entrepreneurship such as "corporate entrepreneurship" or "intrapreneurship" (Robert A. Burgelman, 1983, Hisrich R.D., 1990, Shaker A. Zahra, 1991, Guth W. and Ginsberg A., 1990[19]), "social entrepreneurship", "opportunity entrepreneurship" and "necessity entrepreneurship"[20]. Actually, Shaker A. Zahra (1991) define corporate entrepreneurship as a set of activities which enhance a company's ability to innovate, take risks, and seize potential opportunities. New business establishment and new market allocation with further business pursuing are the main goals of corporate entrepreneurship or "intrapreneurship" according to Burgelman R. (1983) who highlights a company's ability to diversify through internal development. Social entrepreneurship (Boschee J., 1995; Leadbeater C., 1997; Dees J.G., 2001; Dart R., 2004; Austin J., Stevenson H., Wei-Skillern J., 2006) recognizes social problems and then organizes, creates and manages a social venture to attain a desired change and It mainly focuses on creating social capital without measuring the performance in terms of profit or return and appears through non-profit sectors and organizations[21]. Opportunity entrepreneurship arises when individuals who are not

[17] In Ahmad N. and Seymour R. (2008).
[18] In Eroglou M. and Picak M. (2011).
[19] See https://www.ilearnlot.com/corporate-entrepreneurship-meaning-and-definition/46841/.
[20] Additionally, research on the topic has been enriched the sub-categories of entrepreneurship introducing new terminology "corporate venturing", "intrepreneuring", "internal entrepreneurship", and "venturing" (Sharma P. and Chrisman J., 1999).
[21] See https://www.managementstudyguide.com/social-entrepreneurship.htm.

unemployed seek to start their own business activating pro-cyclically and associated with more growth-oriented businesses while necessity entrepreneurship includes those individuals who are unemployed before starting their own business activating counter-cyclically (Fairlie R. and Fossen F., 2018). Necessity entrepreneurs are "pushed by defensive and regressive drivers, such as the fear of unemployment" (Vivarelli M., 2013). According to Gedeon S. (2010) "these terms provide greater clarity when specifying subject populations or sharing data sets but also enable us to focus on and explore different aspects of entrepreneurship" and shows that the variety of sub-domain entrepreneurship terms arise from different theories and apply to different aspects of entrepreneurship.[22]

Herbert R. and Link A. (1989)[23] present a synthetic definition of the entrepreneur which is a combination of former ones as "someone who specializes in taking responsibility for and making judgmental decisions which affect the location, the form, and the use of goods, resources, or institutions". Moreover, Fillion L. J. (2011) pointed out that today "the range of entrepreneurial roles is increasing steadily, and now includes venture creators, technopreneurs, intrapreneurs, extrapreneurs, social entrepreneurs, the self-employed and many others. In this text, the term "entrepreneur" refers to all these entrepreneurial actors and entrepreneurship is a complex phenomenon involving a set of activities with technical, human, managerial and entrepreneurial characteristics, the performance of which requires a diverse set of skills". According to Fillion L. J. (2011) the main components of entrepreneurship are (a) innovation, (b) risk management, (c) opportunity recognition, (d) action, (e) use of resources and (f) added value while other elements defining the term are projective and visionary thinking, leadership, economic system's dynamic, venture creation, creativity, anxiety, control, introduction for change and rebellion/delinquency.[24] Furthermore, Veciana (J. (2007) classified all entrepreneurship research under four approaches: economic, psychological, socio-cultural/institutional approach and managerial approach which can be classified under three levels: micro, meso and macro or global level (in Fillion L. J. et al, 2010).

Furthermore, Van Stel et al (2005) argued that economic growth could be positively affected by the formation of new firms, while other researchers (Hart P. E., Oulton N., 2001, Thurik A. R., 2003) revealed that the latter could be also beneficial for employment generation and unemployment reduction both in developed and developing countries. Other studies (Reynolds et al, 2001, Wennekers et al, 2005) based on Global Entrepreneurship Monitor (GEM) evidence have found a positive relationship between a country's rate of entrepreneurial activity and its level of economic development, identifying a "hockey-stick" relationship between these two variables (Vivarelli M., 2013). Timmons J. A. (1997) described entrepreneurship as "a way of thinking, reasoning and acting that is opportunity driven, holistic in approach, and leadership balanced"[25].

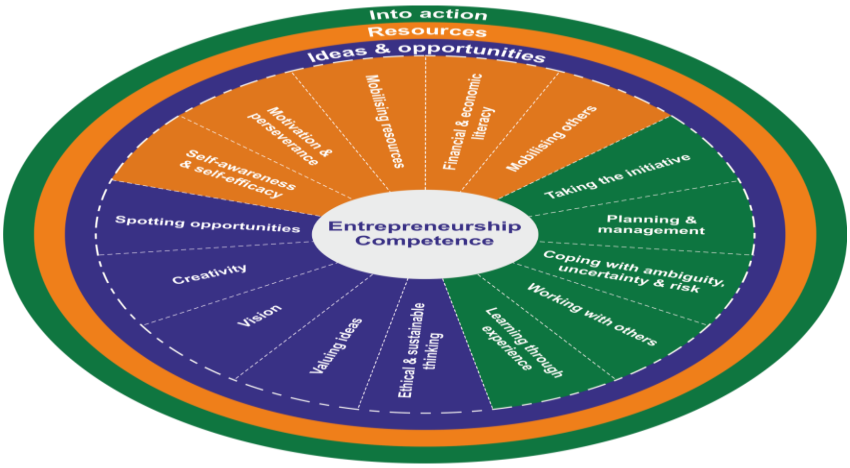
It is noteworthy that during the last two decades world-wide acknowledged international organizations have tried to define entrepreneurship in order to help governments to schedule and implement public policies for the support of entrepreneurship. By identifying both the importance of entrepreneurship to economic development and employment and also the lack of a single definition of the term, OECD have tried to contribute to the research regarding entrepreneurship by providing several definitions in accordance with the examined topic in each case. Initially, OECD described entrepreneurship as "the dynamic process of identifying economic opportunities and acting upon them by developing, producing and selling goods and

[22] Actually, Gedeon S. (2011) when trying to categorize the different definitions, emphasizes that the existence of different definitions of entrepreneurship in the literature depend on what different theories (risk theory, profit theory, dynamic theory, behavioral school, trait theory, dynamic theory) are concentrated on.
[23] Based on Cantillon, Schumpeter, Schultz and Kirzner.
[24] Each of these elements are associated with certain literature (see Fillion L. J., table 1, p.5).
[25] In Landstrom H. (2005:11).

services", then it was described as "…the ability to marshal resources to seize new business opportunities…". Later on, entrepreneurship was connected to self-employment trying to describe entrepreneurs as people who work individually, for their own selves and not for someone else. Finally, OECD defined the term referring to "enterprising individuals who display the readiness to take risks with new or innovative ideas to generate new products or services"[26]. Ahmad N. and Seymour R., (2008) collaborating with OECD on the topic managed to provide the following definitions of entrepreneur, entrepreneurial activity respectively: "Entrepreneurs are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets", "Entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets", "Entrepreneurship is the phenomena associated with entrepreneurial activity".

Additionally, the European Commission has been diligently dealt with entrepreneurship in its effort to design the core of public policy to support businesses with a focus on SMEs. According to the initial definition of the European Commission (2003) "entrepreneurship is the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization". In 2008 the European Commission, acknowledging the substantial role of entrepreneurship and SMEs to economic development, employment and social inclusion, proposed to the European Council and the European Parliament the Small Business Act (SBA) for Europe (2008a)[27] as an overall framework for the support of SMEs in the European and national level. A recent survey of the European Joint Research Center/EJRC (Bacigalupo M. et al, 2016), presents entrepreneurship as a competence consisted by distinctive elements for which there is no consensus in the literature. Acknowledging the fact there is a need to describe entrepreneurship in a commonly accepted definition the European Commission created the EntreComp Framework which is based on three (3) competence areas as follows: (i) ideas and opportunities, (ii) resources, (iii) action. Each area includes five more competences, and all together constitute the fundamental elements of entrepreneurship as a competence. EntreComp Framework then develops a framework for entrepreneurship which is based on three (3) competence areas and fifteen (15) competences as illustrated below:

EntreComp's Framework for entrepreneurship



Source: Bacigalupo M. et al (2016)

[26] For more information regarding OECD's definitions of entrepreneurship see Ahmad N., Seymour R., 2008.
[27] European Commission (2008a), *"Think Small First: A Small Business Act for Europe",* COM(2008) 394 final.

and defines "entrepreneurship as a transversal competence, which applies to all spheres of life: from nurturing personal development, to actively participating in society, to (re)entering the job market as an employee or as a self-employed person, and also to starting up ventures (cultural, social or commercial). It builds upon a broad definition of entrepreneurship that hinges on the creation of cultural, social or economic value." It thus embraces different types of entrepreneurship, including "intrapreneurship", "social entrepreneurship", "green entrepreneurship" and "digital entrepreneurship" (Bacigalupo M., et al 2016).

Finally, despite the fact that there are several similarities between public and private entrepreneurship such as the identification of opportunities to exploit or the innovativeness of activities chosen to further develop, a portion of researchers consider the significant role of public sector to the exploitation of entrepreneurship by highlighting its differences with private entrepreneurship. The latter concern the institutional environment of the public sector inside where it is obliged to function and the social and economic outcomes of its entrepreneurial activities which are not necessarily profitable as happening with private entrepreneurship (Hayter et al, 2018). The term "public sector entrepreneurship" has been initially introduced in the literature by Wagner (1966) who highlighted government mechanisms' role for gaining political profit or indirectly influencing the private sector's entrepreneurs towards innovation, respectively[28].

As shown above in the case of necessity entrepreneurship, entrepreneurship is a multileveled concept which is not necessarily associated with innovation, productivity growth and economic development. Although various surveys have revealed a positive linear relationship between economic development and entrepreneurship (Carree M. et al, 2007; Acs Z., 2008; Acs Z. et al, 2008 in Vivarelli M., 2013), this relationship becomes significant when the latter is combined with various indicators which influence economic development such as economic, institutional, cultural, and technological variables at the country level (Acs Z. and Szerb L., 2010, 2012). However, it is of high importance for political parties and governments to decide if their actions will include the vast majority of enterprises i.e., SMEs, or they will focus on certain types of SMEs with high potential to grow, for example, innovative SMEs or high-growth enterprises[29]). To this end, it is quite crucial to provide a definition for those enterprises characterized as SMEs and the next session is dedicated on them.

1.5 Definition of Small and Medium-sized Enterprises (SMEs)

As data across the world's national economies or wider economic areas such as the European Union clearly show, SMES are the vast majority of enterprises across the world. This reality cannot be underestimated by any government because it is highly connected with entrepreneurship and the creation of national income. SMEs are the backbone of European and national economies and provide the majority of new jobs created forcing the European

[28] Hayter C., Link A., Scott J. (2018) and Hayter C., Nelson A., Zayed S., O'Connor A. (2018).

[29] According to European Commission (2014) *Implementing Regulation (EU) No 439/2014 of 29 April 2014 "Amending Regulation (EC) No 250/2009 implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council concerning structural business statistics, as regards the definitions of characteristics and the technical format for the transmission of data*, high-growth enterprises are defined as those with at least 10 employees in the beginning of their growth and having average annualised growth in number of employees greater than 10% per annum, over a three year period. All enterprises with an average annualised growth greater than 20% per annum, over a three year period should be considered as high-growth. Growth can be measured by the number of employees or by turnover (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2014_128_R_0013&from=EN). The same definition is provided by the OECD (Ahmad, N., Petersen, D. R., 2007).

Commission to implement public policies to promote entrepreneurship and improve the business environment for SMEs (Eurostat, 2018[30]). Nonetheless, some researchers claim that governments should distinguish SMEs policies from entrepreneurship policy as the first involve policies which have quantitative objectives (e.g. number of start-ups, percentage of employment) and are implemented by special public agencies, when the latter is a broader concept which aims not just to enhance firms but to support an economic system which enables productive entrepreneurial activity with a high social impact (Stenkula M. and Henrekson M, 2010). According to them, pubic policies should focus not to SMEs generally, but to those SMEs with high growth potential (gazelles[31]).

Internationally there is no common definition about SMEs. In most cases a general rule like the number of employees helps to identify which enterprises belong to the category of SMEs. For instance, in the Unites States of America (USA) an SME is a firm with less than 500 employees[32] while in the European Union as it is shown later the corresponding threshold is 250 employees. Furthermore, other criteria are commonly used to define an enterprise as SME like turnover, revenues, capital and sector/industry.

Indeed, in the USA SMEs are categorized based on industry - a criterion which is affected by the characteristics of each productive sector –, revenues and the number of employees[33] while in the European Union a more general approach has been adopted based on criteria like the number of employees, turnover and capital. Moreover, in the USA an enterprise manufacturing sector is defined as an SME if it has 500 to 1250 employees, whereas in the sector of wholesale trades the corresponding threshold in terms of employment ranges between 100 to 200 employees[34]. But differences could be also presented within the same sector in the USA as could be shown with a simple glance in USA's SBA statistics: for example according to NAICS in sector 22 "Utilities" as regards code 22.11.11 "Hydroelectric power generation" the threshold to define an enterprise as an SME is defined to 500 employees, whereas the corresponding threshold for code 22.11.12 "Fossil fuel electric power generation" is 750 employees and the relative one for code 22.11.14 "Solar electric power generation" is 250 employees[35]. A similar approach to the one of the USA is applied in Canada where any business establishment with 0 to 499 employees and less than $ 50 million in gross revenues is defined as an SME.[36]

According to the European Union's definition (2003/361/European Commission's Recommendation), SMEs are firms with less than 250 employees and annual turnover below EUR 50 million and/or balance sheet below EUR 43 million. A small enterprise is defined as

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[30] Eurostat (2018), *Statistics on small and medium-sized enterprises,* https://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_small_and_medium-sized_enterprises.

[31] Gazelles are those enterprises up to five years old with average annualised growth greater than 20% per annum, over a three-year period (https://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetailDoc&id=26381&no=1).

[32] See OECD Stats: https://stats.oecd.org/glossary/detail.asp?ID=3123 and https://sbecouncil.org/about-us/facts-and-data/, Ward S., 2020 in website: https://www.thebalancesmb.com/sme-small-to-medium-enterprise-definition-2947962.

[33] In the USA the classification of an industry is based on NAICS (North American Industry Classification System), a system developed by the United States, Canada, and Mexico to standardize and facilitate the collection and analysis of business statistics (see Ward S., 2020 as mentioned above).

[34] See US Small Business Administration (2019a), *SBA's Size Standards Methodology*, pp.36-37, https://www.sba.gov/sites/default/files/2019-04/SBA%20Size%20Standards%20Methodology%20April%2011%2C%202019.pdf.

[35] See US Small Business Administration (2019b), *Table of Small Business Size Standards Matched to North American Industry Classification System Code,* p.5, https://www.sba.gov/sites/default/files/2019-08/SBA%20Table%20of%20Size%20Standards_Effective%20Aug%2019%2C%202019_Rev.pdf.

[36] Kekez A., Howlett M., Ramesh M (2019).

one which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

In accordance with the Recommendation 361/2003 of the European Commission (article 3), firms are categorized in the following three categories: (i) "autonomous enterprises" which are those not classified as "partner enterprise" or "linked enterprise", (ii) "partner enterprises" which are all enterprises which are not classified as linked enterprises and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises 25 % or more of the capital or voting rights of another enterprise (downstream enterprise) and (iii) "linked enterprises" are enterprises which present any of the following relationships with each other: (a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise; (b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise; (c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association; (d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise[37].

The above EU's definition of SMEs is crucial because it shapes the maximum percentage of state-aid among European Union's regions which differ economically as they contribute unequally to the national GDPs. The determination of the maximum amounts and percentages of state-aid in the form of either non-repayable like grants and tax exemptions or debt and equity financial instruments, follows the regional aid map which takes into consideration the GDP of each geographic region in the European Union and is defined according the goals of social and regional cohesion. Actually, the regional aid map provides aid rates inversely proportional to the size of the potential beneficiaries (e.g., enterprises). In particular, it provides higher aid rates for micro-enterprises, slightly lower aid for small businesses, even lower rates for medium-sized enterprises and, finally, lower rates for large enterprises. This distinction mainly takes into account the fact that SME support leads to less distortions of competition than state aid to large companies in order to meet the conditions of Articles 107-109 of the TFEU. State-aid rates defined by the regional aid map concern autonomous enterprises. In contrast, when an enterprise is defined as partner or linked, then the state-aid rates become lower because such link decreases the potential state-aid as the firm becomes higher in terms of turnover, annual balance sheet and employment. The reason is that all individual financial data between firms which are connected between each other in a way that they make them "partner enterprises' or "linked enterprises", are aggregated. The final result is transformed to potential beneficiaries i.e., firms which seek to receive state-aid, which in

[37] For exemptions see article 3 of European Commission's Recommendation 361/2003.

such case will remove to a higher category in terms of size and eventually will receive a lower rate of state-aid.

The determination of state-aid rates solely on the basis of the Gross Domestic Product (GDP) generated by each European region finds many stakeholders negative, as it does not take into account other important factors, either general, such as the unemployment rate in a geographical area, or tailored to business specificities, such as percentage of retention of jobs or the contribution of each company to the generated GDP per region. Both the above general and specific factors could lead to higher rates of state aid to medium and even large enterprises, so that following state- aid they will be able to increase their contribution to the generated GDP of their region. In this way, the less developed regions of the European Union will be able to increase their GDP and help European Union to achieve its social and regional cohesion.

Chapter 2: Reasons for State's intervention to facilitate SMEs access to finance – Theoretical background

2.1 Introduction

This section presents the theoretical background to help answer the following fundamental questions about the use of financial instruments as public policy to support SMEs to have better access to finance: which is the exact reason for such intervention?; is it because of financial markets' disfunction or because of State's intention to intervene anyway?; are they really preferred by governments against other forms of state's intervention such as grants or tax incentives and to what extend?; do they really work for the benefit of SMEs, especially those who need funding more than others, or do they ultimately favor those businesses that do not have a real funding problem?; does the success of financial instruments, even though they are financed with public resources among others, ultimately depend primarily on the interests of financial intermediaries i.e., banks which have the privilege of the lender, being in an advantageous position related to the borrowers (SMEs)?

In previous sections, the forms of State's intervention in the field of social and economic life through public policy as well as public administration were presented in the wider context of social sciences. In addition to the above scientific fields and as regards State's intervention, it is worth noting that in the context of economics literature, a strong confrontation has developed over the years between the proponents of free market and of state intervention in the economy, respectively. The formers are unequivocally in favor of the free market i.e., the private sector of the economy consisting of private companies, without or even the slightest intervention by the State. For supporters of a free market economy, the State is justified in intervening only to correct market failures in terms of minimal intervention. In contrary, proponents of State's intervention argue that the State should actively intervene in the economy when it is called for reasons of public interest to offer public services or goods which have high production costs and cannot be covered by market itself. Moreover, the State should intervene when it has to rectify cases where the market fails to function effectively, or by mobilizing public resources to stimulate private consumption and jobs in the economy. For supporters of active State's intervention in the economy, the question is no longer whether the State should intervene in the economy, but how it will do it right (Stiglitz, J., Lin J., Monga C., 2013).

Furthermore, minor literature has been analyzed in depth the role of public intervention to markets to enhance entrepreneurship. Hayter et al (2018) when trying to explain this significance, combine the terms "public sector" and "entrepreneurship" into one expression: "public sector entrepreneurship". For them "what makes the public sector entrepreneurial is that it can be associated with the recognition and exploitation of new opportunities, and thus its actions are characterized by uncertainty". This dissertation seeks to further highlight the critical role of the public sector in the design and implementation of state aid programs to support and develop entrepreneurship through the use of financial instruments. As can be seen, the public sector in many cases directs public resources in specific directions set out in the policy agenda. Awareness of the critical role that the public sector plays in entrepreneurship policies is therefore a critical factor in the success of government-selected public policies.

The recognition of the important role of SMEs in the national economies but also in the context of the operation of wider economies such as that of the well-publicized internal market of the European Union, is a fundamental step to justify State's intervention in this field of public policy. Such intervention should always aim at strengthening this category of companies, which in most economies constitutes the majority of the business community, offering a lot to both the development of entrepreneurship and job creation, while also contributing significantly in added value creation in the economy.

2.2 The importance of SMEs and entrepreneurship to the economy

The vital role of entrepreneurship to the economy highlighted in the literature of the 20^{th} century under alternate perspectives. In his emblematic work, Schumpeter (1934) emphasized the significant role of entrepreneurs towards economic development, stressing out innovation and the introduction of new inventions advancing current technologies and products. This procedure known as "creative destruction" developed during the "first decades of the 20th century when small businesses were considered a vehicle for entrepreneurship and a source of employment and income" (Thurik R., 2009). After 1930s, scientific research shifted its interest to large companies and how they contribute to the creation of added value to the economy. It is true that large companies offer the possibility of significant savings due to economies of scale, which lead to increased production capacity and distribution of products produced on more favorable terms, as well as the organization and management of resources and the possibility to invest in research and development leading to new or improved products. The important role of large enterprises has been pointed out by several researchers (Schumpeter J., 1942, Galbraith J.K., 1956, Bell D., 1960 and Chandler A., 1977, 1990), who even estimated that in the future the role of small enterprises would gradually weaken in contrast with large enterprises which would be the locomotive of economic growth. It is noteworthy that Schumpeter J. (1942) focused his attention on the creative accumulation which large enterprises have the opportunity to achieve through their innovative activities and their ability to invest in research and development as opposed to small enterprises which lag behind in this field where they show significant inefficiencies and shortcomings.

From the end of the twentieth century to present, the rapid technological development in the fields of information and communications technologies and the globalization of capital markets and products, have changed the conditions of production internationally. A significant number of SMEs employ a workforce with a high level of know-how in factors that decisively influence the production conditions of products and services. Knowledge has become a production's factor complementing the traditional factors of capital, labor and land, the development of which was outbid by proponents of the important role of large companies to the economy. Solow R. (1956) for example defined capital and labor as the main sources of growth as these two factors were the basis for industry's large-scale production while years earlier Coase (1936) highlighted that increased transaction costs in such production scale impose an increased firm size. At the same time, however, knowledge is characterized by high uncertainty and information asymmetries and its transfer shows high costs for businesses. Given that SMEs have the potential to make a significant contribution to the creation of new high-quality jobs in the new technologies and modern requirements imposed by the age of globalization, public policies have turned to SMEs, not just for social cohesion, but also because of their significant contribution to creating added value in the economy. The response of public policy to the developing demand which recognizes knowledge as the main source for the creation of comparative advantage, leads to the reappearance of what is called "The Entrepreneurial Economy" (Thurik, 2009).

The importance of SMEs as an employment generator is also highlighted by OECD (2017[38]), whereas Haltiwanger J., Jarmin R., Miranda J. (2012) and Lawless M. (2014) show that younger enterprises are significant creators of employment. As well, Lawless M. (2014) shows that smaller enterprises indeed provide the main source of employment.[39] In a sectoral basis, Rotar L.J., Pamic R.K. and Bojnec S. (2019) provide empirical evidence which confirm a positive association between the employment of SMEs in services sector and total employment. Furthermore, they find a positive relationship between GDP per capita and total employment whereas the effect of the employment of SMEs in industry sectors to total employment was found insignificant. In addition, the literature to date has highlighted the contribution of entrepreneurship to economic growth, further highlighting the positive contribution of start-ups to job creation, the reduce unemployment rates (Hart P.E. and Oulton N., 2001; Thurik R., 2003; Ayyagari et al, 2011) and contribute to economic growth (Van Stel et al, 2005; Audretsch D.B. et al., 2006; Van Praag M.C., Versloot P. H., 2007; Koellinger P., Thurik A. R., 2012). This positive effect comes both from the innovative entrepreneurs at the heart of Schumpeter's analysis and the entrepreneurs in necessity who do not necessarily take on this role having discovered some market opportunities first but purely for survival reasons (Baumol W. J., 1990; Vivarelli M., 2013). The majority of entrepreneurs, both those who discover opportunities in markets or innovate and those in necessity, belong to the multitudinous group of SMEs. In the OECD area, SMEs account for 99% of all firms creating about 70% of jobs on average, and contributing between 50% and 60% of value added on average (OECD, 2016[40]).

Despite the various definitions used across the world to define SMEs, they play a key role in national economies as in most cases they represent the majority of the enterprises. According to the Office of the United States Trade Representative SMEs[41] are the backbone of the American and European economies. Actually, 30 million SMEs in the USA account for nearly two-thirds of net new private sector jobs in recent decades across the country. Moreover, SMEs accounted for 99.9 percent of the 27 million private businesses in the United States in 2006 while the vast majority of SMEs were firms with fewer than 20 employees. On the other side of the Atlantic, SMEs in the European Union account for 99.8% of the 25.1 million enterprises in 2018 (EU's SBA Factsheet 2019)[42], while the vast majority (93%) of the European SMEs are micro (e.g., having less than 9 employees and a turnover less than € 2 million). Furthermore, 66.6% of the European workforce is being employed in the European SMEs which contribute to 56.4% of added value in the European Union's economy (EU-28 including Great Britain). The above data justify the great importance of SMEs in both sides of the Atlantic something which has been recognized in the Transatlantic Trade and Investment Partnership (TTIP) between the USA and the EU.[43] According to data form the EU's Small Business Act (SBA) Factsheet, SMEs are the vast majority of European firms and they represent 99,8% of the total amount of European enterprises (EU-28). It is noteworthy that 93% of enterprises in EU-28 belong to the micro level.

[38] OECD (2017), *Enhancing the Contributions of SMEs in a Global and Digitalized Economy* and OECD (2017), *Entrepreneurship at a Glance 2017.*
[39] Similar conclusions can be find in a study of Anderson and Eshima (2013), Huber, Oberhofer, and Pfaffermayr (2017), Heyman, Norback, and Persson (2018), Love, Roper, and Zhou (2016), Ayyagari, Demirguc-Kunt, and Maksimovic (2014) in Rota L. J., Pamic R.K. and Bojnec S., (2019).
[40] See OECD (2016), *Entrepreneurship at a Glance 2016.*
[41] Office of the United States Trade Representative (2010), *Small and Medium-Sized Enterprises: Overview of Participation in U.S. Exports*, https://www.usitc.gov/publications/332/pub4125.pdf.
[42] European Commission (2019), *Annual Report on European SMEs 2018/2019,* https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en#annual-report.
[43] Transatlantic Economic Council (2019), *Joint Statement from the 10th U.S.-EU SME Workshop,* Kansas, September 2019, https://ustr.gov/issue-areas/small-business.

In countries like Greece which constitutes a small national market compared to other large national economies in Europe (such as Germany, France, Italy, UK, Spain), SMEs play a substantial role to the national economy and the society. According to the SBA Factsheet 2019[44] for Greece, 821.209 enterprises, almost 100% of all Greek enterprises, are defined as SMEs, according to data from the European Commission. 97,4% of Greek businesses (800.075) are micro-enterprises employing less than 10 employees, 2,3% (18.958) are small enterprises, 0,3% (2.176) are medium-sized enterprises, and almost 0,0% (331) are large enterprises. Much more than half of the Greek workforce, or 62%, is employed by micro-enterprises and 87,9% of the workforce is employed by SMEs. Micro enterprises and SMEs account for 17,6% and 63,5% of the value added in the economy, respectively. Compared to the EU-28 average, SMEs and especially micro-enterprises are more numerous and more important for the Greek economy.

In conclusion, SMEs are the majority of enterprises worldwide and they play a key role in the economy in terms of employment and added value. In the European Union since 2008 and the Small Business Act which reflects the "Think Small First" principle in EU policies, it is clear that SMEs need a special treatment in order to stay competitive both in national and global market. The most of them both in Greece and the EU activate in services and trade contributing a lot in terms of employment and added value to the economy. SMEs contribute significantly to employment and value added to the economy. It is quite clear then that State's intervention to support SMEs' finance is imperative and governments' role becomes crucial for creating the appropriate environment which will enable SMEs to have better access to finance. A remarkable approach towards this direction is the creation of financial instruments to enhance SMEs access to finance.

2.3 The economic literature as regards State's intervention

The development of economic theories at the macroeconomic level or political economy is not the subject of this dissertation. However, the hypotheses of some of the schools of economic thought are presented below, in order to understand the economic environment in which decisions are made to implement public policies to support entrepreneurship and improve SMEs' access to finance. Actually, all economic schools were developed based on the fundamentals of the Classical Political Economy of Adam Smith, David Ricardo and Karl Marx[45]. It is widely acknowledgeable that the economic theory of Keynes J.M. as described in the General Theory of Employment, Interest and Money (1936) was a turning point of the Classical School as it had been formed up to that time justifying State's intervention in the economy in times of economic crises. Keynes advocated the rise of public expenditure in times of crisis to cover part of the demand's deficit which - under certain conditions - could lead the economy away from a full-time equilibrium. Particular emphasis is given to the failure of laissez-faire

[44] See European Commission's (2019), *SBA Factsheet – Greece 2019*.

[45] According to Labrinidis G. (2015), we should take into account at least nine (9) schools of economic thought. These include the Classical School, as formulated by Walras, Marshall and Pigou. Keynes (1973 [1936]) made a breakthrough in this school with his General Theory of Employment, Interest and Money. Four revisionist schools followed in various directions. In particular, Monetarism (led by Friedman, Metzer, Laider) and New Classical Economics (Lucas, Barro, Surgent, Prescott, Wallras) all sought to revive Classical Theory. The Neoclassical-Keynesian Economics (Hicks, Samuelson, Solow, Tobin, Clower) and the post-Keynesian Economics (Kalecki, Robinson, Kaldor, Sraffa, Davidson) on the other hand, tried to integrate Keynes' perception. Finally, two more recent developments attempted to solve problems in the hypotheses of classical and Keynesian theories, and thus the Real-Business Cycles (Kydland, Prescott, Long, Plosser) and New-Keynesian Economics (Ackerlof, Stiglitz, Romer, Mankiew, Blanchard, Phelps, etc) emerged, respectively. In parallel with the above schools, Marxist Theory was developed by Marx, Engels and Lenin as its founders.

and the need for State's intervention. In both Keynesian and post-Keynesian contexts, Say's law which states that supply creates its own demand is rejected, and the focus is given on the demand side. In this sense, fiscal policy should lead to the stimulation of demand rather than of supply. Another dominant theory is New Neoclassical Composition[46] whose landmark is the belief of a spontaneous tendency for equilibrium in the market, whether such equilibrium is general or partial assuming perfect competition. Equilibrium models reject interventions by factors outside the market as these distort the trend and ultimately lead to an imbalance, respectively general or partial. In particular, laissez-faire is a basic policy proposal that emerges without prerequisites from Classical Theory, New Classical Economics and Monetarism. In such a context, State's intervention with the scope to diffuse the cost of profitable business plans is unacceptable as it leads to market distortions. These economic schools claim that perfect information exists among economic actors, State's macroeconomic policy is ineffective and that there is certainty rather than uncertainty in the economy. For such reasons they are completely inappropriate to explain the case of financial instruments as public policy capable to cover market failures in financial markets.

Actually, market failures and the need for State's intervention in order to overcome such failures provide the necessary justification to intervene in financial markets. Such intervention scopes to enhance access to finance for companies especially those facing serious barriers which prevent them from having proper access to the necessary funds. The section below presents the approaches that justify State's intervention based on market failures which cannot be explained because of Classical and New Classical Theories weakness to explain any disequilibrium without taking into account markets' inability to be self-corrected.

2.3.1 Market failures

According to Classical economics[47] markets function properly and offer the economy an equilibrium between demand and supply. Everything works appropriately when everyone, sellers and buyers, enterprises and consumers, have perfect information regarding the product or service which is being purchased. This is an ideal scenario based on the assumption of perfect information. According to Barbaroux P. (2014) information about goods and services which are under purchase in the market is complete and perfect: an assumption on which Classical and New Classical Schools were based. Additionally, in such framework financial markets function perfect and access to internal and external finance for enterprises are perfect substitutes (Modigliani F. and Miller M.H., 1958). Adapting such assumptions leads to complete and perfect information where "everyone knows everything" (Milgrom P. and Roberts T., 1987[48]) and there are also zero transaction costs and complete contracts. As a consequence, demand and supply come to an equilibrium point where the needs of both sides are covered in a price which is negotiable during each purchase. Ceteris paribus, everything works perfectly and there is no need for a public intervention at all, as all sides have access to perfect information knowing exactly what they really need and possessing all the appropriate information about each other.

Vlachou A. and Konstantinidis C. (2016) claim that "neoliberalism celebrates individual freedom and responsibility, attributing economic failure or success to individual

[46] See Rao P.K. (2003), chapter 4 "New Neoclassical Economics".

[47] Classical and New Classical Economics have their origins in the theories of Adam Smith (Wealth of Nations, 1776), David Ricardo (*Principles of Political Economy and Taxation*, 1817 about comparative advantage in international commerce between different economies).

[48] In Barbaroux P. (2014), p. 184.

characteristics, such as entrepreneurship, rather than systemic or shared characteristics. Moreover, neoliberals claim that market offers an optimal mechanism for the coordination of individual economic activities, as well as solutions to various economic or environmental problems". In reality, the above ideal situation is more than likely to happen for several reasons. First, the conditions in real economy change every day because the needs of each parties do not stay the same during time. This pushes all parties to change their attitudes quite often making ceteris paribus hypothesis not even an option in real world. Second, both sides do not possess the same information about each other's needs, priorities, preferences and also about the quality of the product or service which is purchased (this is the case of "adverse selection" based on the seminal works of Ackerlof G., 1970, Rothchild M., Stiglitz J., 1976, Stiglitz J. and Weiss A., 1981) making the substantial for the classics condition of perfect information not applicable. Third, Adam Smith's "invisible hand" is in reality a utopia as the majority of transactions cannot even reach equilibrium point because of market failures which create serious distortions to the function of the market and the economy in general.

Moreover, there are several cases where markets decide not to purchase a product or service because of several reasons: (i) its production is extremely expensive for the private sector to undertake its supply to the market (this the case of public goods, for example national security and defense), (ii) there is massive demand which cannot be satisfied by current producers, (iii) there is low demand because the price is too high for consumers to undertake. In addition, several distortions are occurred making markets functioning imperfectly such as information asymmetries, transaction costs and externalities which create satisfying conditions for public sector's intervention.

Because of market failures markets do not work perfectly resulting a disequilibrium between demand and supply of goods and services. This provides a perfect excuse to public administration to intervene in order to fix the problem of disequilibrium and furthermore to formulate an appropriate environment for entrepreneurship and investments. But this should not be just the case: public intervention should not only try to fix market failures but it should furtherly try to create demand able to boost markets, mainly in areas facing serious potential to expand according to comparative advantage. When market failures exist, public intervention is necessary not for just fixing the problem or for the provision of certain guidelines towards this direction. It should go on one step forward to create a Schumpeter's dynamic economic framework in order to support SMEs with significant opportunities to expand and boost and positive economic impact to the economy (Mazzucato M., Penna C., 2015) or even more to create new markets with innovative characteristics (Mazzucato M., Semieniuk G., 2017). Furthermore, Polanyi K. (1944) found that the role of the State describes not just an intervention by itself to the markets' functioning, but in contrary it seems that markets are the outcome of social and political process. In specific, Polanyi talked about a centrally organized and controlled interventionism enormously and continuously increased as a prerequisite for free markets. Even Adam Smith's free market is not simply the one functioning perfectly without any intervention by the State but it is the one which is "free of rent". The latter is an admission which generally requires much policymaking (Adam Smith, 1776 in Mazzucato M., Semieniuk G., 2017) and for sure not the minimum intervention by the State as it is widely misunderstood.

As noted, according to the classic theory markets function without the need of any intervention by the State as they successfully reach equilibrium between demand and supply. In further, in such an economic system based on free market, effective resource allocation occurs and the economy reaches the Pareto optimal situation where any change of the distribution of resources would negatively affect at least one economic actor. In contrary, the reality has shown that a perfectly competitive market does not necessary leads to an efficient allocation of resources because of market failures occurred). One serious reason is that a perfectly competitive market would force enterprises to sell their products or services in a low price helping to reach equilibrium between demand and supply of goods or services. Furthermore, if government would not allow different lobbies representing different interests to influence purchases, then an equilibrium could be resulted. As markets do not work properly market failures are occurred and could lead to several distortions like in the case of public goods which cannot be provided to the society the private sector because such provision requires high costs and does not create revenues to the provider. This is the most common case which allows public sector's intervention in order to provide a public good like national health systems or national defense to the society: private sector's absence mobilizes public sector to intervene and to provide such services in a commonly accepted low prices to the society.

Furthermore, a perfectly competitive market does not necessarily lead to an efficient allocation of resources because of market failures occurred (Brown R., Lee N., 2017). In reality there are several actors which take a significant role before the product or service comes to the customer: taxes to transactions imposed by government, the cost of materials needed for the production procedure, existence of other similar products/services to the market, information asymmetries, tariffs when a product/service is imported, the cost of energy to the production procedure, the existence of other terms imposed by the state as standards for production procedures etc.). Inefficient allocation of resources is the main reason for the emergence of market failures (Stiglitz J., 1989). A way τo overcome such obstacles is public intervention through programs scheduled to improve access to finance for enterprises through financial instruments.

According to Audretsch D., Grilo I., Thurik R. (2007), a crucial distortion exists in level playing field situations, very common in the EU member-states, which appear when governments select to impose horizontal rules in various public policy fields like taxation or labor and product market regulations and administrative burdens. Another serious source of potential public intervention is the existence of network, knowledge and learning externalities which can be overcome with State's help to disseminate positive spill-over effects of new technologies, collaborations, intellectual property rights specialized knowledge created by research, development and clustering to even more potential beneficiaries, mainly SMEs.

2.3.2 Market failures in financial markets

The fact that in the real-world market failures exist gives the floor to public intervention and provides the appropriate rationale in the case of financial markets as well where the supply of funds usually is much less than the existent demand, a phenomenon which is commonly presented during the economic crisis. Market failures also exist in financial markets against the classical theoretical approach according which (Besley, 1994)[49] "in a perfectly functioning credit market, there will be a market for loans with the interest rate determined through processes of supply and demand. As those who will make best use of the loans will be able to pay the highest rates, the market will allocate finance to the best investments. This market would be Pareto efficient as it will not be possible to improve the allocation without making someone worse off". Additionally, welfare economics declare that a perfectly competitive market cannot yield efficient outcomes to the society (Pack H. and Saggi K., 2006).

The existent literature has shown that market failures arise when the competitive market cannot provide optimal outcomes to the economy. Especially for financial markets a variety

[49] In Brown R., Lee N., 2017, p.9.

of primary failures are named as contributors to the banking and financial crises[50] such as, among others, the excessive risk-taking in the financial sector due to mispriced government guarantees, regulatory focus on individual institution risk rather than systemic risk and opacity or lack of transparency (Acharya V., Cooley T., Richardson M. and Walter I., 2011, Mehrez G., Kaufmann D., 2000). Audretsch D., Grilo I., Thurik R., (2007) submitting their view from the scientific discipline of management, argue that access to finance has been identified by the economic literature as a major distortion in financial markets, mainly hampering small firms which are more exposed to information asymmetries and therefore to credit rationing. In their very influential article, Stiglitz J. and Weiss A. (1981) define credit rationing as a situation which occurs among loan applicants who appear to be identical to get finance but some of them are being rejected even though they would pay higher interest rates. Credit rationing appears as well in case of groups of firms which cannot obtain loans at any rate under a given or with larger credit supply. Unfortunately, very often banks deny to provide loans to firms which cannot be easily distinguished in terms of business opportunities with other similar firms with sound financial record. Even though banks have the option to increase interest rate or collaterals in order to reduce their risk against default, they get used to end up to adverse selection. Actually, Stiglitz J. and Weiss A. (1981) argue that banks often prefer to ration credit than raise interest rates and use collaterals to become incentivized to provide loans to enterprises, a choice which may lead to adverse selection.

In specific, as far as credit markets are concerned, the debate concentrates on: (a) credit rationing, a situation which occurs because of market failure arise when a funding gap i.e., the difference between demand and supply of capital, appears and (b) the obstacles which enterprises, mainly the small and innovative ones, face when trying to obtain finance (Cressy, 2002). As far as credit rationing is concerned, low-risk borrowers which have the ability to submit collaterals in order to receive a loan with good conditions (i.e., low interest rate), "may be unfairly credit rationed when the amount of collateral required exceeds their wealth endowment" (Cowling, 2010). Such a distortion affects negatively those enterprises, mainly small firms, which already faced barriers to access finance because of limited or even no financial record. An ordinary example of this category are young entrepreneurs who in reality cannot obtain finance at all or they eventually receive it under tight conditions and in the most cases with high interest rates because of their lack of collateral. The fact that young or small firms do not have sufficient credit history, could lead lenders to avoid their financing because of the lack of elements to estimate risk, even to those firms with high potential to grow. Such information problems in financial markets then lead to credit rationing in a way that loans are eventually allocated by a mechanism other than price (Craig B., Jackson W. III, Thompson J., 2008). The above constitute typical results of financial markets without State's intervention which lead to unfair credit rationing even to those SMEs with high potential to grow and really need financial support during their early stages. The floor is open then for State's intervention for the creation of better conditions for SMEs to receive lending or equity appropriate for their functioning, development or expansion. Moreover, as credit rationing could result in by adverse selection or moral hazard (Ackerlof G., 1970, Stiglitz J. and Weiss A., 1981), there is plenty of room for State's intervention to overcome market failures which arise because of: (a) asymmetric information or information asymmetries, (b) high transaction and monitoring costs and (c) externalities (Jaki E., Molnar E., Walter G., 2017, Brown R. and Lee N., 2017) which are presented below.

[50] Demirguc-Kunt A., Kane E., 2002 using a multi-country analysis illustrate that deposit insurance as a result of government guarantees provided explicitly or even implicitly (Acharya V, Cooley T., Richardson M., 2011) increases the likelihood of a banking crisis. The latter could negatively affect financial markets.

2.3.3 Information asymmetries

Information asymmetries[51] arise when different economic actors cannot collect all information in order to purchase a product or service. Sometimes they do not have the ability to obtain crucial factors needed for a purchase: prices of competitors, quality issues, technical aspects as regards the product/service, hidden costs, probable commissions or fees issued. Lack of the appropriate information then leads investors or lenders to become risk averse acting rationally in market conditions (Wishlade F. and Michie R., 2017). Additionally, information asymmetries affect the way consumers assess the quality of products or services they need to purchase (Ackerlof, 1970, Barbaroux. P., 2014). When a customer does not have the appropriate information to make an efficient purchase, an "adverse selection" probably becomes as a result (Ackerlof, 1970). In such case, the seller is on an advantageous position compared to the buyer. This situation is certainly not optimal because it ends with only one winner: the seller. An efficient purchase means that the buyer is able to buy a product/service in a satisfying price accompanied with attractive selling conditions (e.g., no fees for replacement, zero after sales treatment, payments in monthly installments etc.). In case the buyer does not have all the necessary information then the purchase will not be on his benefit because of several reasons explained above. This is the case when information asymmetries result in a market failure to the demand side and it further appears in credit markets hampering mainly SMEs which do not always have the ability to collect necessary information to make a purchase or a deal with a supplier. This may lead SMEs to inappropriate financing, especially in urgent cases when a deal with a supplier could be pushed to take place immediately, burdening thus its cash flow with an expensive short-term finance as lines of credit. Even more, lack of information mainly occurred in the case of micro and small firms, leads to the reduction of lending by banks and further amplifies the existing financing gap. As banks activate as enterprises seeking to create profit, which in their case is the interest rate, they simultaneously try to avoid taking risks and have a risk aversion attitude. This is the main reason they request collaterals to overcome their risk and further proceed to strict credit assessment (credit scoring) before reimbursing a loan to an enterprise.

In addition, information asymmetries create market failures which also reflect the supply side of view in financial markets. Actually, when a bank does not have the appropriate information to evaluate the financial status of an enterprise the possibility of taking a decision for lending could lead to negative outcomes in bank's financial statements at a later stage. In this case the bank requests collaterals from enterprises in order to decrease the risk it takes when it decides to provide a loan. But it is not always feasible for SMEs to provide sufficient collateral in order to receive finance. Furthermore, when SMEs are in a weak position, they are banks' proposal includes quite negative loan terms such as high interest rate or a high commission. This creates transaction costs and happens because banks charge more in order to collect all necessary information to evaluate the possibilities of SMEs to fully pay their regular loan installments. The situation is more difficult for start-ups or enterprises at the seed stage which do not even have a financial record to be evaluated by banks. The result then is quite negative for the economy because it leads to insufficient funding reflecting a gap between demand and supply. The same happens in equity markets making the collection of information for providing capital to SMEs more expensive for an equity provider. The latter passes on additional costs to the demand side making capital financing more expensive for SMEs. In both cases (e.g., provision of loan, equity) the door then is open for State's intervention with a

[51] Or asymmetric/imperfect information as both expressions are used to describe the same phenomenon. Research so far has found that access to information is extremely difficult and expensive for both the demand-side i.e., certain types of SMEs, mainly start-ups, micro, small firms and high-tech enterprises (Siedschlag et al., 2014) and the supply-side i.e., banks.

financial instrument which would encourage SMEs to request for a loan and finally receive it in order to cover their needs.

Overcoming information asymmetries in financial markets increases market transparency, encourages greater investor participation and reduces financing costs for SMEs upgrading the role of the State to create the appropriate information infrastructure for credit risk assessment and the standardization of credit risk information to help borrowers to proceed on the evaluation risk when considering a loan application (Koreen M. et al, 2018). But initially it is substantial for the State to provide all necessary information in a transparent way to all SMEs as regards the available financial instruments which help them to have access to finance. As shown above, in credit markets information asymmetries affect both the demand and the supply side causing informational failures which have strong implications for entrepreneurship policies (Karlsson C. and Andersson M., 2009).

2.3.4 Transaction costs

Transaction/monitoring costs often appear during the evaluation and post evaluation period as well. From the supply side of view, they increase the functional costs of the provider of finance i.e., a bank or an equity provider. Investment decision must be taken carefully by the bank or a fund manager in the case of equity finance to meet return expectations in the form of interest rate for a loans' installments or return on equity, respectively. In order to take the appropriate decision to lend or to invest significant cost appear for lenders and equity providers because they need to collect, evaluate and use reliable data which are extremely useful to evaluate requests for funding from the demand side and furthermore, to gradually disburse the amounts of loans or equity installments to SMEs and to monitor them as regards the use of finance according the terms of the contract signed by both sides. All the above require expert staff in a variety of disciplines and scientific fields which increases functional costs of the lender, highlighting thus the significance of the transaction costs in SMEs' financing procedure. In addition, monitoring costs may lead to suboptimal provision of finance (Brown R. and Lee N., 2018, Beslev, 1994) which results in more loans of small amount and less loans of big amount: when an enterprise receives a big amount in the form a loan it may not activate with a strong motive compared to opposite case or receiving a loan of low amount. This situation could lead to distortions in credit markets because it has as a consequence smaller amounts of loans available to SMEs and negatively reflects the cover of the financing gap between demand and supply of funds.

2.3.5 Externalities

There are several circumstances where the activities of an enterprise create spillover effects which affect positively or negatively third parties and are not reflected in market prices. In other words, financial criteria affecting the ex-ante evaluation of an investment such as return on investment (ROI) cannot explain the fact that some activities create wide and long-term benefits to the society. Typical examples of positive externalities appear quite often in research and development (R&D) activities or entrepreneurial activities in the fields of renewable energy sources and energy efficiency, urban development or vocational training which create a wide range of social benefits. Indeed, such entrepreneurial activities with positive externalities to the economy and the society but might had been rejected to receive finance in a former stage (Wishlade F. and Michie R., 2017). These are classic circumstances where the State should intervene to design financial instruments with the appropriate "patient long-term finance", an approach quite important for innovation and the deployment of innovative methods, products or services (Mazzucato M. and Penna C., 2015)

In the case of financing start-ups, micro and in general small enterprises which do not have sound finance track record or even worst they cannot even present revenues, investors are very reluctant to proceed on their financing. The reason is not only because these enterprises seem to be "a lost case" because of their weakness to present positive financial statements but furthermore, because it is quite expensive for investors (banks or equity providers) to collect and evaluate all these requests for financing from this kind of enterprises. The existence of such high transaction costs and moreover information asymmetries are obvious obstacles for private investors to be more active, especially in the case of venture capital (Jaki et al, 2017).

In contrast, there are several circumstances which justify public sector's intervention because of positive externalities sourced by such intervention: revenue is not always the motive for the State to proceed on such an intervention. Jaki et al (2017) mention other most important motives related to social and economic development, such as the creation of new jobs, local or regional innovation, increase of tax income to be spent on social services and the provision of public goods. Moreover, pubic intervention could mobilize private sector to finance investments to SMEs, leading to what is called the "crowding-in" effect, on the one hand through the support of innovative projects (Mazzucato M., 2013, Mazzucato M. and Semieniuk G, 2017) and on the other hand, by SMEs projects and business plans with positive economic impact to the economy. The latter refers to what is called "positive externalities" which have a positive impact to the society and they are offered by the State because they actually are activities of high cost, such as research and development (Mazzucato M. and Semieniuk G., 2017). In contrary, other externalities could have a negative impact to the society, such as a polluting industrial activity based on carbon combustion which requires corrective measures to be taken by the State, such as imposing fines or high environmental taxation.

2.4 Helping SMEs to have better access to finance through financial instruments: State's role.

The search for adequate forms of SME funding is a matter of particular concern for governments at a global level. At the European Union level and in the context of an integrated policy design for the support of SMEs, as illustrated by SBA (2008)[52], there has been a clear trend in recent years supporting the use of financial instruments against traditional subsidies (grants) from Member States. This trend is observed both at the level of ESIF and the State aid regulatory framework, as well as in the context of the implementation of the European Fund for Strategic Investments (EFSI), combining various unemployment and underemployment. Financial instruments are an alternative to non-reimbursable state aided grants as they have the characteristic of resources' recycling and leveraging and they help the provision of public funds to boost economic growth and entrepreneurship.

State's intervention commonly takes the form of financial instruments when trying to improve access to finance for enterprises. Governments usually use financial instruments instead of grants because of their leverage effect to financial markets which is anticipated by co-

[52] European Commission (2008), *"Think Small First: A Small Business Act for Europe",* COM(2008) 394 final.

investing public and private sources to support access to finance of enterprises. Indeed, financial instruments belong to public policies aiming to cover the financing needs of enterprises, especially SMEs. Actually, SMEs face the most serious problems as regards access to finance as they do not always have sound financial record, tangible or intangible collaterals and they are more vulnerable than large enterprises in terms of finance.

Actually, financial instruments help the leverage of public and private sectors resources providing the opportunity to increase total resources for business financing. They contribute to the efficient use of public funds as they help the recycle of funds for future use in new investment projects. They also help improving the quality of investment projects due to the need for Return on Investment according to financial rules and furthermore, they substantially contribute to the reduce of the economy's dependence on non-reimbursable types of state-aid such grants. The success of financial instruments depends deeply on State's commitment to take up part of the investment risk and the uncertainty on a long-term basis, as long as the degree of public and private sector engagement. Although financial instruments contribute to the increase of available sources for SMEs' financing, they simultaneously lead to a reverse outcome: banks which co-invest their sources for the creation of specialized funds which provide loans or capital by using financial instruments programs, direct the co-funding with the public sector sources to their current best clientele. The latter benefit from the favorable terms of financial instruments which eventually are not used to help those SMEs which face difficulties to receive finance but in contrary those enterprises which could obtain finance without any financial instrument.

It is noteworthy that access to finance is the major problem faced by Greek SMEs during the deep long-term crisis, according to the results of SAFE (Survey on Access to Finance of Enterprises) in recent years. As Argyriou T., Labrinidis G. and Rekkas T. (2020) claim, "in Greece in particular, SMEs are more numerous, smaller and weaker, compared to other advanced countries in the European Union while the last capitalist crisis was particularly severe. According to the results of the European Central Bank Survey on Access to Finance of Enterprises – SAFE (European Commission, 2019), access to finance is the number one problem Greek companies have been facing, during the deep prolonged crisis. Hence, the necessity for State's intervention for the benefit of SMEs is well documented".

In order to explain State's intervention in financial markets, the reason and the ultimate goal of such intervention must be understood. The main reason for State's intervention is the need to fill the financing gap raised between money demand and supply at a given time. Such a general justification, fails to explain the real financing needs of businesses, quite simply because it is based on just filling the financial gap, a term which concerns businesses in general. This means that State's intervention aims to fill the financial gap and not to cover the real financing needs of businesses. And it is ultimately much easier to fill any financial gap from those companies that already have easy access to financial markets (e.g., large, medium enterprise, small mid-caps) than those which face serious problems in access to finance. Thus, financial instruments which are designed and implemented as a public policy to enhance access of companies to finance, end up having the exact opposite effect as they are accessed mainly by companies which in fact do not need them. The fact that in countries like Greece where access to finance is the No1 problem according to SAFE survey, funds which are set up to facilitate business through financial instruments are funded mainly by the European Structural Funds which overemphasize resource absorption as main criterion, helps the most towards this direction. The final result is the design of financial instruments ultimately accessible to a small number and not the majority of companies which have real needs to finance their activities but at the same time are stigmatized as non-bankable according to strict bank criteria. Moreover, data regarding financial instruments during the period 2007-2013 in Greece support this conclusion. It is characteristic that in the case of the

Entrepreneurship Fund whose target group were Greek SMEs, the actual aid rates as a percentage of the total number of companies were extremely low[53].

According to Labrinidis G. (2015), enhancing SMEs' access to finance aims at increasing their production but does not create any conditions for demands' increase for this augmented production. Such a condition would exist if the State committed itself to absorb the increased production or to provide targeted financial support to other enterprises for the same purpose. In reality there is no such prediction. In the case of financial instruments, if we focus only on the financial market, then it seems that both SMEs which gain access to finance with better terms and the bank which gets rid of almost all the risk and thus, succeeds much higher profit. But a better look shows that the treatment is unequal in favor of the bank. If there is no provision for the absorption of the SMEs' output, then it seems that only the bank is definitely strengthened since it is guaranteed by the State for the repayment of the money it lends. On the other side, the SME is not guaranteed for the repayment of the capital while it is not exempted from the obligation to repay the loan in case of insolvency. The unequal treatment against the lender (bank) and the borrower (SME) in this particular economic situation is crucial for the assessment of State's intervention a priori. In addition, the objectives of increasing productivity and total employment are not central objectives of financial instrument programs to enhance SMEs' access to finance. But even if such goals were included in their inaugural declarations, they lack the tools to support them as financing of companies takes place under a specific time horizon and is disconnected from achieving a specific result, for example, due to the quantity produced or the increase in employment.

A crucial question still remains for public policy makers and deals with who should a government support: SMEs in general or those SMEs and productive entrepreneurship in high-impact firms? (Henrekson M. and Stenkula M, 2009). To answer such a question, we need to specify which are the main characteristics of SMEs in a country both by size and sector. The analysis regarding Greece presented in this dissertation follows such a path pointing out that in the cases of adverse selection and credit rationing appeared commonly in financial markets, public policy should primarily focus on overcoming the obstacles which SMEs face when trying to receive finance and secondly, in a later stage on those enterprises which indeed present high opportunities to grow. Thus, public policy should be implemented in stages and according to the characteristics of the national economy, taking seriously into account that one size does not fit all as different countries have different needs in different times.

Financial instruments should facilitate access to finance, enhance entrepreneurship and shape markets. They are a modern tool of public policy to meet the financing needs of businesses and especially SMEs, which face acute funding problems during times of economic crisis and prolonged recession in countries such as Greece. It is noteworthy that access to finance is the number one problem faced by Greek companies during the crisis, according to the results of the SAFE (Survey on Access to Finance of Enterprises) survey, as it appears successively in recent years in contrast to other Member States of the European Union (Germany, England, France, etc.) and the European average, where access to finance is not a major problem for businesses. At European level, there has been a clear trend in recent years towards an increase in the use of financial instruments over traditional grants by Member States, both at the level of the European Structural Investment Funds (ESIF) and the state aid regulatory framework, as well as in the context of the implementation of the European Fund for Strategic Investments (EFSI), with the possibility of combining various tools towards the ultimate goal of strengthening entrepreneurship as a pillar to tackle unemployment and underemployment.

[53] See relevant section below.

As public policy, financial instruments, by mobilizing public and private resources, are called upon to contribute to addressing the inadequacy of the capital market to meet the expanding capital needs of businesses, either through loan funding or equity funds. Both of them are created through co-investment of funds with interested financial intermediaries (banks) or specialized organizations. In the first case (loan funding), the use of public sources through financial instruments intends to meet the lending needs of companies by assuming part of the investment risk, either by lending funds from cooperating banking institutions / co-investors with lower interest rates than the market or by providing guarantees in loans to companies. The main purpose is to cover the deferrals in favor of banking institutions (after the expiration of the 90-day overdue period) in case of inability to meet the liabilities of companies to banks. In the second case (equity), the use of public resources aims to contribute to the capital support of mainly innovative companies in high-tech sectors, either in the form of participation in their capital (e.g., venture capital) or by participating in their management and in the decision-making process, with a specific exit policy at a predetermined depth of time (acquisition, merger, their conversion to medium capitalization) or their entry into the stock market.

In the current context of the European Union, the use of financial instruments, provided that the state is committed to taking on part of the investment risk and the resulting long-term uncertainty and that it is widely promoted by the public and private actors involved, leads to benefits such as:

- leveraging resources from the private sector (mainly from interested financial institutions, institutional investors, funds or institutions), which provides the opportunity to increase the total funding for businesses,
- more efficient use of public resources through the recycling of funds for future use in new investment projects,
- improving the quality of investment projects due to the need for return on investment with financial terms and criteria,
- reducing the dependence of the economy on non-repayable grants.

At the same time, public resources guided to financial instruments in addition to the required liquidity support in the short term (e.g., working capital) are important to be directed to investments that will contribute to the creation of added value in the economy, without it is necessary to have high profit margins in financial terms. In this light, financial instruments can lead to a "crowding-in effect" i.e., to attract rather than attract private capital for investments with a high productive and technological sign.

2.4.1 Justification for State’s intervention to address policy measures against unpredictable factors

COVID-19 pandemic has brought about significant changes in the way businesses operate, which in turn have affected national economies, as well as international markets. The cause of these huge changes was the measures taken by governments in order to stop the spread of the deadly virus. However, these mandatory measures such as lockdowns caused huge negative economic effects in many sectors of the economy. A large number of companies showed a large decrease in turnover, while at the same time unemployment rates as well as flexible employment, increased significantly. Consequently, due to the difficult economic conditions, SMEs’ access to finance was also negatively affected as it is pointed out in the recent SAFE (Survey on Access to Finance of Enterprises) survey of the European Commission. These negative developments have forced governments around the world to direct a significant portion of their national budgets to address the financial implications of COVID-19 measures to entrepreneurship. State's intervention became absolutely necessary to tackle negative economic effects.

In particular, the latest SAFE report (2020)[54] covers the period from April to September 2020. The survey was conducted on a sample of SMEs in EU Member States (4,055 companies in the EU, 480 of them in Greece). The key points of the SAFE survey on SMEs' access to finance at European level are indicative of the dramatic situation in which small businesses find themselves. Especially in the case of Greece, the data confirm the long-standing problem of the so-called "financing gap" and the extremely limited access of micro and small enterprises to financing and financial instruments. By looking at some selected data, one can immediately draw critical conclusions about the liquidity of domestic SMEs - through the pandemic - and the overall level of access to finance, compared to other European countries. Specifically, (a) access to finance for European SMEs decreased by 40%, which is the highest percentage presented in all the years of the survey; (b) the turnover of European SMEs decreased dramatically as 61% indicate a decrease in turnover (44% net balance) which is the highest percentage since 2014; (c) Grants have increased three times at European level from 8% to 24%; credit lines continue to be the first source of funding for European SMEs. However, only 20% of SMEs which applied for a loan (1 in 5) were eventually able to obtain the loan amount requested.

The specific data are extremely worrying in terms of further comparative examination. In particular, the most significant differences are found between Member States. For example, while access to finance is judged by Greek companies of the sample as the main problem (22%), in Germany and France it is a penultimate issue (9%). In other countries that have implemented Memorandum of Understanding (MoU) programs it is not a primary problem: in Ireland the percentage is 7% (penultimate problem), as in Portugal and Spain is the last problem (9%, respectively).

In the question "how important is access to finance in the last 6 months" in relation to other issues (e.g., competition, access markets) Greece also records one of the highest prices (6,6) in relation to the average price of EU member states (4,8) and compared with countries such as Ireland (4,8), Portugal (5,8), Spain (5,9), Romania (5,9) and Slovenia (4,8).

In connection with the above, the survey records that 30% of the companies of the sample in Greece stated that they have not used a bank loan in the last 6 months (average 29% in EU-27), while 54% stated that this form of financing is not relevant to the enterprise (50% at EU-27 level). In particular, 30% of the companies that applied for a loan eventually managed to get the total amount they requested, when the corresponding percentage in the EU-27 is 70%. Respectively, 20% of SMEs of the total sample failed to receive the amount of loan they requested at EU-27 level, while in Greece the same percentage amounts to 38%. At EU-27 level, 6% were rejected, while the corresponding rejection rate in the sample of Greek companies is 20%.

Furthermore, the fact that the decrease in the turnover of Greek SMEs is one of the largest (71% indicates deterioration) of the sample as a whole (-59% net balance) is of particular concern. It is noteworthy that the average of member-states at EU-27 level recorded a decrease to 44%, while the highest decrease was recorded, at EU level, only in Ireland (-62%)

[54] European Commission (2020), Survey on Access to Finance of Enterprises in the euro area, April to September 2020, https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/index.en.html.

and Malta (-64%) (in net balance terms). Consequently, the same decrease is noted in the profits for Greek companies with 74% indicating a deterioration of the profit index (-66% net balance) when the average of EU-27 is 59% and 45%, respectively.

However, it seems equally problematic that 30% of the Greek SMEs of the sample stated that the main reason why borrowing is not relevant to the enterprise is the high bank interest rates offered. Specifically, Greece records the highest percentage (30%) in the whole EU-27 (average 8% at EU-27 level) while it possesses the second highest percentage (average 4% at EU-27 level) collateral or guarantee (9% with average EU-27: 4%).

Respectively, when asked if grants or subsidized bank loans have been utilized in the last 6 months, 27% of Greek companies stated that they have used relevant financial instruments, 28% that they have not utilized at all and 45% that they are not compatible with the company ("not relevant to enterprise").

The analysis of the above indicative and selected data not only highlights the exacerbation of the liquidity problem of SMEs in Greece but also once again describes the difficult business environment in which domestic SMEs are currently called to operate, especially in terms of access to finance. Actually, the data of the survey reveal a bleak picture in terms of liquidity and financing for the majority of SMEs which, combined with the dramatic economic impact of the long COVID-19 business environment, is expected to lead to more and deeper sustainability problems of the economy in the coming period.

2.4.2 Financial instruments vs grants

When designing public policy support for SMEs and entrepreneurship, the question often arises regarding which of the following financial instruments is most appropriate: grants or financial instruments? The answer is not easy. Public policy makers should take into account different data each time depending on the goal that the policy seeks to achieve. The stage of the cycle in which an economy finds itself also plays an important role. In this case, financial instruments may better suit to the upward phase when economic growth is observed because in such conditions lending to businesses by banks is easier. On the contrary, in times of crisis i.e., in the phase of recession, grants seem to be a more effective measure as they facilitate the undertaking of investment by companies, especially those who face closed doors by banks.

A key difference between the two instruments is the following: grant is a non-repayable form of aid. It does not have the character of recycling or reusing sources by the State as usually happens with lending and capital financial instruments. In essence, these are one-off resources where firms have the sole obligation to comply with the terms and conditions of the State Aid Implementation Guide. On the other hand, companies receive grants to implement a business plan following an assessment procedure by the State. In order to receive the grant, companies are obliged to finalize a significant part of the business plan which had been financed at earlier stages by their own resources. Additionally, it is not always feasible to count grants' impact on both businesses (e.g., a profit-making contribution or the increase of exports, improving market position, creating a competitive advantage, etc.), as well as to the wider society (e.g., job creation, contribution to GDP's growth or to the creation of added value in the economy, etc.). Grants are not repaid by companies which have successfully implemented their investment plans. In the case of financial instruments, however, the opposite is true: a pool of money is created from regular loan repayment resources that can be reused to facilitate corporate access to finance through the same financial instrument or another.

For a number of researchers, the use of grants to support business is not an effective policy instrument as the resources available to businesses are not recycled but given as a lump sum. Their contribution, both at micro-level and macro-level is not easily measurable. Grants could, possibly create serious distortions to the market such as the creation of companies' subsidy awareness or the distribution of public money to non-sustainable economic units. In addition, to date, the limited research literature on the effectiveness of grants as a public policy instrument to support entrepreneurship and SMEs, refers to both negative and positive aspects of their use (Brown R. and Lee N., 2017). In particular, negative aspects of the use of grants are mentioned: on the one hand, there are issues related to ethics (moral hazard) which concern the existence or not of an incentive for the efficient use of grant resources, given that they are an external source of funding. On the other hand, the issue of resource complementarity (Wren, 2005) and the fact that the widespread use of grants as a policy instrument to support businesses often creates a grant mentality to enterprises. The latter often leads to the consolidation of the perception that the implementation of development projects by companies requires the existence of state aid programs, which in fact leads to serious distortions in the functioning of the market itself such as the irregular distribution of grants in the wrong type of businesses (Brown, R. and Lee N., 2017). It is characteristic that such mentalities are very often derived from the business community itself and even from companies that have from time to time been supported by public interventions at the level of state aid. The final result is the partial expulsion of the private sector from the field of development investments, the so-called "crowding-out effect". The public sector, instead of helping the private sector to undertake investment risk ultimately drives private investment out of the game. The private sector, on the other hand, instead of taking on the investment risk of making long-term development investments expects the public sector to announce a state aid program to cover part of the costs of an investment plan. The initiative in this case, however, belongs to the public sector. The private sector is waiting for the public sector to take the initiative to proceed with the planning and implementation of a long-term investment plan.

On the other hand, grants could have positive effects on the economy especially in the context of regional policy (Wren, 2005) when the aim is the increase of capital expenditure by businesses and consequently reducing disparities between different geographical areas in terms of employment and value added (Harris, Robinson, 2005; Heart et al, 2008). Grants are also an important instrument to support companies that have the ability to finance an investment plan, as they first need to allocate own resources in terms of cash flow in order to implement the project and often, their success attracts other actors from the market to support the project such as banks. The latter therefore have every reason to support the implementation of an approved investment plan with a loan as its successful implementation will lead to an increase in banks' profits and the expansion of its activities with new loans for further development of their clientele. In addition to the grant, the implementation of an investment plan requires the use of own resources from companies which come either from equity covered by a share capital increase for the needs of the investment or from reserves intended for investments. Part of the same participation of the company may come from bank lending as well. If the latter is covered by a State aid program with a debt financial instrument, then the amount of the aid is somehow offset or deducted from the amount of the grant received by the company under the State aid program with the grant instrument. This procedure determined EU's State Aid Regulatory Framework is very strict bureaucratic, as it is subject to a series of very demanding controls by the competent bodies of the European Commission or the bodies responsible for this purpose.

On the other hand, in the context of loan or equity financial instruments the initiative may still belong to the public sector but this time the financial instruments are designed in close cooperation with the private sector, as the latter is called upon to contribute funds for the establishment of co-investment funds or for the provision of business loans guaranteed by the State. In this case, therefore, the public sector attracts funds from the private sector which are necessary for the establishment of the fund. This case could very well be described as a "crowding-in effect", as the public sector causes the inflow of private capital for a specific purpose: to facilitate the access of companies, especially SMEs to finance. The co-investment of public and private resources may, under certain conditions, lead to the lending of companies by an amount greater than the total capital contributed to the establishment of the fund. In this case, the financial instrument helps to recycle its resources, as was done in the case of the Interim Entrepreneurship Fund[55]. This phenomenon is impossible to occur in the case where the policy instrument are grants because they are provided in a lump sum or in installments to the company but without the possibility to re-used by the State for further strengthening other businesses. The amount of the grant is given to the company in the context of an investment project subject to compliance with state aid rules (in the case of a program undertaken by a member state of the European Union) but without the possibility of re-using the resources for new investments. The opportunity is of course given to the companies themselves but they are not always so willing to invest unless, as mentioned above, they know that they can rely on the public sector expecting a state aid program from the latter. This is therefore a situation due to a market distortion created by grant mentality.

Undoubtably, any negative aspects of grants do not mean that the State should move away completely and let the market operate on its own in the field of investment and development business projects. On the contrary, due to the significant failures of the market (incomplete / asymmetric information, transaction costs, externalities), the State must intervene carefully and purposefully, determining each time the necessary means to support entrepreneurship and SMEs with the appropriate combination of grants, financial instruments and tax exemptions which should complement each other.

2.5 Types of financial instruments

Financial instruments could be divided in the following four categories (Thomson J, Boschmans K., Pissareva L., 2018) which are described below:

i. *Loan financing instruments* which include either subsidized or guaranteed loans. They are the most commonly used financial instruments[56] and there is a lot of work done so far in the literature regarding their effectiveness.
ii. *Equity instruments* which mainly include venture capital or private equity schemes. These instruments have been popular in certain countries like the United States of America, Canada, Israel, the United Kingdom and Australia, but they are less developed in the European Union[57].
iii. *Alternative instruments* which include a variety of complex instruments categorized according to the level of risk and return (low, medium, high) like corporate bonds, covered bonds, subordinated loans, convertible bonds etc. Asset-based finance, which include asset-based lending, warehouse receipts and most commonly used instruments of factoring and leasing, also belong to this category.

[55] See relevant chapter for financial instruments in Greece.
[56] See OECD, "Financing SMES and Entrepreneurship" Scoreboards, 2014-2020.
[57] See European Union, SMP Impact Assessment, 2018 and COSME interim evaluation, 2017.

iv. *Hybrid instruments* which have ion parallel some features of debt and equity and are "situated in the middle of the risk/return continuum" Cusmano L. and Thomson J. (2013).

The most commonly used financial instruments can be derived in the following three categories: (a) loan / debt instruments, (b) guaranteed loans and (c) equity finance. For some researchers (Cusmano L. and Thomson J., 2013) equity finance belongs to alternative financing techniques rather than to traditional financing solutions for enterprises through the banking system. Although equity instruments are indeed for the enterprises an alternative source of finance, they certainly constitute a separate category of financial instruments and for that reason they will be presented as such below. The most known and widely used types of financial instruments are presented, as follows.

2.5.1 Loan - Debt instruments

Loan/Debt financial instruments scope to enhance SMEs access to finance by generating debt in favor terms for enterprises. The most common loan/debt instruments are loans and guarantees to loans provided to enterprises, SMEs included and their main characteristics are presented below.

2.5.1.1 Loans

Traditional loan financing is the most known type of external funding, suitable for low-risk projects and enterprises with sufficient cashflow to repay borrowed capital with interest rate and moreover, debt finance enables entrepreneurs to retain control of their business (Wishlade et al, 2016). According to the European Commission (2013) over 60 % of European SMEs have used a loan sometime in their existence. Loan/debt instruments usually have fixed conditions as regards the maturity of the loan, the interest rate and repayment modalities. The bank is the first to be repaid in case of bankruptcy and the relationship ends when the loan is repaid. In some cases, a co-investment agreement is signed between a public entity responsible for financial instruments implementation with banks after a call for expression of interest. Banks are financial intermediaries and provide loans to those SMEs which submit their application for financing following an evaluation stage according to strict bank criteria. The interest rate usually represents the lender's level of risk which is based on the quality of cash flow and collateral asked by borrowed enterprises, which are usually assets in the form of buildings, machines etc. (European Parliament, 2017).

According to Wishlade F. and Michie R. (2017) "loan products can help address credit rationing, as well as cost-of-credit issues (through interest rate subsidies or easier terms). Loans are often preferred by SMEs because there is no loss of control or ownership, as with equity, but they can lack the flexibility required by young firms". In terms of implementation, interest rate is usually lower than the one which would be offered to the SME by the bank under strict market conditions and depends on the co-investment proportion. For instance, if the co-investment proportion is 1:1 (or 50%-50% participation to the fund's equity) then the interest rate would be determined at half of the market's rate. In the case of 40%-60% (public – private) participation to the fund's equity then the interest rate would be determined 40% down of market's interest rate.

Finance of an existing company could be either corporate or project finance. Corporate finance could take the form of an investment of an existing company or an investment in shares or loan in the balance sheet of the company. In these cases, investment goes to many different projects or activities and could result in revenues or losses from different activities. A default arises only when a company goes bankrupt. Furthermore, finance could concern a specific project or investment bringing different investors together. The investment goes only to one specific project which can create revenues or losses which come only from the project. A default arises when a project fails to deliver profit.

Empirical evidence on public assisted loan schemes has shown that such programmes did not always help alleviate the problem of access to finance for SMEs with lower interest rates (Jones-Evans D., 2015) or better conditions of financing such as lower demand for collaterals (Argyriou T., Labrinidis G. and Rekkas T. 2020). Other researchers (Brown R. and Lee N., 2017) claim that such types of financial instruments could be more helpful when they are focused on certain types of enterprises which obtain strong difficulties to financing and are managed by persons who are long-term unemployed or belong to ethnic minorities or enterprises of the social sector. Although a number of researchers highlighted the fact that public subsidized loans cause significant distortions to private sector's credit markets (Honohan P., 2010), it is quite crucial to acknowledge that the provision of public assisted loans might be more effective through banks which belong to the State (Brown R. and Lee N., 2017). Anyway, a thorough evaluation of such schemes is necessary on order to find out which are their real consequences to SMEs financing and to draw conclusions useful for public authorities to schedule relative programs in the future.

2.5.1.2 Guarantees

Financial intermediaries and enterprises are also familiar with loan guarantees. Guarantees are based on a commitment taken by a third party which most of the times is the State through its public sector or an expert agency ("guarantor") to repay the lender which most of the times is a private bank, when the borrower ("debtor") cannot afford to repay the loan. The commitment is stipulated in the contract agreement signed between the three participants: (i) the guarantor which is often the State, (ii) the lender i.e., banks and (iii) the borrower i.e., SMEs or the enterprises in general. A guarantor takes the obligation to pay the outstanding principal to the creditor, if the debtor is not able to do so. This contract is a guarantee. Guarantees are given when the perceived risk of default is high e.g., in the case of SMEs, or exports to developing countries. According to Wishlade et al (2016), "guarantees are typically coupled with loans, in principle in order to facilitate access to capital by firms which would not be able to obtain it otherwise, and are offered by various types of guarantor". Guarantees can be full or partial and for free or with a guarantee fee. Types of guarantees are for individual clients and portfolio of projects or counter guarantees which are given to a guarantor (bank) usually partial. It is noteworthy that guarantees require a lower amount of initial resources than a co-funded financial instrument for loan provision but "its revolving effect is slow (money set aside cannot be reused until repayment is ensured) and the administration complexity can be cumbersome" (European Parliament, 2017, p. 28).

Technically, guarantees are provided usually up to a certain percentage of a loan's loss or even by a portfolio of loans loss by the State to financial intermediaries which are evaluated to do so. Therefore, selected financial intermediaries (e.g., banks) by using State guarantees should increase their provision of loans to viable businesses which would otherwise face difficulties in receiving a loan. The word "viable" is the key: only those SMEs which are evaluated as viable will receive a loan, whether funds for the provision of loans are not exclusively private but come from the public money box. This condition is due to state-aid or capital adequacy legislation internationally applied, especially in the case of the European Union and the Economic Monetary Union, respectively. In accordance to these rules, banks follow their own path, no matter the scope of a financial instrument program is. They just lend bankable enterprises i.e., those who are creditworthy, taking into consideration only strict financial criteria. Banks became reluctant to provide credit to SMEs which do not have the adequate collateral to hedge risk. Actually, they are reluctant to finance SMEs even at high interest rates, because of high costs of obtaining information on the credit quality of potential borrowers (Sagi J., 2017).

According to the European Court of Auditors (2017) the effects of guarantees to enterprises loans were higher for businesses that would potentially have struggled to obtain a loan without the guarantee”[58]. Furthermore, as regards the guarantee instrument of COSME 2014-2020, HORIZON 2020 and the previous ones of CIP (Competitiveness and Innovation Programme) 2007-2013, the European Court of Auditors observed that in is sample “a significant share of beneficiary companies would not have struggled to get access to finance and thus were not in need of a guaranteed loan. Lending to companies that did have access to finance was particularly pronounced at private financial intermediaries under the InnovFin SME Guarantee Facility. Businesses having access to finance also do benefit from the guarantee, for example in the form of a lower interest rate. But the interest rate reduction is limited and comes at a cost. Moreover, by supporting businesses having access to commercial loans, the EU instruments risk competing with the private sector”[59]. It is noteworthy that the above report suggests that the European Commission should proceed to “a thorough and comprehensive analysis of market needs and cost-effectiveness”, pointing out that in real conditions guaranteed instruments centrally managed by EIB and the European Commission were not directed to those enterprises which really needed to have access to finance but mainly to those which would have obtained a loan anyway.

On the other hand, if guarantees are used appropriately, “they have most potential for impact where collateral-based lending is the norm and the business population is not asset-rich” (Wishlade F. and Michie R., 2017). According to Cowling M. and Siepel J. (2013) guarantee schemes are suitable for small firms which “cannot gain access to (proportionally) as much credit, or credit on equally favorable terms, as large forms of equal risk” when Riding et al (2007) claim that guarantees “provide loan security to smaller firms that would otherwise be unable to obtain finance through conventional means” (in Brown R. and Lee N., 2018)[60]. It is quite interesting that credit guaranteed schemes are more suitable to finance projects for development reasons. In contrary, such financial instruments are not successful for financing working capital or cashflow (Cowling M. and Siepel J., 2013; Brown R. and Lee N., 2018). Practice though has shown that guarantee schemes were not so much accessible to small firms and they were indeed not so welcomed by banks which become reluctant to use their own funds to provide new loans to SMEs, even if they are guaranteed by the State. This is what really happened with the Guarantee Fund in Greece as shown in the relative chapter for the Entrepreneurship Fund of this dissertation.

[58] See European Court of Auditors, p.7.
[59] As above.
[60] On the opposite view, critics concentrate on problems created by guarantee scheme such as low additionality, high administration costs for lenders, banks’ reluctancy, issues associated with moral hazard (Levitsky, 1997) and the claim that guarantees negatively influence borrowers not to repay their loans as they know that they will be covered by the guarantor in case of default (Brown R. and Lee N., 2018).

2.5.2 Equity instruments

Equity financial instruments offer higher return to the investors because they usually finance riskier SMEs' projects and investment plans. In general, a business may raise capital through holding funds and venture capital firms, which combine public and private resources and invest in innovative companies that exhibit large growth potential. This type of funding applies to small or medium size businesses at any stage of their development: pro-seed, seed, early/later stage or even mezzanine financing just before a company's Initial Public Offering (IPO). Besides equity, venture capital firms may contribute in management, mentoring and developing of cooperation networks. In short, a company that raises capital through private equity has the following options: (i) private equity capital funding and (ii) participation in management. In the former, financing for an SME may take place through acquiring a share in a company's equity or convertible bonds or even with syndicated loans. In the latter private equity capital firms tend to participate actively in business management of the financed company and provide consultancy services (coaching, mentoring). Participating in management takes place by acquiring a significant minority position in companies' shares combined with active support of company governance.

Investors can indirectly participate in companies through equity funds (special type of mutual/investment fund) which own and manage stocks of a number of companies or funds of fund which possess shares in other funds or private equity funds which are not listed funds that invest in high yield equity e.g., venture capital fund is investing in start-up companies – giving capital for funding or expansion. The upper goal is to sell stocks with high profit on the stock exchange through an initial public offering (IPO) in a certain periods time. Equity participation is mid or long term and brings active involvement in the company's management.

By using equity, an enterprise (investee) sells rights to other enterprises of individuals (investors) as an exchange for capital. The investor while buying a percentage of the investee's shares, automatically acquires several rights of the investee such as voting or/and decision rights, dividends etc. Most commonly, SMEs receive equity mainly in the early stage by various types of investing such as business angels, crowdfunding, venture capital, direct internet public offers etc. Business angels are current or former entrepreneurs or robust persons with significant experience in their field. Crowdfunding can help entrepreneurs mainly with capital contributions low-level. The attraction of such contributions take place through specialized web platforms. Direct Public Offer (DPO) is another equity instrument which take place when the investee sells its shares directly to investors, usually online (Duma F., 2018)[61]. Venture capital is suitable for existing companies with high potential to grow which have the opportunity to receive a large amount of money and managerial expertise which will help them develop their entrepreneurial activities. It is desirable that equity instruments should cover investments of high risk of enterprise activating in seed stage or start-ups and SMEs for whom additional funding is required but is unavailable in the form of debt (European Parliament, 2017). Mason C. and Kwok J. (2014) claim that "there is considerable evidence, particularly amongst the business angel community, that investors are frustrated by the low quality of the investment opportunities that they see and so are unable to invest as frequently or as much as they would like." The result is lower financing for SMEs because of high rejection rates by investors i.e., business angels od venture capitalists. High rejection rates might be the result of "SMEs' general inability to meet the requirements of professional investors when

[61] According to Duma F. (2018) "Direct Public Offers are more appropriate for SMEs than the Initial Public Offers (IPO) because they eliminate the financial intermediaries (investment banks, dealers, underwriters, etc.) and for this reason are much cheaper, lowering the cost of the capital substantially".

seeking external finance" (Boschmans K. and Pissareva L., 2017). This is another reason which justifies public sector's intervention which would cover SMEs' lack of ability to adapt to investor's requirements and meet their demands. Nassr I. and Wehinger G. (2016) suggest the development of public equity markets as supportive to SMEs financing for investment reasons together with non-bank financing instruments acknowledging though the existence of a serious equity gap for risk financing and the small share public SME equity.

Premised on the experience so far, venture capital is the most used equity instrument as lots of governments around the world have used them in order to provide capital to SMEs, parallel to venture capital funds of the private sector. Recently, a number of researchers[62] distinguish between government-backed venture capital funds and private venture capital funds. Actually, government-backed venture capital funds are defined as "funds that are managed by a company that is entirely possessed by government bodies" (Grilli L. and Murtinu S., 2014). They usually focus their attention not to SMEs in general, but mainly to high-tech SMEs or even start-ups and quite often they attempt to bridge the financing gap created by "thin markets" (Nightingale P. et al, 2009) i.e., when there is lack of demand for capital to finance interesting investment opportunities and simultaneously, a serious lack of supply of private funds or/and business angels which could finance them is occurred (Brown R. and Lee N., 2018). Financing SMEs through venture capital is taking place after a demanding stage of SME's evaluation by the venture capital fund in terms of due diligence, which functions as a screening of SMEs to ensure that the fund selects those with significant potential to grow (Baum J.A., Silverman B.S., 2004). Venture capital can further increase added value of firms by advancing managerial skills and knowledge (Hellman T. and Puri M., 2002). It is of major significance though for both public and private sector to offer complementarity through their respective venture capital funds in order to reach an optimal allocation of venture capital funds to SMEs.

It should be mentioned though that, because of the so called "pecking order theory" (Myers S.C., 1984), small firms generally prefer their own funds to finance their development activities and use debt instruments optionally, but without being their initial choice when private equity is their last choice as source of finance. As a consequence, a significant number of firms choose not to grow further or to expand at a low level, because growth by using loan or equity financial instruments definitely, requires asset-based securing through collaterals and therefore losing control of taking business decisions (Boschmans K. and Pissareva L., 2017).

2.5.3 Alternative instruments

Access to finance is a major problem for SMEs in times of economic crisis, such as the international financial crisis of 2009, which particularly affected small national economies with large credit gaps in public debt markets, such as Greece. In these cases, traditional ways of financing businesses through bank lending fail to fill the financial gap that is created, while banks become more reluctant to provide financing to businesses. Aspects of this caution are, on the one hand, the increased demand for collateral, mainly real estate in the form of securing the loan amount with fixed capital on the part of the borrowed company and, on the other hand, the increased cost of business loans, which translates mainly through the interest rate. The problem is even more acute for start-ups and SMEs, which due to insufficient or

[62] See Colombo, Cumming and Vismara (2016) and Brown R. and Lee N. (2018).

burdened financial statements, are unable to meet banks' collateral requirements or reject banks' loan proposals due to unfavorable terms.

Given the above, an interesting field of scientific research concerning the financing of SMEs with alternative funding sources outside the traditional banking system has recently developed, mainly in the context of the operation of international organizations such as the Organization for Economic Co-operation and Development (Cusmano L. and Thomson J., 2013, OECD 2015, Boschmans, K. and L. Pissareva (2017). In this section, a brief presentation of alternative sources of funding is attempted just for a more comprehensive presentation of the phenomenon of financial instruments to facilitate access to finance for SMEs. It should be noted that they are mainly alternative techniques that facilitate access to finance, most of which have been tested in the context of private sector operation and without State's intervention. However, some of these techniques could potentially be the subject of future public concern, especially in cases of market failure and when it deems it can finance, but always additionally to the tools already provided by the private sector.

2.5.3.1 Asset-based finance instruments

In asset-based financing, a company gains access to financing indirectly, not on the basis of its own credit standing, but on the basis of the value of a fixed asset. Factoring and leasing are the two most commonly widely known and used asset-based financing techniques. In the case of factoring, a company sells receivable requirements to its customers with a good credit rating to a discounted factoring company. The important thing in this type of financing is that the factoring company does not examine the creditworthiness of the company with which it signs a factoring contract, but only finances it when it obtains confidence on the credit of the company of which it receives the claim. Another common form of asset-based financing is leasing. By leasing, the leasing company buys the equipment and retains its ownership. In parallel, it allows SMEs to use the equipment under a lease agreement by receiving lease payments at regular intervals to cover credit risk. At the end of the leasing contract, the equipment is transferred to the property of the borrowing company, if it so desires. Otherwise, the equipment remains at the property of the leasing company. In the case of both factoring and leasing, companies that provide indirect financing to businesses through these instruments, usually belong to large banking groups specializing in this specific items. In the case of Greece, these two forms of indirect financing had been developed in the period before the financial crisis of 2009, but have not yet managed to reach the pre-crisis levels in the period 2009-2020.

Another category of asset-based financing are corporate bonds issued by enterprises and securitized debt, according which capital market investors provide corporate financing (Cusmano L. and Thomson J., 2013) [63]. In fact, a small number of SMEs have been able to issue corporate bonds, mainly due to their weaknesses in complying with investor protection regulations and the high relative costs of issuing corporate bonds. Furthermore, debt securitization takes place through the liquidation of assets which have previously been transferred to a specialized company that uses cash flows from the company's liquidated assets to provide the required risk security to investors (Thompson, 1995, Cusmano L. and Thomson J., 2013). In the case of securitization of SME loans, the financial institution sells corporate loans to a specialized company, while the investor accepts the risk of non-payment by the companies belonging to the loan portfolio and collects interest and capital payments at regular intervals. In this way, financing of companies (including SMEs) is transferred from

[63] See OECD Scoreboard 2020.

the banking system to the capital market (Cusmano L. and Thomson J., 2013). A common feature of these financial instruments with bank loans is that in both the borrowing company has to pay a predetermined amount of interest to the creditors at regular intervals, regardless of the financial situation of the company. The interest rate may be set or adjusted periodically according to the reference rate. However, neither corporate bonds nor securitization are widely used by SMEs. Further efforts are needed in collaboration between private and public sector in order to create an environment in which it will be possible to develop appropriate financial instruments for sale to investors.

At this point, it is worth noting that the above techniques concern low-risk financing of SMEs. They have been developed primarily so that they can only be used by SMEs with a high level of credit rating (OECD, 2015). In reality, however, they do not face the problem of SMEs becoming too dependent on widespread debt instruments (Cusmano L. and Thomson J., 2013). On the other hand, corporate bonds and debt securitization by SMEs can be developed in cooperation with the private sector and the public sector, in order to expand the range of financial instruments that SMEs will have at their disposal, offering alternative solutions. in relation to traditional bank financing.

2.5.4 Hybrid instruments

Between debt financing and equity financing, there are a number of financing instruments that can be described as "hybrid". These instruments have both debt and equity characteristics, resulting in greater risk and reward dispersion between the user of the capital and the investor. In particular, the investor in a hybrid medium accepts greater risk than a bank providing lending capital. At the same time, it expects higher returns, which means higher financing costs for the company that needs capital. However, the risk and expected return are lower than in the case of equity, resulting in lower financing costs for the business. Through hybrid financing, investors' risk and reward are shared accordingly, which is not the case with fixed debt financing. On the other hand, hybrid financing is often equated with lower financing costs and less loss of control for SMEs compared to a stock transaction.

According to Cusmano L. and Thomson J. (2013) and the OECD (2015), the most commonly used hybrid instruments are the following:

a. Subordinated debt: These are loans or bonds in which the lender agrees that the senior or secured creditors will be paid in full before interest or principal is paid.

b. Equity related debt related: This is a convertible debt or bonds with guarantees where the investor receives, in addition to interest, a payment that is linked to the share price of the company in which the investment is made. Holders of convertible bonds or bonds have the right to acquire either shares or other equity of the company, instead of accepting the repayment of the bond. This right can be exercised for a fixed period and with a predetermined conversion or subscription rate. The result of the exercise of the right of conversion by the bondholders is the conversion of the debt into equity.

c. Profit or earnings participation mechanisms in which the investor is compensated by a share of the company's future profits, at the risk that the profits may not reach the required limit. Some of these hybrid instruments (eg subordinated debt, convertible bonds or equity derivatives) can be used as stand-alone investment instruments, and some are also offered in public equity markets. However, almost all hybrid media offered in the public offering are characterized by the participation of larger companies.

Based on the analysis of OECD, alternative financial instruments are represented below according to their levels of risk:

Alternative financial instruments

Low Risk/ Return	Low Risk/ Return	Medium Risk/ Return	High Low Risk/ Return
Asset-based Finance	**Alternative Debt**	**"Hybrid" Instruments**	**Equity Instruments**
• Factoring • Leasing • Purchase Order Finance • Warehouse Receipts	• Corporate Bonds • Securitised Debt	• Subordinated Loans/Bonds • Silent Participations • Participating Loans • Profit Participation Rights • Convertible Bonds • Bonds with Warrants • Mezzanine Finance	• Private Equity • Venture Capital • Business Angels • Specialised Platforms for Public Listing of SMEs • Equity Derivatives

Source: Cusmano L. and Thomson J., 2013, OECD (2015), Boschmans K. and Pissareva L., OECD (2017).

Chapter 3: Public policies for financing Entrepreneurship and SMEs in EU and internationally

Financing SMEs and entrepreneurship has become a major problem for governments especially since the global financial crisis of 2008. International and governance organizations have dedicated lots of sources and created a regulatory environment for the provision of finance to enhance entrepreneurship since then. This chapter presents public policies to enhance access to finance for SMEs and entrepreneurship in European and international level. AS regards public policies at European level, they are separated in horizontal and sectoral policies below.

3.1 The Small Business Act in the European Union

In the framework of the European Commission (2008)[64] the role of SMEs in the European economy widely acknowledged at the highest political level with March's 2008 European Council communication to strengthen SMEs' sustainable growth and competitiveness, named the "Small Business Act for Europe" (SBA). Actually, SBA is the European Union's flagship policy initiative to support SMEs and entrepreneurship by making the Think Small First principle a mainstream policy in the European Union. It comprises a set of policy measures organized around then (10) principles which range from entrepreneurship and responsive administration to internationalization[65]. The European Commission has given a significant attention to the implementation of the SBA both centrally in the European level and in member-states, asking since 2011, each EU Member State to appoint a high-ranking government official as its national SME Envoy. The main role of national SME Envoys is to develop the implementation of the SBA agenda in member-states. Precisely, SBA aiming to create a level playing field for SMEs and improve the legal and administrative environment for entrepreneurship throughout the EU, provided the following set of ten (10) principles: (1) Create a favorable environment for entrepreneurs and family businesses; (2) Ensure the provision of a second chance to bankrupt entrepreneurs; (3) Design rules according to the "Think Small First" principle; (4) Make public administrations responsive to SMEs' needs; (5) Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs; (6) Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions; (7) Help SMEs to benefit more from the opportunities offered by the Single Market; (8) Promote the upgrading of skills in SMEs and all forms of innovation; (9) Enable SMEs to turn environmental challenges into opportunities; (10) Encourage and support SMEs to benefit from the growth of markets.

As can be seen, the sixth principle above concerns the facilitation of SMEs access to finance. Actually, the European Council calls the member-states to develop new loan and equity products and services to facilitate the provision of risk capital, micro-credit and mezzanine finance to SMEs, start-ups and enterprises being at their early expansion stage. In 2019, access to finance appeared to have the greatest policy progress in EU-28 together with two other

[64] European Commission (2008), *"Think Small First: A Small Business Act for Europe",* COM(2008) 394 final.

[65] The SBA fact sheets are published annually for each member-state aiming to improve the understanding of recent trends and national policies related to the ten (10) SBA principles which affect SMEs. Their publication is based on the SME Performance Review (SPR) methodology (European Commission (2019), *Annual Report on European SMEs 2018/2019,* https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en).

principles of SBA: skills & innovation and entrepreneurship. According to the European Commission (2019), since 2011 735 policy measures to enhance SMEs' access to finance have been adopted related, while 85 of them were implemented in 2018-2019. The majority of these measures have been provided by public financing programs for SMEs, start-ups and scale-ups, by using grants, debt and equity financial instruments or a combination of them.

A set of new legislative proposals are guided by the "Think Small First" principle such as (a) the General Block Exemption Regulation on State Aid (GBER) to exempt from prior notification categories of State Aid already covered by existing regulations in the field of aid to SMEs, for training, employment, R&D and regional aid and possibly also for new categories of aid, (b) a Directive of reduced VAT rates etc. The first GBER was Commission Regulation (EC) No 800/2008[66] which devoted a number of articles for the support of SMEs in the areas of regional investment and employment aid and aid for newly created small enterprises (section 1, articles 13, 14), SME investment and employment aid (section 2, articles 15, 16), environmental protection (section 4, article 20), consultancy and participation to fairs (section 5, articles 26, 27), aids in the area of risk capital, i.e., seed, start-up or expansion capital provided by funds to SMEs (section 6, article 29), aids for industrial property rights costs, aid to young innovative enterprises and aids for innovation advisory and support services for SMEs (section 7, articles 33, 35 and 36). According to article 15 (SME investment and employment aid) "SME investment and employment aid shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty". The implementation of GBER 800/2008 was mandatory for all member-states during the period 2008-2013 (2015 under n+2 rule, period of eligible costs) for any policy measure provided in the framework of regional aid and the European Structural Funds. It is worthwhile to mention that the term "financial instrument" appears only one time in GBER 800/2008 not to explain the mechanism cited in order to facilitate SMEs' access to finance, but just to provide a definition of "quasi-equity" instruments in section 6 (Aid in the form of risk capital), article 26 (definitions).

In 2014, GBER 800/2008 was replaced by the General Block Exemption Regulation on State Aids (GBER) Commission Regulation (EU) No 651/2014[67] of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty". Both of them included certain articles for financial instruments. GBER 651/2014 tried to provide unequivocal cases and thresholds about state-aid to SMEs. In specific, article 4 determines among others the notification thresholds to SMEs in the following cases; (i) for investment aid to SMEs: EUR 7,5 million per undertaking per investment project, (ii) for aid for consultancy in favor of SMEs: EUR 2 million per undertaking, per project;, (iii) for aid to SMEs for participation in fairs: EUR 2 million per undertaking, per year, (iv) for aid to SMEs for cooperation costs incurred by participating in European Territorial Cooperation projects: EUR 2 million per undertaking, per project, (v) innovation aid for SMEs: EUR 5 million per undertaking, per project. In the framework of regional aids, GBER 651/2014 determines the provision of state-aid to all enterprises, SMEs included, according to the upper thresholds presented in the Regional Aid Map (RAM) which is determined for each programming period (2000-2006, 2007-2013, 2014-2020, 2021-2027 etc.) taking into account certain factors such the GDP or the unemployment rate of each region compared to EU's average. It is noteworthy, that SMEs receive bigger percentages of state-aid. Actually, micro and small enterprises

[66] European Commission (2008), Regulation 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General Block Exemption Regulation).
[67] European Commission (2014), Regulation 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty".

receive aid intensity 20% more than the eligible costs indicated in RAM's upper threshold while medium-sized enterprises receive 10% more than the RAM's upper threshold. In accordance with article 14 (Regional investment aid), "Regional investment aid measures shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty… In assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty, the aid may be granted for an initial investment regardless of the size of the beneficiary. In assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty, the aid may be granted to SMEs for any form of initial investment". Furthermore, according to article 17 (Investment aid to SMEs) "Investment aid to SMEs operating inside or outside the territory of the Union shall be compatible with the internal market within the meaning of Article 107(3)[68] of the Treaty and shall be exempted from the notification requirement of Article 108(3)[69] of the Treaty".

Moreover, state-aids for SMEs are determined in GBER 651/2014 as well in section 2 (Aid to SMEs), articles 18 (Aid for consultancy in favor of SMEs), 19 (Aid to SMEs for participation in fairs), 20 (Aid for cooperation costs incurred by SMEs participating in European Territorial Cooperation projects), in section 3 (Aid for access to finance for SMEs), articles 21 (Risk finance aid), 22 (Aid for start-ups), 23 (Aid to alternative trading platforms specialized in SMEs), in section 4 (Aid for research and development and innovation), article 28 (Innovation aid for SMEs), as well as in section 7 (Aid for environmental protection), articles 36-40 (p. L 187/53-59). The implementation of GBER 800/2008 was mandatory for all member-states during the period 2014-2020 (2022 under n+2 rule, period of eligible costs) for any policy measure provided in the framework of regional aid and the European Structural Funds. The term "financial instrument" also appears only one time in GBER 651/2014 not to explain the mechanism cited in order to facilitate SMEs' access to finance, but just to provide a definition of "alternative trading platform'" in chapter 1 (Common provisions), article 2 (Definitions/ Definitions for Aid for access to finance for SMEs, p. L 187/23-24 where financial instruments for the support of SMEs are presented accompanied by their definitions). But in the case of GBER 651/2014 it should also be mentioned that the variety of financial instruments (equity, loans, guarantees etc.) are presented analytically in articles 21 (Risk finance aid) and 22 (Aid for start-ups). This is a significant evolution compared to GBER 800/2008, showing that financial instruments were strongly and steadily appear in EU's public policies for economic development. Such policies is estimated to be implemented as well during the next programming period 2021-2027 taking into consideration the next GBER or similar regulations proposed by the European Commission which are currently in the procedure of decision making among the institutions in charge (European Council, European Parliament).

3.2 European Union's horizontal policies for the support of entrepreneurship

In the framework of the European Union policy measures for the support of entrepreneurship are scheduled through a variety of horizontal and sector policies. On the one hand, European Union's horizontal policies are: (a) regional policy, (b) social policy, (c) tax policy, (d) competition policy and (e) environmental policy. Although there are several aspects of horizontal policies which influence entrepreneurship, this dissertation is focused on those which are planned in order to affect current or potential entrepreneurs within measures and programs towards this direction. In such framework, both EU's regional and competition policy affect entrepreneurship. In particular, regional policy directs public European funds for

[68] Ex article 87(3) of the Treaty of the European Union.
[69] Ex article 88(3) of the Treaty of the European Union.

the support of entrepreneurship which help enterprises to gain through the provision of various financial instruments (grants, loans, loan guarantees, venture capital, equity etc.). The allocated funds of EU's regional policy are collected by the member-states contribution to EU budget[70] and are provided to the potential beneficiaries from certain funds[71] created for achieving certain goals. In contrary, competition policy affects entrepreneurship because its main duty is ensuring competition in the European single market in order: (a) to prohibit any agreements between undertakings which may affect trade between Member States, (b) to prohibition an enterprise dominant position in the single market in accordance with Articles 101-102 of the Treaty on the Functioning of the European Union and (c) to control State aid in accordance with Articles 107-109 of that Treaty.

3.2.1 European Union's Regional Policy

The main objective of European regional policy is to reduce regional and economic disparities through the transfer of resources from the more robust to the less developed regions of the European Union. Under the principle of subsidiarity, the European Union's regional policy complements national regional policies seeking to contribute to balanced regional development while deepening the European Union's internal market. The most important tool for achieving the above objectives is the European Structural Investment Funds (ESIF) which are financed by the budget of the European Union to which all its Member States contribute proportionately. ESIF operate under a common regulatory framework (for the programming period 2014-2020 the general framework is defined by Regulation 1303/2013[72]) and include: (a) the European Regional Development Fund (ERDF)[73], (b) the European Social Fund (ESF)[74], (c) the Cohesion Fund[75], (d) the European Agricultural Fund for Rural Development (EAFRD)[76] and (e) the European Maritime and Fisheries Fund (EMFF)[77].

Under the common regional policy, the European Commission coordinates the individual actions through the Directorate-General for Regional Policy (DG REGIO). The ultimate objective is to limit economic concentrations in certain regions of the European Union and to achieve balanced growth within the internal market. Regional policy is coordinated and interacts with other common EU policies, such as social, industrial, environmental, agricultural and fisheries. During the 2014-2020 programming period and in accordance with EC Regulation 1303/2013 which lays down the general provisions on the European Structural Funds, resources for economic growth and employment are allocated to the following three categories of regions based on NUTS 2[78] levels: (a) the least developed regions with GDP per

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[70] Each member-state contributes to the European Union's budget according to each country's population, Gross Domestic Product (GDP) and its contribution to the Union's GDP.

[71] European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFD), which are called the European Structural Investment Funds (ESIF).

[72] EC Regulation 1303/2013, OJ L 347, 201.12.2013 as being in force after the amendments of the EC Regulation 2015/1839, OJ L 270, 15.10.2015 and Decision 2014/190, OJ L 104, 8.4.2014.

[73] The operation of the ERDF is governed by Regulation EC 1301/2013, OJ L 347, 201.12.2013.

[74] The operation of the ESF is governed by Regulation EC 1304/2013, EE L 347, 201.12.2013.

[75] The operation of the Cohesion Fund is governed by Regulation EC 1300/2013, EE L 347, 201.12.2013.

[76] The operation of the EAFRD is governed by Regulation EC 1305/2013, EE L 347, 201.12.2013.

[77] The operation of the EMFF is governed by Regulation EC 1299/2013, EE L 347, 201.12.2013.

[78] Nomenclature des Unités Territoriales Statistiques (NUTS) is a hierarchical system for dividing up the economic territory of the EU and the UK in certain categories/levels (for more information: https://ec.europa.eu/eurostat/web/nuts/background). As regards Greece, NUTS 1 level represents groups of development regions, NUTS 2 represents regions and NUTS 3 represents regional units or combinations thereof, sometimes equivalent to former prefectures.

capita below 75% of EU-27 average GDP; (b) the transition regions (i.e. from the least developed to the most developed regions) with GDP per capita above 75% and below 90% of EU-27 average GDP and (c) the most developed regions with GDP per capita above 90% of EU-27 average GDP. The classification of EU regions into the above three categories results from the comparison of the GDP of each region with the average GDP of the EU-27 during the same reference period.

In addition, Regulation EC 1303/2013 is the regulatory text by which the European Commission seeks to ensure the effectiveness of ESIF, the coordination between them and other financial instruments of the Union, such as the European Investment Bank (EIB). At the same time, it aims to reduce the social, economic and territorial disparities which have arisen since the enlargement of the European Union and in particular, to those countries and regions which are in significant economic backwardness. The extensive enlargements of the European Union in 2004 and 2007 created the need to review the compatibility criteria for State aid with Article 107 (3a) and (3c) of the Treaty for the Function of the European Union (TFEU) (Mousis N., 2018). Indeed, article 174 TFEU provides that EU's priority is economic and social cohesion, which will be achieved by reducing regional economic disparities. The 2014-2020 Regional State Aid Guidelines are also moving towards this direction, stipulating that aid to promote the economic development of disadvantaged EU regions distort competition less than aid given by member states in developed regions of the EU.

It is worth mentioning that the most common forms of state aid include non-repayable grants to companies for the implementation of investment plans for the development of their activities, debt/loan financial instruments such as state-guaranteed loans, interest-bearing loans, etc.) or equity financial instruments like venture capital and finally, tax exemptions.

3.2.2 European Union's Competition Policy

The need to comply with the state aid regulatory framework must be taken into account in all SMEs and entrepreneurship support programs. Article 107 of the Treaty on the Functioning of the European Union (TFEU) establishes the principle of incompatibility of State aid with the internal market of the European Union (EU). TFEU also provides the excluded categories of aid which have milder and lower scope adverse effects on competition and therefore, can be considered compatible with the TFEU, the regulatory framework for the proper functioning of the internal market and the avoidance of distortion of competition between European companies.

In particular, the concept of State aid includes the following four basic and cumulative criteria: (a) the granting of an economic advantage with state resources; (b) the selective - preferential treatment of certain companies or economic sectors; (c) the possible distortion of competition and (d) the distortion of trade within the European Union. The concept of the cumulation of the above criteria is important, as they must be showed cumulatively in order for State aid to be judged incompatible with the TFEU and not to distort competition within the EU internal market.

State aid to enterprises can take various forms such as grants, subsidies of all kinds, tax exemptions/rebates, debt settlement/write-offs and rebates/reductions in insurance contributions. Regarding the financial instruments covered in this dissertation as public policy applicable to facilitate access to finance, State aid is considered to be loans to companies, interest rate subsidies accompanying loans, the allocation of funds to funds for investments through participations in the share capital of companies. State aid issues are also raised in the critical areas of privatization, the sale of public assets, and the restructuring of firms in difficulty.

However, not all state aid is incompatible with European Union law as State intervention is often considered necessary to ensure the smooth and efficient operation of the economy. For this reason, article 107 of TFEU sets out the policy objectives for which aid may be considered compatible, while the framework for State aid rules further specifies the categories of aid that may be considered compatible and the relevant conditions. Specifically, under article 107 (3) (a) and (c) of TFEU, State aid to undertakings for the economic development of regions of the European Union which are at a disadvantage, may be classified as compatible with the common market. The role of examining the compatibility of State aid with the above articles of the TFEU has been undertaken exclusively by the European Commission and in particular, the Directorate-General for Competition (DG COMP). In particular, in accordance with Article 107 (2) of the Treaty, the following categories of aid are compatible with the internal market: "a) aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned; (b) aid to make good the damage caused by natural disasters or exceptional occurrences; (c) aid granted to the economy of certain areas of the Federal Republic of Germany affected by the division of Germany, in so far as such aid is required in order to compensate for the economic disadvantages caused by that division. Five years after the entry into force of the Treaty of Lisbon, the Council, acting on a proposal from the Commission, may adopt a decision repealing this point". Additionally, according to article 107, paragraph 3 the following cases may as well be considered to be compatible with the internal market: a) aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment, and of the regions referred to in Article 349, in view of their structural, economic and social situation; (b) aid to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State; (c) aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest; (d) aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest; (e) such other categories of aid as may be specified by decision of the Council on a proposal from the Commission". In addition, Article 108 TFEU establishes a system for monitoring the smooth implementation of the State aid framework, which allows only aid that is compatible with European law to be granted.

Within its remit, the European Commission monitors aid measures notified by member states, and may check existing aid to see if it is still compatible and suppress State aid granted without being notified as well as aid which has been approved but misused i.e., without member states complying with the State aid rules. Exercising the role of the European Commission presupposes close cooperation with member states which bear the burden of notifying the State aids they plan to provide. In this context, special rules setting out specific conditions exempt certain categories of State aid from the obligation to notify. This limits the Commission's control over State aid cases which have the most distortive effect on competition. Such regulations are the General Block Exemption Regulations on State Aid (GBER) 800/2008 and 651/2014 previously mentioned.

In addition to articles 107 - 109 of the TFEU, the European Institutional Framework for State aid includes a number of regulatory texts i.e., regulations, directives and recommendations which must be strictly implemented by the member states. Indeed, member state are often called upon to deal severely with financial penalties in the event of significant infringements on their part[79].

3.3 EU's sectoral policies for financing entrepreneurship and SMEs

This chapter presents sectoral policies scheduled and implemented centrally in European Level by the authorized European Union's institutions, such as European Commission, European Investments Bank (EIB), European Investments Fund (EIF). Financial instruments are decided by the Council of the European Union and the European Parliament following a Commission's proposal for the adoption of regulation. These regulations are published in the European Union's Gazette in the beginning of each programming period settled at a Multiannual Framework for a period of seven years. Next period's MFP will be implemented for years 2021-2027. The implementation of financial instruments which includes all necessary actions is assigned by the Commission to the EIB of EIF under certain framework agreements. EIB or EIB are then being charged for several actions as regards the implementation of financial instruments programs such as the launch of call for proposals, assessment and evaluation of submitted proposals, preparation and signing of contracts with financial intermediaries, monitoring of implementation, regular reporting to the European Commission, interim and ex-post evaluations. During the programming period 2021-2027 the following programs implemented in central European level:

3.3.1 Competitiveness SMEs Program (COSME) 2014-2020

COSME 2014-2020 is part of the European Union policies for the development and enhancement of the competitiveness of European small and medium-sized enterprises. It is a continuation of the EIP (Entrepreneurship and Innovation Program) sub-Program of CIP Program 2007-2013 (Competitiveness and Innovation Program 2007-2013) of the European Commission. According to the European Commission (2019a), the political justification for the creation of the COSME program was based on the results of the interim evaluation report of the CIP program, which highlighted the following market failures: "problematic access to finance for SMEs; low levels of entrepreneurial firm creation and poor performance; weak entrepreneurial spirit; a business environment not conducive to start-ups and growth; issues preventing industry specialization and sectoral competitiveness; limited internationalization of SMEs inside and outside Europe". COSME is implemented on the basis of the provisions of Regulation EC 1287/2013[80] and has a total budget of € 2.3 billion as sowing below:

Competitiveness SMEs Programme (COSME) 2014-2020 - Budget

Axis	**COSME's SPECIAL TARGETS**	**COSMEs's total budget (€ thousand)**	**%**	**Amounts defined per target (€ thousand)**

[79] The European Commission (DG GROW – DG for Internal Market, Industry, Entrepreneurship and SMEs) provides analytical and updated information about the relative regulatory framework in the following link: http://ec.europa.eu/competition/state_aid/legislation/legislation.html.
[80] Regulation EC 1287/2013of the European Parliament and of the Council of 11 December 2013 (L 347/20.12.2013 of the Journal of the European Communities.

1	Improving SMEs access to finance in the form of equity or debt	2.298.243	60%	1.378.945,8
2	Improving access to markets particularly inside the Union but also at global level		21,50%	494.122,2
3	Improving framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs, including in the tourism sector		11%	252.806,7
4	Promoting entrepreneurship and entrepreneurial culture		2,50%	57.456,1
	Management expenses		5%	114.912,2
	SUM:		**100%**	**2.298.243,0**

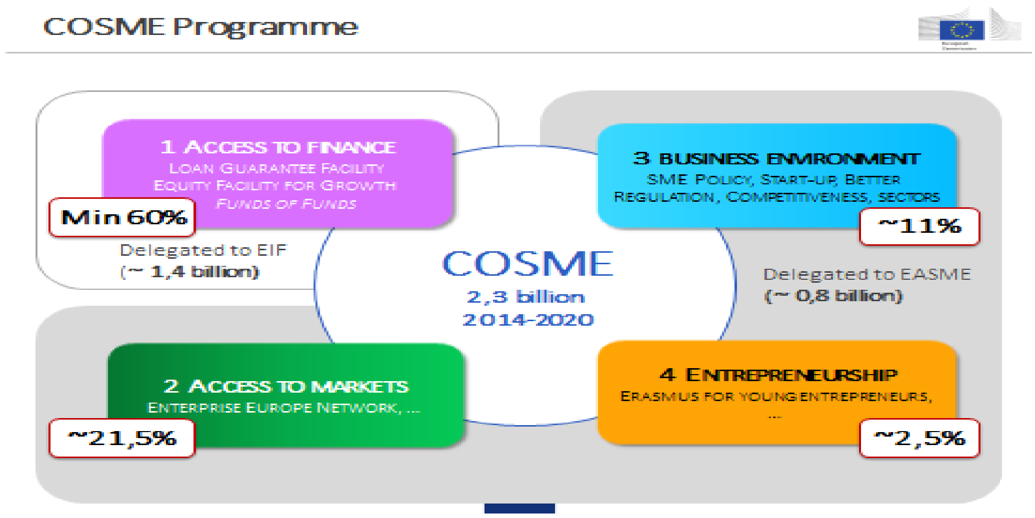
The program seeks to contribute to the European Union's overall objectives of strengthening the competitiveness and viability of European SMEs, as well as to encouraging the business culture and promoting the establishment and further development of SMEs. Actually, COSME[81] finances a wide range of policy initiatives to enhance SMEs and entrepreneurship in the framework of the implementation of SBA and the Think Small First principle. In particular, some of the main policy initiatives funded by COSME are the SME Envoys Network, the SME Assembly; the SME Performance Review; the Enterprise Europe Network; the Cluster internationalization program for SMEs; the Cluster Excellence Programme; the European Cluster Collaboration Platform (ECCP); the European Cluster Alliance; the EU REFIT platform for regulatory burden reduction. In particular, the SME Envoys Network which consists of 29 SME Envoys[82], one per country and an EU SME Envoy. SME Envoys Network together with the SME Assembly both coordinated by the European Commission, form a governance structure of EU's SME policy which reports annually on themes regarding the implementation of the principles of SBA to the Competitiveness Council (European Commission, 2018[83]).

[81] The author has been the national representative of Greece to the Management Committee of COSME since 2014. He was also appointed as national representative to the Management Committee of COSME's predecessor CIP/EIP 2007-2013.

[82] Following Brexit, the SME Envoys Network consists by 28 members (27 national SME Envoys accompanying by a single EU SME Envoy). National SME Envoys are high level officials of the public administrations of the EU Member States.

[83] European Commission (2018), *Impact Assessment: Accompanying the document "Proposal for a regulation of the European Parliament and of the Council" establishing the Programme for Single Market, Competitiveness of Enterprises, including Small and Medium-sized Enterprises, and European Statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) No 2017/826,* European Commission Staff Working Document, SWD(2018) 320 final, Brussels, 7.6.2018, https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-single-market-swd1_en.pdf.

Competitiveness SMEs Programme (COSME) 2014-2020



Following the successful practice of the Competitiveness Innovation Program (CIP) for the period 2007-2013, the COSME Program 2014-2020 provides for the operation of two distinct mechanisms to facilitate the access of small and medium-sized enterprises to finance, by sharing the risk between the state, the cooperating banks and the interested companies. In particular, these are the following two mechanisms, the financing of the following occupies 60% of the total budget (€ 2,3 billion) of the COSME Program 2014-2020 and is done through the European Investment Fund (EIF):

- *Loan Guarantee Facility – LGF* for the provision of guarantees and counter-guarantees by EIF to financial intermediaries/banks for the provision of loans up to the amount of € 150.000 to cover the short-term needs of small and medium-sized enterprises. The loans are addressed to all categories of SMEs except those with innovative features (RDI driven) in order to ensure complementarity with HORIZON 2020 program for Research, Development and Innovation. LGF provides the operation of complex high-risk financial instruments, such as the securitization of SME debt finance portfolios. The instruments of the LGF mechanism are complementary to those of the NSRF 2014-2020 as they aim to support investments with a higher degree of risk (start-ups, unsecured loans, etc.). The distribution of the budget available for the LGF mechanism of COSME program is demand-driven as it depends on the interest shown by the financial institutions in EU member states to participate. During the period 2014-2020, at EU level, it is expected that around 300.000 small and medium-sized enterprises eventually would be financed with loan instruments under the LGF Facility. The LGF mechanism is also complementary to the SMEs & Small Midcaps Guarantee Facility for R&I mechanism of EU's HORIZON 2020 program which aims to facilitate the financing of small and medium-sized enterprises with a strong research and innovative character and investments in the RDI sector.

- *Equity Facility for Growth – EFG* for the provision of venture capital/equity in high-risk investment schemes (including risk funds) that invest in all categories of small and medium-sized enterprises that are in the stages of expansion and growth, except those that have innovative characteristics (RDI driven). EFG must ensure the complementarity with the HORIZON 2020 Program of the EU for Research, Development and Innovation. The funds concern business participations in equity of small and medium enterprises, as well as the category of mezzanine finance. They could take the form of such as subordinated loans or participating loans as well. Investments must have a long-term visibility, usually between 5-15 years and not exceed a maximum of 20 years. Like LGF, the EFG mechanism is also demand-driven in the sense that the distribution of the budget from the COSME program depends on the interest expressed by financial intermediaries/funds across EU member states. During the period 2014-2020, at EU level, it is expected that about 500 companies would eventually be able to raise equity under the EFG Facility. The EFG mechanism is complementary to the Equity Facility for R&I mechanism of EU HORIZON 2020 program which is oriented towards small and medium-sized enterprises that have a strong research and innovative character (RDI driven) and are in the seed, start-up stages (start-ups), early stage and small businesses that are in the midcaps.

Under COSME the funds are provided by the cooperating financial institutions and financial intermediaries of the EU member states. who have expressed interest in participating in the two open invitations until 31-09-2020 - one for each of the above mechanisms LGF and EFG - of the European Investment Fund[84].

At this point, it is appropriate to highlight the following three elements concerning the financial instruments of the COSME Program 2014-2020:

i. In principle, they are complementary instruments and not competitive against those of HORIZON 2020 Program for Research, Development and Innovation and those created according to the rules of the European Structural Funds. In the case of Greece for the period 2014-2020 in the post-COVID-19 era, the latter were: (a) the Entrepreneurship Fund II which focused on the provision of working capital loans to small and medium-sized enterprises and (b) EquiFund which focused on the provision of equity to SMEs with high potential to grow. Both of them were established in December 2016 and funded by the Operational Program Competitiveness, Entrepreneurship, Innovation od NSRF 2014-2020 (funded by the European Structural Investment Funds). The complementarity of COSME financial instruments lies in the fact that they facilitate SMEs' access to finance through high-risk techniques and investment schemes which decide to invest in companies with high growth prospects, undertaking a significant part of the financial risk. In addition, COSME financial instruments target distinct categories of SMEs and have been created to meet their specific needs depending on the stage of their development. In other words, they are not of a horizontal nature, such as the financial instruments created under the European Structural Funds (such as the Entrepreneurship Fund II) and the grants provided by the Development Law or NSRF programs funded by the Operational Program Entrepreneurship, Competitiveness, Innovation[85]. Finally, they contribute significantly to achieving the objective set at EU level which is translated to extend the repayable forms of aid against the non-repayable forms (grants) and therefore. Indeed, financial instruments manage to leverage public and private resources and

[84] LGF: http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs_term_node_tid_depth=723), EFG: http://europa.eu/youreurope/business/funding-grants/access-to-finance/.

[85] See www.espa.gr.

reinvest them after the successful repayment of the guaranteed loans by SMEs or the return of the invested funds.

As regards COSME's Loan Guarantee Facility (LGF), more than EUR 27.2 billion of financing already provided to 485,195 SMEs in 28 countries, 86% of SMEs supported are micro enterprises (including self-employed persons) and 48% startups as well as the average size of the final recipient transaction was EUR 42,900[86]). LGF is characterized as successful by the European Commission (2019[87]). Additionally, as regards COSME's Equity Facility for Growth (EFG) counts EUR 339 million of investments into 44 eligible final recipients (funds selected) to invest thigh-growth SMEs in the expansion & growth-stage in 12 European countries.

Furthermore, according to the European Commission (2018)[88], "further streamlining is achieved by pooling all centrally managed financial instruments at the Union level in the InvestEU Fund, including debt and equity financial instruments for the benefit of SMEs. The loan guarantees for SMEs previously provided under the COSME Programme will therefore be implemented under the 'SME window' of InvestEU. With regard to the recipients of debt and equity financial instruments provided under the COSME Programme, the continuity of financial assistance and smooth transition towards InvestEU will be reassured". In this respect, the SME loan guarantee facility is expected to be implemented under the SME Window of the InvestEU Fund.

3.3.2 Financing Research, Development & Innovation of SMEs: Horizon 2020 Programme

Horizon 2020 is European Union's main instrument to boost research and innovation based on new technologies. Its main goal is to ensure that Europe will become a major developer of products and services based on world-class science and technology in order to become a world leader and major contributor to economic growth globally. Horizon 2020 was aimed to provide almost € 80 billion of funding in the period 2014 – 2020, additionally, to the attracted private and national public investment. According to the European Council, the European Parliament and the European Commission, research and innovation is essential for Europe's sustainable and inclusive growth. Horizon 2020 focused on three key areas: (a) excellent science, (b) industrial leadership and (c) societal challenges. The upper goal of Horizon 2020 was to make Europe a world leader of products based on advanced science and new technologies.

As key source of jobs and innovation, SMEs were about to be treated in caution under Horizon 2020 through their support to collaborate in consortium innovative projects. Because of its integrated and streamlined character, Horizon 2020 was expected to boost SME participation to at least 20% (€ 8,65 billion) of the total combined budgets of the "Leadership in enabling and industrial technologies" and the "Societal Challenges" axes. Moreover, the SME

[86] European Commission's presentation on COSME Managing Committee, November 2019. The author of this dissertation is the national expert of Greece in the Managing Committee of COSME 2014-2020 Program.

[87] European Commission (2019a), *Report from the Commission to the Council and the European Parliament for the Interim Evaluation of the Programme for the Competitiveness of Enterprises and Small and Medium-sized enterprises,* COM(2019) 468 final, Brussels, 14.10.2019 (chapter 5.2, p.24).

[88] European Commission (2018*), Proposal for a Regulation of the European Parliament and of the Council establishing the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826,* COM(2018) 441 final, Brussels, 7.6.2018 (p.2).

instrument with a budget of € 3 billion, was designed with the aim to help single SMEs, or consortia of SMEs, assess the market viability of their ideas at the high-risk stage, and then to help them develop these ideas further. Furthermore, the "Access to risk finance" axis of Horizon 2020 with an initial budget € 2,842 billion, focused on those Innovative companies which obtained significant difficulties to access financing for the deployment and development of new ideas of high risk. Towards this direction, the aim of Horizon 2020 was to help filling this innovation gap for innovative SMEs and small midcaps by using specialized loan instruments, guarantee schemes and venture capital to finance innovative projects, digitalization of SMEs and research programs.

Horizon's financial instruments were the InnovFin SME Guarantee Facility and InnovFin Equity. Both the above initiatives launched by the European Commission and the European Investment Bank (EIB) Group and managed by the European Investment Fund (EIF) which belongs to the EIB Group. Actually, the InnovFin SME Guarantee Facility was deployed by potential financial intermediaries (i.e., banks, leasing companies, guarantee institutions) which were selected after evaluation base on a due diligence process, following a launch of Call for Expression of Interest issued and published by EIF. Following their approval to sign contracts with EIF after the above-mentioned procedure, financial intermediaries should receive and evaluate financing requests from SMEs, sign contracts with those approved and allocate them money in the form of a loan or equity. As regards InnovFin SME Guarantee Facility mechanism, EIF on behalf of the European Commission, covered a portion of the losses incurred by the financial intermediaries on loans, leases and guarantees because of borrower's default. The amount of the loses accounted between € 25.000 and € 7,5 million. The initiative concerned financing of innovative SMEs and Small Mid-caps (up to 499 employees) was a demand-driven, uncapped instrument followed its predecessor Risk Sharing Instrument (RSI), developed under 7th EU Framework Programme for Research and Technological Development (FP7) during the programming period 2007-2013, also managed and implemented by EIF.

3.3.3 Financing Employment and Social Cohesion: Employment and Social Inclusion Programme (EasI)/Microfinance)[89]

The Employment and Social Entrepreneurship Programme (EaSI) is European Union's financing instrument which aims to improve working conditions, to promote sustainable employment of high-quality level, to guarantee social protection and to help combating social exclusion and poverty. EaSI's initial budget for the programming period 2014-2020 was € 919,5 million. The three axes of EaSI aim to support: (a) the modernization of employment and social policies with the (Progress axis), (b) job mobility (Eures axis) with the and (c) access to micro-finance and social entrepreneurship (Microfinance and Social Entrepreneurship axis).

Among others, EaSI's declared goals is to increase the availability and accessibility of microfinance for vulnerable groups and micro-enterprises and also to increase access to finance for social enterprises, build up the institutional capacity of microcredit providers and facilitating access to finance of social enterprises. Actually, Microfinance and Social Entrepreneurship axis consists of two thematic sections**:** (a) microcredit and microloans for vulnerable groups and micro-enterprises and (b) social entrepreneurship. € 96 million provided to EaSI Guarantee sub-program, € 16 million to capacity building and € 200 million to EaSI Funded Instrument. The latter is loan fund which provides senior and subordinated

[89] https://ec.europa.eu/social/main.jsp?catId=1081, https://ec.europa.eu/social/main.jsp?catId=1084&langId=en

loans to microfinance institutions and social enterprise lenders to boost on-lending to micro-enterprises and social enterprises.

3.3.4 InvestEU Programme 2021-2027

The creation of the InvestEU Programme establishes a single EU investment support mechanism for internal action for the 2021-2027 Multiannual Financial Framework. Actually, the InvestEU Programme builds on the experience of the European Fund for Strategic Investments (EFSI) and financial instruments currently funded by the European Structural and Investment Funds (ESIF) as well as by centrally implemented programs during the programming period 2014-2020, such as COSME, HORIZON 2020, EaSI and Creative Europe. The InvestEU Program's overall policy objective is to mobilize public and private investment in order to address market failures and investment gaps for European enterprises and help the achievement of EU goals as regards sustainability, competitiveness and inclusive growth (European Commission, 2018).

In accordance to the Communication of the Commission on the Multiannual Financial Framework (MFF) for the period 2021-2017, the overall budget of InvestEU program is estimated approximately at € 15,2 billion (overall provisioning), of which € 1 billion will covered by revenues, repayments and recoveries generated by existing financial instruments and the EFSI. in line with article 211(4)(d)] of the Financial Regulation 2018/1046, L193/30.07.2018. The actual size of the EU guarantee is proposed to be € 38 billion and the provisioning rate 40 % i.e., € 15,2 is needed for the provisioning.

The InvestEU Programme has the following specific objectives: (a) to support financing and investment operations in sustainable infrastructure; (b) to support financing and investment operations in research, innovation and digitalization; (c) to increase the access to and the availability of finance for SMEs and, in duly justified cases, for small mid-cap companies; to increase the access to and the availability of microfinance and finance to social enterprises, support financing and investment operations related to social investment and skills and develop and consolidate social investment markets.

Actually, the InvestEU Fund is planned to operate through the following four policy windows in order to address market failures or sub-optimal investment situations within their specific scope: (a) Sustainable Infrastructure: It comprises sustainable investment in the areas of transport, energy, digital connectivity, supply and processing of raw materials, space, oceans and water, waste, nature and other environment infrastructure, equipment, mobile assets and deployment of innovative technologies that contribute to the environmental or social sustainability objectives of the Union, or to both, or meet the environmental or social sustainability standards of the Union; (b) Research, innovation and digitalization: It comprises research and innovation activities, transfer of research results to the market, demonstration and deployment of innovative solutions and support to scaling up of innovative companies other than SMEs as well as digitalization of Union’s industry; c) SMEs: It scopes to enable access to and availability of finance for SMEs and for small mid-cap companies; (d) Social Investment and Skills: It comprises microfinance, social enterprise finance and social economy; skills, education, training and related services; social infrastructure (including social and student housing); social innovation; health and long-term care; inclusion and accessibility;

cultural activities with a social goal; integration of vulnerable people, including third country nationals" (European Commission, 2018)[90].

3.4 OECD's 10 High Level Principles on SMEs financing

The OECD (2015)[91] developed a range of high-level principles regarding SME financing which could be further deployed by Governments in collaboration with financial institutions, financial intermediaries, other Governments and international organizations, and eventually create a favorable environment to enhance access to finance for SMEs. Actually, these principles aim to enhance the collaboration between the above-mentioned agents in order to reduce current obstacles on SMEs financing and further develop an appropriate environment to make financing better accessible to SMEs. Actually, these principles cover a wide range of thematic policy areas from regulation's adaptation to support the provision of financial instruments for SMEs, to advancing financial skills for entrepreneurs, improving transparency in financial markets or widening the range of available financial instruments for SMEs to enhance entrepreneurship and economic development. Precisely, the OECD (2015) at high level proposed ten (plus one) principles on SMEs financing which are mentioned in detail below:

1. *Identify SME financing needs and gaps and improve the evidence base* in order to improve the understanding of SME financing needs though adequate statistics and surveys which would provide evidence about the real needs of SMEs in terms of financing.

2. *Strengthen SME access to traditional bank financing* by credit guarantees, securitization, adequate provisioning for loan losses, improving risk mitigation and the use of a broader set of assets beyond fixed collateral, such as movable assets, to secure loans. The final aim should be the improvement of healthy companies access to finance, giving a second chance to honest entrepreneurs who do not necessarily have adequate collaterals for loan secure.

3. *Enable SMEs to access diverse non-traditional bank financing instruments and channels* in order to provide the adequate "form and volume of financing best suited to SMEs specific needs and the stage of the firm life-cycle" (asset-based finance, alternative forms of debt, venture capital, private equity financing, trade finance instruments)

4. *Promote financial inclusion for SMEs and ease access to formal financial services,* including for informal firms by "reviewing the legal and regulatory framework of the financial sector; defining a public intervention strategy and identifying appropriate delivery instruments; and ensuring the existence of tools for groups excluded from the formal banking sector" and expand the use of microfinance schemes in order to support micro firms with low amounts of loans.

5. *Design regulation that supports a range of financing instruments for SMEs, while ensuring financial stability and investor protection,* being proportionate to financial instruments risks, reducing administrative burdens, promoting corporate governance and by providing the adequate legal, tax and regulatory measures to foster diverse sources of finance.

6. *Improve transparency in SME finance markets* by eliminating information asymmetries in financial markets and creating the appropriate information infrastructure to support an accurate evaluation of the risk in SME financing.

7. *Enhance SME financial skills and strategic vision* by helping SMEs, current, new or start-ups, to advance their capabilities around financial and business management, changes

[90] European Commission (2018), *Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme,* COM(2018) 439 final, Brussels, 6.6.2018, https://eur-lex.europa.eu/resource.html?uri=cellar:319a131d-6af6-11e8-9483-01aa75ed71a1.0002.03/DOC_1&format=PDF.
[91] OECD (2015), *Report to G20 Finance Ministers and Central Bank Governors.*

in regulatory framework which affects them and raising awareness regarding the available financial instruments.

8. Adopt principles of risk sharing for publicly supported SME finance instruments which means the attraction of sources for financing SMEs both form public and private sector through co-financing schemes funded by multilateral or national development banks or other public funds and private financial intermediaries, respectively in a way to avoid both moral hazard situations (for example, excessive risk-taking by public sector) or crowding out effects (i.e. excessive public funding which discourages private investments).

9. Encourage timely payments in commercial transactions and public procurement by reducing late payments especially for SMEs which are negatively affected by late or non-payments in commercial transactions between businesses (B2B) or between governments and businesses (G2B).

10. Design public programs for SME finance which ensure additionality, cost effectiveness and user-friendliness which concerns governments and policy agencies to design coherent public policies for financing support of SMEs and entrepreneurship, with additionality trying to cut-red tape and eliminate bureaucracy.

11. Monitor and evaluate public programs to enhance SME finance highlighting the need for ex-ante and ex-post evaluation of public policies to ease SMEs access to finance, in order to capitalize conclusions for the implementation of financial instruments for making future programs more accessible and successful.

It should be noted that the above high principles proposed by the OECD consider the role of the private sector substantial to the provision of financial instruments, while they highlight that public sector should offer necessary regulation and financial support in order to cover a significant part of risk and uncertainty taken by the lending part. This advances the role of the public sector which should design the appropriate regulation and programs to facilitate access to finance for SMEs, so its role is quite crucial. It highlights once again that market failures cannot be excessed without public sector’s intervention, which is necessary to get over market’s imperfections through a generous risk covered by the State and not by the private sector.

It is noteworthy that the OECD uploaded the issue of enhancing SMEs’ access to finance through financial instruments to its working groups (Working Party for SMEs and Entrepreneurship/WPSMEE, Informal Steering Group on Financing SMEs and Entrepreneurship, Committee of Financial Markets, Centre for Entrepreneurship, SMEs, Regions and Cities) trying to adapt to the negative consequences of the 2008 financial crisis to financial markets which hampered mostly SMEs. A number of studies have been issued during the last decade while a certain one i.e., “Financing SMEs and Entrepreneurship: An OECD Scoreboard”[92], is being published since 2012 in an annual basis and contains all relative information about financial instruments in the OECD member-countries accompanied by special editions on thematic chapters for traditional or alternative financial instruments for SMEs.

[92] For data and further information see http://stats.oecd.org (Finance/SME Financing/Financing SMEs and entrepreneurship). The author has been the national representative of Greece to the Informal Steering Group on Financing SMEs and entrepreneurship since 2013.

Chapter 4: Financial instruments: A better glance

4.1 Financial instruments as currently defined

Despite the fact that during the last decade a variety of Governments and super-national organizations such as the European Union more often use financial instruments in order to facilitate SMEs' access to finance and there is a substantial work done on measuring the effectiveness of such measures, "to date not much academic work has systematically examined the economic rationale for this new and recently developed policy area" (Brown R. and Lee N., 2018). Furthermore, there is no clear definition regarding financial instruments, as in most cases they just represent a variety of public financial programs aiming at alleviating SMEs' difficulties when trying to find financial sources for funding their activities. The case of the European Cohesion Policy is an appropriate example for such an assertion, as its programs are driven from time to time according to the needs of the Cohesion Policy itself rather than the real needs of SMEs. Actually**,** there is lack of an in-depth consideration regarding the design of financial instruments (Wishlade et al., 2016), about what they represent and how they are used as a policy instrument. It is remarkable that financial instruments were seen for a long period as just a part of European policies for the support of entrepreneurship through the European Structural Investment Funds. Indeed, article 44 of the European Council Regulation 1083/2006 which provided guidance for the implementation of ESIF programs during the programming period 2007-2013, avoided to provide a definition for financial instruments, but just highlighted the areas how they could be used i.e., through venture capital funds, guarantee funds, loan funds and urban development funds. Thus, it is noteworthy that the above regulation mentioned "financial engineering instruments", probably as it tried to highlight the fact that final recipients would get funding through financial instruments created through engineering i.e., they would not exist without a mechanism which created them. Furthermore, in terms of public policy, financial instruments were seen just as programs scheduled by government actors in collaboration with financial intermediaries. Such approach was in line with a general approach in the discipline of public policy and administration which considers "public policies as branching off into programs, projects and activities" (Turgeon J. and Savard J. F. (2011).

Brown R. and Lee N. (2018) provided the following definition for financial instruments based on the experience of their use so far: "financial instruments are public policy instruments such as subsidized loans, credit guarantees and equity finance schemes designed to overcome market failures experienced by SMEs to promote productive investments in a way that would not result though market interactions alone".

The above definition clearly characterizes financial instruments as public policy instruments which are used by the public sector to address market failures appearing to SMEs' access to finance. It is based on the neoclassical economic theory which justifies State' intervention only in the case of facing market failures appearing in financial markets. As a result, the scope of State's intervention under this definition is just to fix problems created because of markets failure, such as filling the financing gap between the demand and the supply of funds. Consequently, public sector acts towards the direction of correcting the gap between demand and supply of funds to SMEs. But this is a just one case among others when talking about market failures. Furthermore, the above definition of financial instruments is focused on certain instruments i.e., loans, guarantees and equity finance and in the other hand, it assumes certain reason for using them i.e., the promotion of productive investments. Brown R. and Lee N. (2017) place financial instruments in a public policy's framework which is focused to promote productive investments which would not be able by the market itself. Thus, financial instruments help the undertaking of investments so they are connected with entrepreneurial activities for development reasons. Indeed, financial instruments as they are defined by Brown R. and Lee N. (2018) could help enterprises to develop their investment plans during a period of economic development. On the other hand, governments in many cases have used financial instruments not only to support the development of enterprises but also to help towards the provision of working capital to cover short-term needs. Furthermore, it is not clear if they could play such a key role during periods of economic crises, especially when enterprises, mainly SMEs, face serious difficulties in their efforts to access finance. And if this should really be the role of financial instruments, even more in times of economic crises i.e., to facilitate the access of SMEs, in practice this is not always possible, as in the case of Greece. And this is not included in the above definition.

The reality, as we will see in the Greek case, shows that the design and implementation of financial instruments, while aimed at facilitating companies' access to finance, ultimately is based on individual constraints that do not allow to achieve this goal. These constraints stem mainly from the mechanism through which the financial instruments are designed and implemented as well as from the regulatory framework governing them at European and national level. The European framework sets out the rules for the provision of financial instruments, both at the level of the European Structural Investment Funds and at the level of funds provided for this purpose, either by European competitive (and complementary to the Structural Funds) programs, or by the national programs for strengthening the liquidity and the capital base of the enterprises. The situation naturally worsens when financial instruments are designed in times of financial crisis and under very strict conditions and restrictions set by special agreements, as happened in the case of Greece during the Memorandum of Understanding between the national government and its creditors (International Monetary Fund, European Central Bank and European Commission).

Moreover, some researchers recognize that financial instruments are related with certain forms of financial products (i.e., loan, guarantee or equity instruments) which address various policy objectives, are characterized by different government procedures and concern social, institutional or geographic contexts (Wishlade F., Michie R., 2017). The term “financial instrument” has been broadly used during the programming period 2014-2020 by the European Union regulation, even in State-aid or in Cohesion Policy, substituting the former term “financial engineering instruments” which was used in programming period 2007-2013 and referred more to the concept of a mechanism which produced such instruments. Anyway, there is a common element which is being considered as fundamental for financial instruments and concerns the fact that they help funding provision to enterprises under the condition of repay. By their repayment, loans leaning on a financial instrument, collect sources which can be used again by financial intermediaries and the State for the provision of new loans in the future.

Furthermore, in accordance to the European Union’s Financial Regulation (Regulation No 966/2012), financial instruments are defined as “measures of financial support provided on a complementary basis from the budget in order to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk sharing instruments, and may, where appropriate, be combined with grants”. Their purpose is to enable the use of public sector capital – through funds of funds (or holding funds), venture capital funds, loan funds and guarantee fund mechanisms and furthermore to stimulate the participation of private sector capital in order to increase the scale, effectiveness and efficiency of policy measures. In particular, financial instruments increase the sustainability of public investment as they can recycle capital for future use and they shape a leverage effect as they combine public and private sector resources (European Parliament, 2017).

Therefore, taking into consideration that there is no commonly accepted definition of financial instruments and in addition to the fact that those existed refer to certain aspects which do not cover the field holistically, an alternative definition is needed, emphasizing on the significance of the mechanism which provide them. Such a definition is presented below and emphasizes both on the concept and the analysis of the mechanism through which financial instruments would eventually help companies to receive lending or the capital they need, as well as on these instruments' multiple purposes.

4.2 An alternative definition of financial instruments

In order to provide a more integrated definition for financial instruments all the above should be taken into account towards a more concrete direction, in parallel to the fact that the provision of such instruments is based on the role of various actors which activate in the field. Therefore, an alternative definition of financial instruments is the following:

Financial instruments constitute a public policy mechanism to tackle market failures which collects public and private sources and aims to facilitate access to finance for enterprises, mainly SMEs, enhance entrepreneurship at any stage, shape markets and guide investments towards the expansion of entrepreneurial activities.

4.2.1 Financial instruments as a public policy mechanism

Financial Instruments are a public policy mechanism and not just a means of facilitating business access to finance. They would not exist if the State did not take the decision to engage public sources for the purpose of facilitating the access to finance of enterprises. This mechanism is based on the participation of financial intermediaries i.e., public bodies/agencies (e.g., European Investment Bank or in the case of Greece the Hellenic Development Bank S.A.) and entities of the private sector (financial institutions) which undertake, each separately, a portion of the investment risk together with the interested company. The role of public services involved in the mechanism of financial instruments is determined each time by the government through relevant laws or ministerial decisions. In many cases, such as Greece, the intervention of the State is limited to the creation of a specialized organization which undertakes all relevant actions for the design and implementation of financial instruments. Central government usually undertakes the financing of the organization with national and European resources and monitors the design and implementation of its financial instruments with the participation of public administration executives in the monitoring committees created for this purpose.

Moreover, the State intervenes in the operation of the organization by determining its Board of Directors as well as procedural issues such as Rules of Procedure, Staff Rules, Rules for the Selection of Partners and Suppliers. In other words, we see that the role of the State is limited mainly to procedural issues without going into depth in the design of financial instruments in order to ensure that they really help businesses and especially SMEs to have access to appropriate funding. While the State intervenes to appoint and control the administration or to determine the remuneration of the staff of the specialized public body or the conditions of selection of suppliers, in cases like Greece, it does not really affect the content of the financial instruments so that they meet the real needs of business. Actually, it fails to meet the real needs of vulnerable enterprises, mainly SMEs, as in many cases financial instruments end up to those enterprises which could anyway proceed their business activities by using external finance without them. Actually, this negative result remains deeper during the severe economic crisis Greece went through during 2010-2018. The field therefore remains open for private bodies cooperating with the public body i.e., banks in order to use financial instruments of the public sector more for their own benefit, than for the benefit of the companies. As shown in the section for actors in the process of planning and implementation of financial instruments, collaborating banks are the actors that most influence the implementation of programs based on financial instruments. The other actors are either decisive in procedural matters such as the public sector, or simply participate by conveying the positions of their members with the hope that they will be taken into account by those who ultimately decide, as is the case with associations and corporate representatives.

The fact that financial instruments constitute a certain mechanism which undertake the provision of loans or equity to SMEs, has been mentioned by institutions such as the European Court of Auditors, mainly as regards their funding through European sources in combination with national ones. Indeed, in the case of financial instruments funded by the European Regional Development Fund (ERDF), the European Court of Auditors justify that “the implementation of access to finance programs requires the active involvement of financial intermediaries, which transform public funds into financial instruments for SMEs. Additional funds provided by the private sector may be added to the public funding, increasing the total amount available for investments in SMEs (leverage effect). The majority of funds contributed by the operational programs go to a selected holding fund (managed by the EIF, national institutions or others) then to selected intermediaries. Alternatively, they may be transferred directly to selected financial intermediaries. In the context of financial engineering instruments, beneficiaries are financial intermediaries and SMEs are final recipients” (European Court of Auditors, 2012).

But it is controversial and quite contradictory the fact that financial instruments programs heavily rely on banks which in the previous period were unable to meet the increased demand for loan funds and with their practices effectively excluded a large percentage of SMEs from access to finance. This is a typical example of the inability of the capital market to provide the required financing to companies with loan capital. Weakness which the State is called upon to correct, however, using the same bodies i.e., banks which have created SMEs’ lack of liquidity themselves and are responsible for it. Actually, banks when functioning absolutely according to financial market rules, care to retain and increase their profits and eventually, undertake the less of the risk related to SME loan. The sustainability of the enterprise is one of the prerequisites for the provision of a loan and not actually the target. A loan is what the enterprise needs to remain open in the short-term. If the SME cannot receive the loan, it will not become sustainable and finally, will bankrupt. The question here is quite obvious: what does the government want to achieve? SMEs to remain sustainable and potentially developed or banks to become profitable adding more and more mortgaged properties in their assets, thus presenting a false image in their balance sheets based on collateral that may never be collected? As shown in the case of Greece, the second scenario is ultimately the most prevalent. This is shown by the analysis of the data of the Entrepreneurship Fund[93], where banks eventually directed their resources and business interest to those actions which had the highest profit margin for them, defying the needs of the so-called real economy i.e., the companies themselves. Unfortunately, the success of a public policy which aims to enhance

[93] For a deeper analysis see Chapter 5.3.4.

the access of SMEs to finance ultimately depends on banks and not on the State, regardless of the original purpose.

Another crucial question arises regarding banks which collaborate with the State in a financial instrument program: would they lend those final recipients (SMEs) which judged as eligible to participate in the public funded program for enhancing SMEs access to finance anyway i.e., with or without this co-funded program? Furthermore, would their decision be different without public funding or would it be the same i.e., to prefer lending their existing clientele anyway? The answer can only be given by examining in more depth the terms and conditions of a loan, such as the interest rate, the duration and the amount of collateral required by the bank. Terms, which should be noted that differ per company as the bank implements different loan terms adapted to the creditworthiness of each company. The field therefore remains open for banks to finally lend in accordance with their own strictly bankable terms regardless that a significant portion of sources earmarked for corporate lending comes from public funds. It should be particularly pointed out especially to those researchers who strongly support free market, that the concept of opportunity cost also applies to government. Indeed, public resources decided to be used for financial instrument programs for the benefit of SMEs could have been used in other policies e.g., in vocational training programs for the adaptation of current employees or unemployment persons to the digital transformation of industry or for programs designed to combat unemployment and social exclusion. Opportunity costs are therefore important for any government, so in countries like Greece which had been through a severe economic crisis during the last decade and currently face a second economic crisis because of COVID-19, the existent practice of banks in granting loans solely on the basis of banking criteria cannot be easily accepted any longer, especially in the case of financial instruments which use inter alia public resources.

The following analysis is particularly useful in order to understand the power of some of the participants in planning and implementation of state aid programs using financial instruments to enhance SMEs access to finance. Indeed, as it is shown below, initially the State and in the next phases during the implementation, banks have real power to guide financial instruments to certain direction serving their interests.

4.2.2 Participating entities

When trying to describe what financial instruments really are, it is noteworthy to understand that they are a mechanism which facilitates SMEs' access to finance through risk sharing between the public and the private sector i.e., banks as lenders and enterprises as borrowers. Using the word "mechanism" scopes to make us realize that the provision of financial instruments could not be available without the interaction and cooperation between different stakeholders from the public and the private sector, such as:

- the State, public agencies authorized for the provision of financial instruments or public financial intermediaries (public sector),
- private financial intermediaries/banks (private sector),
- rarely the market itself in the form of private funds for the provision of loans or equity to SMEs and the participation of market's representatives mainly during the shaping of financial instruments and less during the implementation period (private sector),
- enterprises which borrow money either guaranteed up to a certain percentage by the public sector or co-funded schemes which provide funds to them (private sector).

Both public and private sector participate for the provision of financial instruments being a part of what is called "mechanism". The participation of entities coming of both sectors is obligatory for the provision of financial instruments. Otherwise, the provision of funds to SMEs based on financial instruments will not be able. In order to become functional, such mechanism needs both sides i.e., the public and the private sector. In specific, public entities are responsible for the following tasks:

- planning the appropriate public policy measures for the support of SMEs,
- creating the appropriate mechanism for the provision of financial instruments,
- finding and allocating the appropriate funds from public sources which could be either co-financed sources by European Structural Investment Funds (European Regional Development Fund/ERDF, European Social Fund/ESF, European Agricultural Fund for Rural Development/EAFRD, European Fisheries and Maritime Fund/EFMF, Cohesion Fund) or European Competitive Programs such as COSME (Competitiveness SMEs), HORIZON 2020, Employment and Social Inclusion/EaSI, Creative Europe in the 2014-2020 programming period or InvestEU, HORIZON 2030, European Defense Fund in the programming period 2021-2027) and furthermore, national, regional and local funds,
- scheduling the appropriate financial instruments for the support of SMEs,
- creating the appropriate procedures for monitoring the implementation of the policy measures based on the provision of funds to SMEs through financial instruments and evaluate the process in an effective manner,
- reallocating funds for further support of SMEs.

In many cases, the State establishes a specialized body/agency which undertakes all the necessary procedures to promote financial instruments for the facilitation of SMEs' access to finance. In specific, this body is in charge for the following activities: (a) launching calls for expression of interest by private financial intermediaries, i.e. banks, (b) submitting the appropriate funding agreements with both the State regarding the rules for funding and with the financial intermediaries/banks defining the procedures and rules regarding the allocation of funds, (c) signing contracts with eligible banks, (d) providing funds to banks for the provision of loans to SMEs subsequently, (e) evaluating banks requests for the allocation of funds and (f) monitoring the whole procedure in relation to each financial instrument established for the facilitation of SMEs' access to finance. It is quite clear that the role of the public sector is substantial for enhancing SMES' access to finance through financial instruments. Public sector is responsible for taking crucial decisions to make the whole mechanism functionally able and effective, as it decides: (a) which public and private entities will collaborate, (b) which procedures will be followed to establish such collaboration, (c) which and how many funds will be invested and from which exact sources will be withdrawn. In addition, public sector is in charge for the provision of public funds to private entities/ financial intermediaries which then will continue across the chain in order to provide loans based on financial instruments to SMEs.

The above does not mean that the role of the private sector is less significant. On the contrary, the allocation of funds through financial instruments as it has worked so far in European or national basis could not be able without the participation of banks/financial intermediaries, as they are those private sector's entities in charge for the following tasks:

- receiving SMEs' requests submitted for financing,
- evaluating SMEs' requests for funding,
- receiving commission for the examination of SME's requests and their financial evaluation necessary for the SMEs' credit scoring,

- submitting proposals to SMEs for signing a loan contract (where additional loan conditions might be asked, such as and most commonly collaterals),
- signing contacts with the approved SMEs with certain conditions such as interest rate, payment period, loan installments e.t.c.),
- providing the amount of loans to SMEs,
- receiving loan installments by SMEs,
- monitoring loan's repayment and follow-up for taking legal actions in case of default.

Moreover, the evaluation of SMEs requests for financing is based on criteria commonly accepted by all sides such as credit scoring. The latter helps to acknowledge SMEs financial record which is a strong criterion for the provision of loans based on financial instruments according to EU's state-aid regulation. In addition, the level of each financial intermediary's interest for the promotion of financial instruments is a quite important role of success, a prerequisite for the success of an action based on a financial instrument e.g., a program for the provision of low interest rates to SMEs. It would not be an exaggeration to claim that the role of private sector in the provision of loans or equity to SMEs is (in relation to the role of the public sector) equally substantial towards the direction of achieving the goal of facilitating access to finance for SMEs. In case the private sector is actually activated and committed to achieve the goal of supporting access to finance through a certain program, the results could be noteworthy[94]. In contrast, if the private sector does not actually support such a program because of several reasons (e.g., the program is competitive to bank's lending packages and procedures) there could be a strong possibility of its failure.

But the involvement of private sector's intermediaries furtherly depends on several costs created during the evaluation of requests for loans especially in case where there is little or no track record submitted by the entrepreneurs. This lack of track record makes it difficult for banks to estimate their potential risk from lending such potential borrowers and eventually, results a negative impact regarding their access to finance. This is the case of what literature has characterized as transaction costs. As banks do not have the appropriate financial information to evaluate these requests, they finally ask more for securing the potentially reimbursed mainly tangible collaterals which entrepreneurs in the most cases are not able to provide. The latter was commonly found during the period of crisis and became extremely a huge problem for SMEs and seriously harmed entrepreneurship in countries like Greece which for almost a decade has been faced a sovereign economic and social crisis. Many SMEs when trying to access finance were discouraged to proceed because of terms and conditions (collaterals, cash etc.) banks obliged them to follow. Many of them do not even have a sound financial record to justify the amount of lending which requests for and eventually making finance an unreachable dream.

The roles of the entities which participate in the procedures of planning and implementation of financial instruments programs are described in detail below.

4.3 Actors participating in the procedure of public policy formulation to facilitate SMEs access to finance

In order to understand State's intervention to strengthen entrepreneurship to facilitate access to finance of SMEs, a major category of enterprises facing financing difficulties over time, it is

[94] It is the case of certain actions of the Entrepreneurship Fund which will be presented in detail in a following chapter.

necessary to clarify the actors participating in this process as well as their role in it. The analysis should take into account the context of the basic approaches of public policy as a political process presented in previous section (e.g., pluralism, corporatism, Institutionalism etc.). This section presents the actors who participate in the design and implementation of financial instruments in Greece in order to facilitate SMEs access to finance in order to understand the respective roles, synergies and correlations, as well as the degree of their influence in the decision-making process. As presented below these actors are the State (Ministry, Investment Committee, Managing Authorities of OPCEI/Operational Program for Entrepreneurship Competitiveness and Innovation, Hellenic Fund for Entrepreneurship and Development S.A./HFED S.A.) as well as social stakeholders (Investment Committee, banks, SMEs representatives), international organizations (European Commission). In particular, regarding the planning of public policy to facilitate access of SMEs to financing using co-financed resources of the European Structural Investment Funds in Greece, the relevant procedure is analyzed in the following figure:

Stakeholders participating in planning and implementation of financial instruments in Greece funded by ESIF

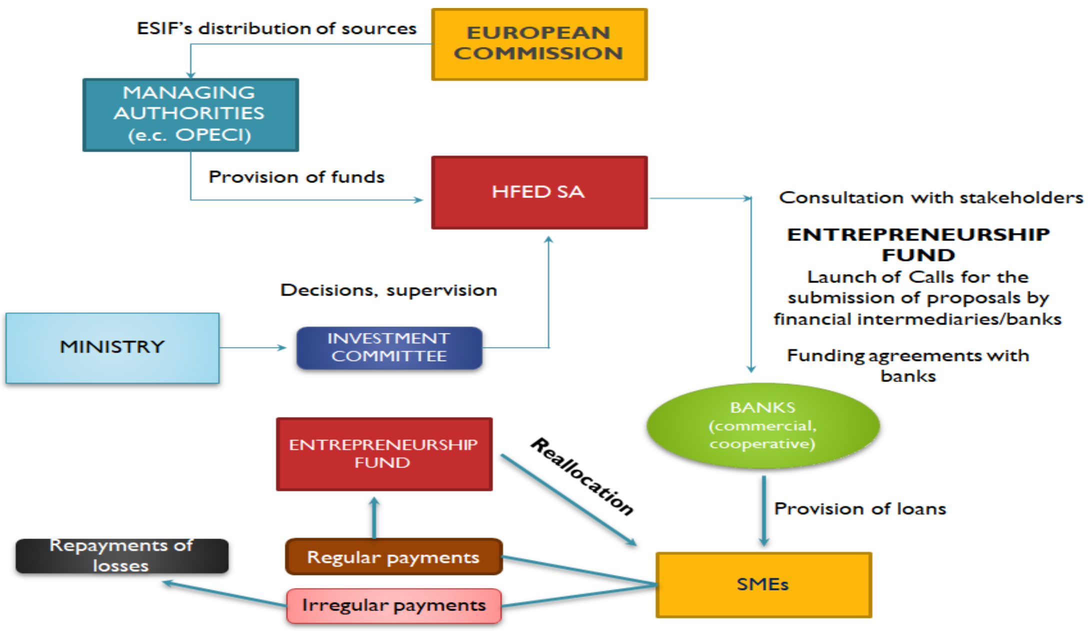


Figure designed by the author [in Argyriou T., Labrinidis G. and Rekkas T. (2020)].

4.3.1 The State

The State is not a solid organization. In most cases it is separated into central, regional and local authorities, each one of them with its own responsibilities, respectively. Central government consists of a number of ministries, agencies and multilateral decision-making bodies. Actually, it is represented by the Government which is further represented by the Ministerial Council, the Ministries and a number of Executive Agencies. Among State's actors, there may be significant differences mainly related to who undertakes to do what. At the level of the Council of Ministers, it is very likely that there will be confrontations between the ministers regarding the action taken between the co-competent ministries. However, controversies over who does what and overlapping may also arise within a ministry which is responsible for planning and shaping public policy in a field that falls within the remit of more than one administration's units. At this level, the winners seem to be those services which have managed to develop strong communication links with the highest hierarchical (political / administrative) levels where final decisions are taken and having succeeded in encircling their responsibilities through regulation.

In the case of financial instruments designed centrally as public policy to improve SMEs' access to finance in Greece, certain agencies of the Ministry for Development with great power and influence at the highest hierarchical decision-making level are responsible for planning and coordinating the co-financed projects of the National Strategic Reference Frameworks (NSRF) financed by the European Structural Investment Funds. The latter remain the basic source of funding programs whose object is to enhance SMEs access to finance in Greece. Indeed, these agencies constitute a complex of special services created exclusively for the above purposes, the majority of which are composed of private law employees for an indefinite period of time, who have been recruited through extremely flexible procedures in contrary to the strict regulatory practice of recruiting public servants.[95] These agencies have a strong influence within the political power of the ministries due to their specialized knowledge of planning, coordination, allocation and management of the co-financed resources of the European Structural Investment Funds. They have also outperformed other agencies with significant experience in designing and implementing state aid programs, either in the form of grants or in the form of lending or equity financial instruments, mainly because they have managed to impose their participation in the implementation of similar programs[96].

Within State's mechanism that has undertaken the design of financial instruments in the context of public policy to facilitate SMEs' access to finance, competent regional agencies as well as special bodies have been set up for this purpose, such as in the case of lending instruments was initially the Guarantee Fund for Small and Very Small Enterprises S.A., followed by the National Fund for Entrepreneurship and Development S.A. (NFED S.A.) which in 2019 transformed into the Hellenic Development Bank S.A. (HDB S.A.). Respectively, in the case of equity instruments, the body which undertook the relevant responsibilities was initially the New Economy Development Fund S.A. (NEDF S.A.) which was subsequently absorbed by a merger by NFED S.A. and then, in 2019, was transformed into the Hellenic Development Investments Bank S.A. (HDIB S.A.)[97].

[95] In Greece, the recruitment of staff in the Greek public sector is done by an Independent Authority which has been set up specifically for this purpose. This is the Supreme Personnel Selection Council (SPSC/ASEP), which issues the recruitment calls and evaluates the submitted applications independently and with the required independence. An alternative recruitment of staff in the public sector is the extremely difficult staff selection process for admission to the National School of Public Administration, which scopes to operate similarly to the French Ecole Nationale d'Administration Publique (ENAP) and trains executives with rapid development prospects due to the specialized training they acquire during the period of studies. On the contrary, the recruitments in the Special Authorities (eg Coordination, Institutional Support, etc.) and the Special Services for the Management of the operational and regional co-financed programs, are carried out by the Organization and Management Unit S.A. (OMU/MOD SA), which is a company - a legal entity under private law and hires staff with its own examination procedures, which are not subject to the control of ASEP and therefore do not enjoy the respective meritocracy based on the principles of transparency and of the integrity of the selection process. This finding certainly does not concern the quality of the staff selected in the latter case, but it is pointed out in order to emphasize the different staff selection procedures and to further understand that the Greek public administration employs staff characterized by significant heterogeneity, both in terms of type employment relationship, as well as the level of qualifications required per job advertised, but ultimately the subject matter of the work they are called upon to perform.

[96] A competence they did not have before 2015.

[97] See on the historical background and analysis set out in the special chapter of this dissertation.

4.3.2 Social Stakeholders

This category includes organized interest groups that are institutionally involved in the design and implementation processes of financial instruments. These are mainly associations representing companies or chambers, such as the Association of Greek Industries, the General Confederation of Greek Craftsmen and SMEs, the National Confederation of Commerce and Entrepreneurship and the Hellenic Banking Association. The influence of these stakeholders varies from stage to stage: The Association of Greek Industries, for example, has managed to exert significant influence mainly during the stage of public policy development for economic development. A typical example is the planning of development interventions in the context of co-financed business support programs or other interventions such as the Development / Investment Law. In contrast, the role of other social partners is less influential at the policy-making stage although they are institutionally involved.

However, some of the social partners who are institutionally involved in monitoring the implementation of financial instrument actions have more influence in decision-making bodies, as is the case of the Hellenic Banking Association which represents banks participating in loan guarantee programs of co-financed schemes. This influence is described in detail in the chapter of this dissertation which presents the course of implementation of the Entrepreneurship Fund I during the period 2010-2016. It is characteristic that banks, through their institutional representation in the decision-making bodies responsible for the implementation of the financial instruments (Board of Directors, Entrepreneurship Fund Investment Committee), managed to modify in their favor the individual terms of granting the loans (e.g., determination of collaterals as a percentage of the loan granted for the part of the loan not covered by State's guarantee or even the percentage of co-investment). At the same time, banks promoted to their clientele lending terms on an individual basis which gave them the greatest profit margins. The role of banks as a social partner in terms of the implementation of financial instrument programs was crucial for the final the outcome as regards facilitating SMEs' access to finance in times of credit crunch that characterized the Greek economy over the years of the policies imposed by the Memorandum of Understandings (MoU) of 2010, 2012 and 2015. Their role still remains crucial for the implementation of financial instruments because the latter are scheduled to be provided to SMEs through the banking system.

4.3.3 International Organizations

European Union constitutes the regulatory framework for financial instruments either in the form of mandates or rules which member-states must comply with and mainly concern state-aid provisions, or in the form of regulations which concern certain policy areas such as research and development, SMEs, infrastructure, social inclusion and creative industries. In any case what is strictly forbidden is the support of financial intermediaries i.e., banks through financial instruments because of competition rules according financial markets and of course articles 107 and 108 of the Treaty of the European Union.

In many cases, the design and implementation of public policy programs to improve access to finance through financial instruments is entrusted, either institutionally as in the case of the European Union, or in agreement with national public authorities, to specialized bodies, such as the European Investment Bank (EIB) or the European Investment Fund (EIF). The first (EIB) has been authorized by the competent bodies of the European Union and as its main object is the provision of resources through mainly lending type financial instruments (guarantees, co-investments with public or private financial institutions) to facilitate development plans or for the implementation of major infrastructure projects. In this context, EIB participates as a co-investor in funds set up in the Member States to facilitate SMEs' access to finance, such as the SME Guarantee Fund established in 2012 during the programming period 2014-2020 as well as in 2020 during the programming period 2014-2020 with resources co-financed by the European Structural Funds for Greece and EIB resources.

Furthermore, EIB acting as an intermediary, implements the financial instruments of the European Union in the context of the operation of European Competitive (and complementary to the European Structural Investment Funds) Programs such as in period 2014-2020, COSME program, HORIZON 2020, the program for Employment and Social Inclusion (EaSI) and Creative Europe or InvestEU program for the programming period 2021-2027. In order to achieve its purpose, it even signs relevant cooperation agreements with public (e.g., Development Banks) or private financial intermediaries (banks) for the provision of funds that will be used to provide guarantees to SMEs or large enterprises loans. In addition, the European Investment Fund (EIF) has been empowered by the European institutions to provide financial sources to funds set up in member states specifically to provide equity to SMEs with high potential to grow. In the case of Greece, Equifund created in 2016 by collecting funds from the Greek government (200 million euro) through European Structural Investment Funds and under the NSRF 2014-2020[98]. and EIF (60 million euro).

In the case of the SME Guarantee Fund and Equifund, both EIB and EIF have taken on a dual role: that of the co-investor on the one hand and that of the manager of all the funds invested in these funds, given that it has the specialized knowledge and accumulated experience for the design and implementation of financial instruments. In addition, the supranational organizations influencing the formulation of public policies for the financing of SMEs the Organization for Economic Co-operation and Development (OECD) is included. Actually, OECD is not involved in the design and implementation of specialized programs and actions but mainly in shaping the general framework for public policies to support entrepreneurship and facilitate access to finance for enterprises.

4.3.4 Other Pressure Groups

These include organized but possibly informal interest groups representing a variety of interests. These interest groups include organized professional representation bodies such as the Association of Start-ups and Young Entrepreneurs or Associations of Craft Entrepreneurs which demand to have a share of financial instruments, as well as private specialized service providers (e.g., microcredit consultants). Some of the above-mentioned interest groups may have managed to significantly influence the higher levels of public policy decision-making as regards the financing of SMEs and even to the adoption of a relevant regulation as happened in the case of microcredits[99]. In the first case, the influence of interest groups is low, while in the second case the same thing happened initially, but then it achieved its goal due to the increased financing needs of micro and individual businesses, freelancers and individuals who are in a difficult position due to unemployment and the absence microcredit in the Greek financial market.

[98] Both SMEs Guarantee Fund and Equifund, as well as financial instruments of selected EU Competitive Programs, are presented in a special chapter.

[99] Law 4701/2020, Government's Gazette A/128/30.6.2020.

4.3.5 Actors' different degrees of influence on the final result

The role of some of the above actors in the process of designing and implementing public policies to facilitate SMEs' access to finance has been extremely influential in terms of the final decision and the final result. In particular, both the Special Management Services of the operational programs of the NSRF 2014-2020 on the part of the State and the Hellenic Banking Association played a key role: the former mainly during the designing phase of financial instruments, while the latter, both at the design stage and most importantly, at the implementation stage of the public policy pursued. During the design of the financial instruments, the Special Services Management of the co-financed programs, have taken advantage of the responsibility assigned to them by the political power of the Ministry in previous stages in order to act as contact points with the competent services of the European Commission and managed to guide the final decisions for the design of public policies based on the conditions and eligibility criteria set out in the European regulatory framework for state aid.

However, the final formulation of the policy was carried out taking into account the views of the social partners at the design stage, where specific interest groups, such as the Association of Greek Industries and the Hellenic Banking Association significantly influenced the respective political hierarchy, satisfying their interests to a significant degree. Respectively, depending on the European program that supplies resources to each financial instrument, the role of the European Investment Bank (EIB) and the European Investment Fund (EIF) was even more influential. Due to their relative specialization, they have taken, as mentioned above. dual roles in the implementation of public policy on financial instruments. On the other hand, during the implementation phase of the programs or funds created to facilitate SMEs' access to finance, private financial institutions (banks) which cooperated with the public financial institution (National Fund for Entrepreneurship and Development – NFED S.A.), have played a decisive role as regards the provision of loans to SMEs. In the case of Entrepreneurship Fund I which was co-financed by the NSRF 2007-2013, banks participation was so crucial that it essentially determined which of the fund's programs attracted the most public funding and private resources, respectively, turning companies to use with the most profitable financial instrument for banks instead of SMEs[100].

The above decision-making model for the public policy of facilitating the financing of SMEs through financial instruments, is more in line with the pluralistic model presented earlier, although it retains some elements of the corporate model. These are the institutional representation of interest groups and the intervening character of the State, but without maintaining the character of equal participation in decision-making. Indeed, some organized interest groups representing certain business elites such as the Association of Greek Industries and the Hellenic Banking Association, succeeded τo outperform other interest groups. Indeed, they significantly managed to satisfy their aspirations and form a dominant business elite that largely imposes its positions in the decision-making procedure of public policies for economic development, including the facilitation of access to finance for businesses in general and SMEs, in particular.

In addition, the presence of institutional actors such as the Special Agencies for State-aid in the formation of public policies to facilitate SME's access to finance, is indeed significant but seems to be less crucial as it focus to the implementation of EU's regulations and satisfies the powerful interest groups. Eventually as regards Greece, these data are more in line with the pluralistic model based on social representation in the decision-making process. This model

[100] See chapter for Entrepreneurship Fund I.

has dominated its presence in USA and European Union, confirming the current literature for the case of Greece (Mavrogordatos, 2001, Kountouri F., 2015, Lavdas K., 2007 in Kountouri F., 2015).

The actors and the process of planning and implementing public policies to support entrepreneurship by facilitating SMEs' access to finance are presented in the following figure:

The path of public policy to facilitate SMEs' access to finance

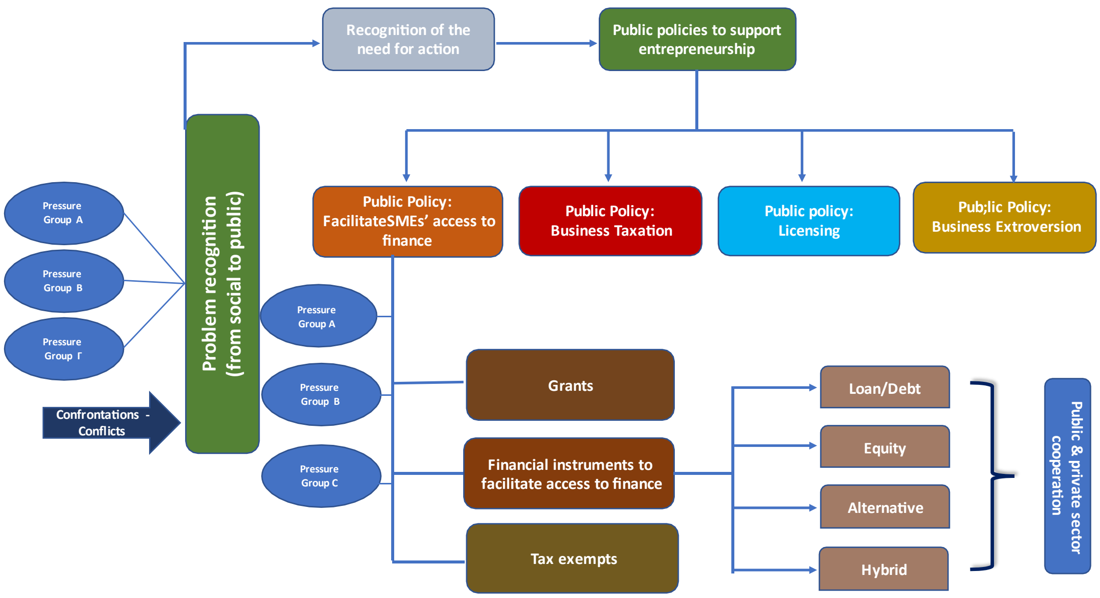


Figure designed by the author

The above scheme includes both the individual stages of shaping a public policy, from the identification of a problem to be resolved from social to public sphere to the design of specific policy programs and actions to address such problem, as well as the individual actors and stakeholders involved in the whole process. It seems that facilitating access to finance for SMEs is one among other public policies to support entrepreneurship and. Actually, it works additionally to other public policies that are part of the distinct areas of taxation and tax incentives, business licensing, aid to enhance extroversion and business competitiveness, etc.

The complementarity of public policies highlights the need to design coherent public policies as a key condition for the effective support of SMEs in the context of the ultimate goal of economic development and social cohesion. This means that financial instruments alone do not provide substantial support for entrepreneurship. A typical example is the capital support of SMEs with venture capital which has been developed more in those countries which have combined it with generous tax exemptions during the early stages of business operation.

4.4 Financial instruments to tackle market failures and bridge the funding gap

The above definition highlights that financial instruments constitute a certain public policy to tackle market failures having clear goals (i.e., enhance entrepreneurship, facilitate access to finance) and they would not be existed without State's intervention. Otherwise, private sector would provide loans and capital to enterprises without any public intervention probably in a perfectly competitive market. In the case of SMEs, a significant financing gap arise in the aftermath of 2008 financial crisis. A funding gap[101] is the result of a mismatch between the demand and supply of funds and is a certain market failure which needs to be addressed by governments as the market itself creates it. Indeed, a funding gap is the result of the way financial markets activate. A bank provides loans to its customers (SMEs) under certain conditions which force borrowers to have a sound financial record and furthermore and not less crucial, to provide evidence of how the bank will cover its loss in the case of borrower's inability to repay the loan (default). In most case banks ask collaterals from SMEs which usually do not have. As a result, banks do not finance SMEs which in turn face lack of liquidity, cannot pay their obligations to their suppliers and the State and finally come to a no way out facing the possibility of bankruptcy. However, the existence of a financial gap is also due to the practice of banks which tend to lend more easily to their long-term customers as empirically pointed out by Petersen M. and Rajan R. (1994) and Berger A. and Udell G. (1995). Actually, Burger and Udell (1995) stated that although banks decide to lend to businesses according to qualitative (financial statement analysis, cash flow, credit rating) and quantitative data (business information externally affected), they very often depend on the relationship they carry out with their respective customer (Cressy R., 2003). This leads in many cases to the provision of loans without the required impartiality on the part of the banks, with the result that financially sound companies are often excluded from financing.

However, it is not just transaction costs that negatively affect the supply of capital to SMEs. Additional market failures such as asymmetric information, adverse selection and agency problems contribute to the creation of a financial gap when the demand for capital is greater than the supply. As part of the neoclassical approach and long before the global financial crisis of 2008, academic debate focused on cases where government intervention artificially kept interest rates below market levels, creating technically an exaggerated demand for capital due to lower loan costs. In order to eliminate the excess demand, banks increase the total interest rate for all their customers so that the market would return to equilibrium (OECD, 2006). This view was contested by Stiglitz J. and Weiss A. (1981), who argued that in an equilibrium market which faces problems commonly encountered in financial markets, it might make sense for banks to engage in credit rationing. In addition, banks are often reluctant to change interest rates to hedge risk, believing that by removing low-risk lenders, high interest rates could lead to a riskier loan portfolio, triggering an adverse credit selection. Banks thus have the ability to maximize their performance by setting an interest rate that would leave a large number of potential lenders without credit. According to Stiglitz J. and Weiss A. (1981), credit rationing is observed when: (a) among loan applicants who appear to be identical, some receive credit while others do not, (b) there are identifiable groups in the population who cannot receive credit at any price.

In countries like Greece, the funding gap was extremely high during the years of the financial crisis and still remains a huge problem which threats the stability of the national economy. The solution to such an acute problem cannot be based solely on efforts trying to determine the financial gap. In contrary, all factors which create financial market failures must be taken into account. Actually, in the case of Greece, government policies for the support entrepreneurship by facilitating SMEs' access to finance do not seem to have worked as the funding gap remains extremely high independently of the methods used to calculate it. Precisely, the estimation of the exact amount of the financial gap depends each time on the methodology of its calculation. Thus, European Commission (2018) estimated the financial

[101] According to the European Court of Auditors (2012), funding gap is defined as "A mismatch between the demand and the supply in different types of financial instruments for SMEs in a given area of the EU".

gap for Greece between € 2,68 billion (threshold) and € 3,93 billion with an average loan amount of € 88.137, while a Hellenic Ministry's for Economy and Development special study (2016) estimated the funding gap at € 3,65 billion and an average loan amount corresponding at € 321.500.

4.5 The role of European Union's regulation framework regarding financial instruments

As regards the European Union, it provides funds either through centrally managed by the European Investment Bank - guarantee instruments (this the case of the Loan Guarantee facility of COSME program 2014-2020 and SME Guarantee Facility of HORIZON 2020 program) or under the rules of cohesion policy where European Union provides its sources additionally to national ones in order to create financial instruments programs for the support of SMEs in cooperation with national or regional authorities. In addition, Member States have scheduled and implemented guarantee instruments as well in a national or regional manner. It is noteworthy that the European Commission provides financial instruments due to certain conditions under the market economy principle and the protection of competition into the European Union. European Council Regulation EC 1303/2013[102] which is applied to state-aid programmes funded by the European Structural and Investment Funds during the programming period 2014-2020, justifies the implementation of financial instruments under strict conditions named in introductory paragraph 36: "Financial instruments should be designed and implemented so as to promote substantial participation by private sector investors and financial institutions on an appropriate risk-sharing basis. To be sufficiently attractive to the private sector, it is essential that financial instruments are designed and implemented in a flexible manner. Managing authorities should therefore decide on the most appropriate forms for implementing financial instruments in order to address the specific needs of the target regions, in accordance with the objectives of the relevant program, the results of the ex-ante assessment and applicable State aid rules. Where applicable, such flexibility should also include the possibility to reuse part of the resources paid back during the eligibility period in order to provide for the preferential remuneration of private investors or public investors operating under the market economy principle. Such preferential remuneration should take into account market standards and ensure that any State aid complies with applicable Union and national law and is limited to the minimum amount necessary to compensate for the lack of private capital available, taking into account market failures or suboptimal investment situations".

It is quite clear that financial instruments can be provided under certain requirements as they should: (a) ensure a risk-sharing basis appropriately defined according to each instrument and region; (b) be sufficiently attractive to the private sector i.e., private banks and enterprises and (c) flexibly help the reuse of resources successfully paid back by borrowers always in a minimum level to cover the lack of available capital. According to article 37 par.1 of EC 1303/2013 "financial instruments shall be implemented to support investments which are expected to be financially viable and do not give rise to sufficient funding from market sources" and par. 4 determines that "where financial instruments support financing to

[102] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

enterprises, including SMEs, such support shall target the establishment of new enterprises, early stage-capital, i.e. seed capital and start-up capital, expansion capital, capital for the strengthening of the general activities of an enterprise, or the realization of new projects, penetration of new markets or new developments by existing enterprises, without prejudice to applicable Union State aid rules, and in accordance with the Fund-specific rules. Such support may include investment in both tangible and intangible assets as well as working capital within the limits of applicable Union State aid rules and with a view to stimulating the private sector as a supplier of funding to enterprises".

4.6 The challenge for the State to intervene through financial instruments

The challenge is therefore complex for governments to design, through their competent authorities/agencies, the appropriate financial instruments that will serve the real needs of businesses, especially SMEs in any stage of development. There are many doubts on SMEs' financing: how, for example, will a micro enterprise or a start-up gain access to finance without a sound financial record? Actually, a financial record cannot be available especially to start-ups and micro enterprises which a priori face serious problems with lack of finance. These enterprises really need financial instruments in order to become stable in the short term and viable in the long term. But in reality, they are frequently excluded by financial instruments or they avoid traditional lending because of the existence of strict financial conditions and requirements defined by the lenders (banks) which "base their decisions on collateral and track record, rather than the economic viability of enterprises" (BIS, 2012 in Siedschlag I. et al, 2014). The problem becomes more difficult with discouraged borrowers i.e., companies which prefer not to apply for a loan because they have the impression that they will be rejected by banks (Kon Y. and Storey D. J., 2003). Such companies are often successful and creditworthy but fear to apply for a bank loan or to receive equity because they fear of losing control of their business as they doubt about their ability to fulfil their payment obligations (Brown R. and Lee N., 2014, 2017).

But The paradox therefore remains. Banks which are responsible for excluding a large number of SMEs from access to finance are called upon to address what they are mainly responsible for: the reduced access of a significant number of companies to finance. Furthermore, moral hazard problems may arise in funds which combine sources by the public and the private sector, especially in the case when financial intermediaries do not act as they have agreed to do so according to the funding agreement signed with the public sector. This is an opaque situation mainly from the bank's side, as it prefers to lend without taking necessary into account what is agreed between both sides considering the call for proposal edited by the public agency to attract financial intermediaries, the funding agreement between the two parties and the loan covenant signed by the bank and the borrower. In contrary, a similar problem as the principal (agent) one could arise when the entrepreneur acting as borrower uses the loan for other purposes totally different of those invoked at the stage of loan submission and might be other than of the enterprise.

Chapter 5: Public policies and financial instruments to facilitate SMEs access to finance in Greece

Greece ran through a deep recession during the last decade which had negative consequences to SMEs and entrepreneurship. Unfortunately, despite all State's interventions aiming to support entrepreneurship, access to finance still remains one of country's SMEs major problems. This chapter presents such efforts and provides the necessary justification to determine the need for State's intervention to enhance the liquidity of Greek SMEs focused on the real needs of entrepreneurship.

5.1 Macroeconomic environment

During the years after 2009, the Greek economy experienced an extremely serious and long-lasting economic crisis, which is due to the contraction of Gross Domestic Product (GDP) by 22% between 2009-2015, while at the same time the levels of public deficit and public debt seriously deteriorated. Although the economic crisis had strong fiscal characteristics[103], it presented strong financial characteristics which greatly affected the amount of money supply to the economy. The reduction in money supply had strong negative impact, both on household consumption expenditure and mainly on corporate expenditure and investment. In particular, the economic crisis has negatively affected SMEs and investments due to declining private consumption as a result of declining disposable income, which has led to a cumulative reduction in the turnover of enterprises and SMEs in particular. The reduction of SMEs' turnover led to the deterioration of the financial situation for companies which forced banks to be more cautious about lending to businesses following a risk aversion path. Additionally, financing conditions for SMEs deteriorated, mainly in the direction of increasing required asset collaterals. However, financial crisis led, among others, to a reduction in the value of real estate and consequently, to lower value of collaterals and lower amounts of loans to enterprises.

The reduction in the supply of funds to finance SMEs has significantly contributed to the increase in the financing gap. The latter is evidenced by the difference between the demand and supply of loan capital. This concept of financing gap is the most digestible because it defines it as the difference between funds requested by companies and funds offered by various private sector financial institutions i.e., banks, leasing companies - leasing, factoring companies, holding companies, venture capital companies, private equity companies, etc. It should be noted that there is no commonly accepted method of calculating the financing gap as it depends on the parameters each time researchers choose to include (European Commission (2018)[104].

Economic crisis had a domino effect on the Greek economy. Given the rapid reduction of available national public funds in the framework of strict fiscal adjustment programs, crisis was sought to be addressed by Greek governments of the period mainly with sources of the

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[103] High deficit above 3% and, government debt at inconspicuous heights well above the ceiling also applied to member-states of European Union according to the rules of the Stability and Growth Pact.

[104] European Commission (2018), *Proposal for a Regulation of the European Parliament and of the Council establishing the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826,* COM(2018) 441 final, Brussels, 7.6.2018, chapter 1.5.

European Structural Funds, as well as the European Strategic Investment Fund (ESIF). These sources were actually the main ones used to finance entrepreneurship and SMEs, as domestic resources were limited due to the strictly restrictive fiscal policy pursued by Greek governments under the fiscal adjustment programs of the so-called "memorandum period" 2010- 2018. A natural consequence of these policies was the limited access of companies and, in particular, SMEs, to financing as it was not possible to support domestic entrepreneurship with additional resources of the country's public investment program which in fact has developmental nature.

The economic crisis therefore, resulted in the implementation of restrictive fiscal policies aimed, on the one hand, at the achievement of extremely high targets in order to repay the loans of the Greek economy's stability mechanism and on the other hand, at the implementation of structural policies with short-term targeting but not with a long-term perspective. It is characteristic that the so-called "structural policies" aimed at the fulfillment of purely short-term goals by companies such as the reduction of labor costs and employer contributions in order to improve the competitiveness of enterprises, the almost complete deregulation of labor relations, the simplification of licensing even for industrial enterprises of great mechanical power and with particularly harmful effects on the environment and human health and so on.

Another inhibitor was the inability of the financial system to contribute positively to the improvement of the access conditions of the Greek SMEs to financing. The main justification was the imposition of stricter rules for the supervision of financial institutions within the framework of the Basel III. Moreover, Non-Performing Loans (NPLs) and Non-Performing Exposures (NPEs) presented by Greek banks amounted to 45% of total loans in 2017, being the highest among the countries of the European Union and the European Monetary Union. The low credit expansion observed in the years of memorandum policies was justified for the above reasons, although Greek banks according to decisions Greek governments during the initial years of the crisis, were recapitalized three times using public funds. These public sources could instead be used to pursue expansionary fiscal policies which would positively stimulate demand for products and services by helping companies to increase their turnover and gradually show positive figures and become capable to receive financing form banks. Furthermore, it should be noticed that the fundamental goal of monetary policy in the context of EMU, and therefore for Greece, is inflation rates below 3%. A goal which also did not allow the pursuit of an expansionary fiscal policy fearing inflationary pressures.

On the contrary, both theory (Keynes, 1932) and practice (Economic Crisis 1929, implementation of the "New Deal" from the mid-1930s in the USA) strongly argument that achieving growth conditions in an economy being through deep economic recession is possible only by implementing expansionary fiscal policies. Indeed, the increase of money supply has multiplier effects and a catalytic effect for the increase of private investments. Unfortunately, in the case of Greece this did not happen in order to tackle the deep economic crisis with a combination of expansionary fiscal and monetary policy. As a result, money supply in the economy was significantly reduced and consequently, access to finance for businesses became extremely problematic.

The opposite view argues that expansionary fiscal and monetary policies lead mathematically to new crises as they create severe inflationary pressures, loss of purchasing power, rising lending rates, declining private investments, declining GDP, rising central bank lending obligations, reduction of disposable income and so on. Still, the liquidity trap phenomenon Keynes J. M. (1936), Hicks J. R. (1937) is likely to occur when even extremely low interest rates cannot revive private investments and therefore the economy is in imbalance for a long time with no growth prospects. Perhaps, the latter case, under certain conditions, explains to some extent the situation of the Greek economy during the period of economic crisis. Liquidity trap could not be avoided, as the purchasing power of consumers decreased due to the large cuts imposed by the State on public sector wages and pensions which accompanied the wages of the private sector, resulting in a significant reduction in demand for many product categories, beyond these essentials. At the same time, product prices could not be significantly reduced due to low demand, as the State imposed high indirect taxes which had a deterrent effect on aggregate demand for goods and services in the economy. Therefore, both prices and wages did not remain stable as Pigou argued in order to substantiate his theory. In addition, debt crisis of the Greek economy was so deep that it eventually led to extreme difficulties in repaying it and the need for assistance from international organizations (EU, International Monetary Fund/IMF) to address it. Therefore, Kalecski's view that "the adjustment required would catastrophically increase the real value of debts and would consequently lead to wholesale bankruptcy and a confidence crisis”[105] provides a convincing explanation about why existing debts cannot address any liquidity trap.

However, what is particularly important is that financial crisis contributed to the reduction of funds available for the financing of Greek SMEs, a fact that is reflected during the Memorandum of Understating’s period. In this case, therefore, the need for State’s intervention still remains a fundamental condition to facilitate access of companies and especially SMEs to finance. However, as is shown below, State’s intervention was extremely limited and failed to mobilize the resources needed to rebuild the Greek economy through financial instruments programs.

5.2 The exacerbation of the problem of SME financing during the years of economic crisis in Greece

Greek SMEs were hit by the sovereign debt crisis of years 2010-2018 when they faced limited access to finance. During this period, Greek banks continued to lend to SMEs without actually having "close the taps" as characteristically mentioned in multitude of articles in the daily economic and political press of the time. According to data of the OECD (2020)[106], new business lending to Greek SMEs decreased four times in 2018 compared to 2010. Actually, new business lending to SMEs was billion 4.4 euro in 2010 and decreased sharply to billion 1.2 euro in 2018. This tremendous fall decreased the share of new SME lending to total business lending form 21.4% in 2010 to 10.18% in 2018 and the decrease was much deeper compared to pro-crisis period. Hence, SME lending volumes were still far below their pro-crisis levels (year 2008). Another point of serious concern is the increase of the outstanding amount of SME loans which remained almost stable in 2017 (billion 44.9 euro) compared to 2010 (billion 44.7) with a slight fall occurred in 2018 (billion 41.1) showing a decrease of 8.5% compared to the year 2010. In the same period, the outstanding business loans (including SMEs and large enterprises) decreased from billion 117 euro in 2010 to billion 76.4 euro in 2018. It is also worrying the fact that the percentage of SMEs outstanding loans to total outstanding business loans increased to 53.8% in 2018 while in 2010 it was 38.5%. It is noteworthy that in the years when the crisis reached its peak, outstanding SME loans reached the amount of € 48.1 billion,

[105] In Lopez J. and Assous M. (2010), p. 53.
[106] OECD (2020), *Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard,* pp. 133-136. The author of this dissertation is the national expert of Greece to OECD’s Steering Committee on Financing SMEs and entrepreneurship, in charge for the collection, evaluation and submission of national data regarding financing SMEs and entrepreneurship in Greece.

while their highest level appeared in 2016 (€ 48.4 billion), showing an increase in percentage 7.8%.

The above data drives to the conclusion that SMEs financing became extremely difficult in comparison both to pro-crisis years and large enterprises. SMEs interest rates remain much higher both for SMEs and large enterprises compared to other Eurozone economies although it decreased in recent years. Furthermore, according to OECD (2020) "Greece still reports the highest external financing gap in the Eurozone (which measures the perceived difference at various firm levels between the need for external funds across all channels i.e., bank loans, bank overdrafts, trade credit, equity and debt securities, and the availability of funds)". In addition, the SBA Factsheet (2019), Greece is among the worst performers as regards the indicators of (a) share of rejected or unacceptable loans to SMEs, (b) the willingness of banks to provide a loan, (c) access to public financial support, although significant improvements have been observed in these three indicators since 2015. Actually, rejected or unacceptable loans declined from 29% in 2016 to 17% and so did willingness of banks to provide a loan (from 47% in 2015 to 18% in 2018) as well as access to public financial support (from 69% in 2015 to 31% in 2015.

The decrease of total loans to businesses was proportionally much higher compared to the decrease of loans to SMEs, which is reflected in absolute prices and the increase in the share of SMEs in total outstanding loans. This is due in part to the reduction in the amount of loans granted by banks to large corporations, as shown below, due to the tightening of lending conditions under the restrictive fiscal policy implemented by governments this period, which had extremely negative and final anti-growth effects in the real economy. It may also be due to the shift of large companies to find capital in other markets (stock market, international capital markets), as they have the ability to raise capital outside the banking system, internationally or even by transferring their activities abroad[107]

On the other hand, the fact that loans to SMEs decreased during this period but to a much lesser extent than total loans to businesses, raises serious concerns if combined with the data on new loans to businesses as a whole and SMEs especially, as presented below. In particular, during the same period, new loans to SMEs decreased from 4.4 billion euros in 2010 to 1.2 billion euros in 2018, recording a large decline of 72.7%, although in 2011 they increased to 5.2 billion euros and then gradually decreased. At the same time, new loans to all companies (including large companies), although initially increased (as well as those for SMEs), from € 20.7 billion in 2010 to € 29.4 billion in 2011, then decreased with small fluctuations (in 2013 increased compared to 2012) to 11.4 billion euro in 2018, recording a total significant decrease of 44.9% compared to the year 2010. The amount of new loans to SMEs compared to total loans to businesses decreased from 21.4% in 2010 to 10.2% in 2018 i.e., more than double. This development is particularly worrying as it is evidence of a wider trend followed by Greek banks during the years of financial crisis to refinance older loans to Greek SMEs, most of which were identified as Non-Performing Loans. This is an important aspect regarding the financing of Greek SMEs during the period of economic crisis, which is not the subject of the present research, but can be researched at the academic level, as this dimension may provide important findings for the full anti-development strategy followed by Greek banks during this period. While banks had been supported by the European Stability Mechanism and with money from Greek and European taxpayers three times in the years of crisis in order to support the Greek banking system and not collapse causing a domino effect as happened during the financial risis 1929, ultimately did not help at all in creating growth prospects by supporting lending SMEs with growth prospects. On the contrary, they preferred to follow

[107] Characteristic examples are the cases of large Greek industries such as Coca-Cola S.A. in the refreshments sector, FAGE S.A. in the dairy sector and Viohalco S.A. in the steel sector.

conservative choices while maintaining their good clientele as possible i.e., those companies which showed positive financial data and protecting their loan portfolio as much as possible by refinancing older non-performing loans, giving even second or even third chance to SMEs to repay them.

According to the data of the SBA Factsheet of the European Commission as published annually for the given period, Greek SMEs constitute 99.9% of the country's businesses, contributing over time to the creation of new jobs and contributing significantly to the creation of added value. In addition, these indicators are consistently higher than the European average of the EU-28, revealing a significant specificity of the Greek economy compared to the EU-28 average. Therefore, the support of SMEs operating in Greece acquires a major character, as they constitute the vast majority of companies in the country. Given that 96.3% of these are very small enterprises i.e., they employ less than 10 people and have an annual turnover of less than 2 million euro, there is a clear need for specific public policies to support this category which should definitely facilitate its access to the required funding.

5.3 Key aspects of State's intervention to support SMEs financing in Greece

State's intervention to support SMEs financing in Greece has been held by certain governmental agencies which are described below. Private sector's actors – mainly banks - are also engaged in the procedure of decision making according to the degrees of intervention appointed to them by the State. In most cases their role becomes official during the implementation phase of a financial instrument program.

5.3.1 Agencies and actors involved in financial instruments programs in Greece

The following bodies are involved in the design of liquidity enhancement programs for Greek SMEs:

- **Central government** through its competent ministry (Ministry for Development) for the formulation of the regulatory framework for the provision of financial instruments to SMEs. Central government actually institutes the establishment of specialized financial intermediaries for this purpose, as well as the process of monitoring the programs and the degree of central government participation to it. The latter takes place with various ways such as the establishment of Investment Committees in which government officials participate in order to monitor and co-decide the implementation of specific actions/programs to strengthen the liquidity of SMEs. Central government is also responsible for coordinating and managing national and co-financed resources intended to enhance the liquidity of Greek SMEs and therefore acts as a point of contact with the relevant European Commission authorities which are responsible for planning and monitoring the implementation of the actions of the European Structural Funds (ERDF, ESF, etc.) such as the Directorate-General for Regional Policy and the EU Directorate-General for Competition, as well as the resource manager (national and co-financed) most of whom are directed to actions financial instrument programs.
- **Specialized public agencies** for the provision of financial intermediaries were set up for this purpose such as the National Fund for Entrepreneurship and Development S.A. and the New Economy Fund S.A., now being Hellenic Development Bank and

Hellenic Investment Bank, respectively (since April 2019). These public agencies with their expertise, undertake all the stages related to the implementation of programs, from the announcement to the signing of contracts and financing agreements with collaborating banks and intensive monitoring of their implementation. They actually have a dual role: on the one hand, they act as co-investors in funds in which private entities (banks) participate and on the other hand as fund managers under the supervision of the central government through special investment committees set up for this purpose.

- **Specialized European public financial intermediaries,** especially in the case of European programs not included in the European Structural Investment Funds where the role of financial intermediary is assumed by the European Investment Bank Group (EIB and EIF) according to a specialized funding agreement. In many cases, the role of the EIB or the EIF is also twofold: on the one hand, it operates as a co-investor in funds in which either public or private entities participate (e.g., banks, insurance funds) and on the other hand, as a fund manager with increased responsibilities, obligations and rights. A typical case is Equifund which was established by the Greek government in collaboration with EIF in December 2016 to provide venture capital to innovative start-ups and SMEs.
- **Social partners/stakeholders,** either as observers in various decision-making bodies such as Investment Committees, or as members of such bodies as done in the case of the committee of the Entrepreneurship Fund and the Interim Entrepreneurship Fund created subsequently by decision of the Minister of Development. In the first case, social partners have the opportunity to present their views to the central government bodies which have significant executive power to be taken into account when designing and implementing financial instruments programs to facilitate SMEs' access to finance, while in the second case, social partners actually co-decide i.e., they have an important role in shaping policy actions and programs. Social partners actually are the representative bodies of SMEs, as well as co-operating/co-investing banks which following strict assessments, eventually sign funding agreements with the specialized public financial intermediaries for the implementation of programs to strengthen the liquidity of SMEs.

A schematic representation of the financing mechanism is presented below:

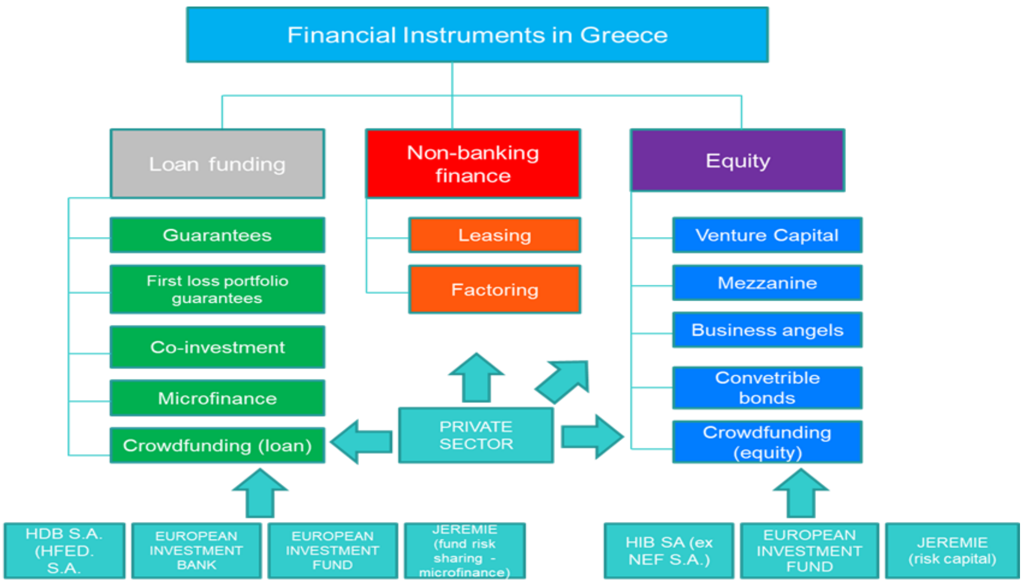

Figure designed by the author.

In Greece during the period 2014-2020 a series of specific programs and actions have been implemented to facilitate the access for Greek SMEs. As mentioned above, these programs are implemented through specialized national or European agencies, they concern either loan funding or equity and are shown schematically below:

Sources of financing financial instruments programs and agencies in charge

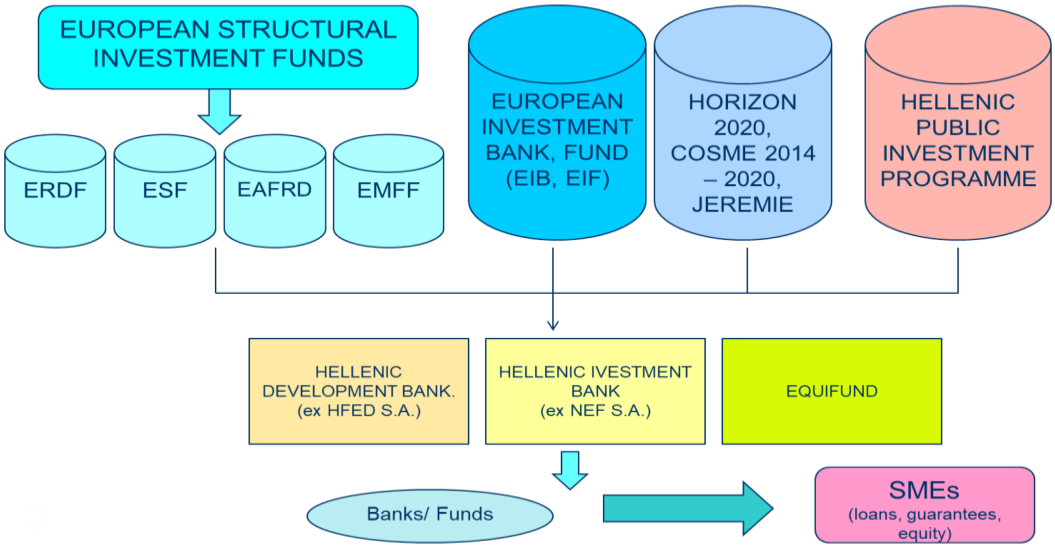

Figure designed by the author.

A detailed presentation of the specialized bodies which have been involved to date in the implementation of programs and actions aimed at facilitating Greek SMEs access to funding sources, follows.

5.3.2 The case of the Guarantee Fund of Small and Micro Enterprises S.A. (2002-2010)[108]

The purpose of the Company was to facilitate the access of micro and small enterprises of all sectors to finance, to promote technological and organizational modernization, as well as to introduce innovations in and business operation. The goals of the Guarantee Fund of Small and Micro Enterprises S.A. were the provision of (a) guarantees and counter-guarantees for small and micro-enterprises to cover their liabilities to credit or financial institutions or Business Holdings companies arising from all forms of financial facilities (such as loans,

[108] Legal framework of TEMPME S.A.: (a) Founding Law (Law 3066/Government Gazette A '252/18.10.2002) as amended by: Law 3190 / Government Gazette A' 249/30.10.2003, Article 14, Law. 3297/Government Gazette A' 259/23.12.2004, Article 9, L3434/Government Gazette A' 33/14.2.2006, Article 10, Law 3661/Government Gazette A '89/19.05.2008, (b) Decisions of the Ministers of Economy, Finance and Development (No.12882/867/Government Gazette B '1065/ 1.7.2003 "Regulation for the provision of guarantees and operation of TEMPME SA", as amended by JM No. 9536/1072/Government Gazette B' 699/25.05.2005), JM 11403 /1190/27.05.05 (Government Gazette B '771/8.6.05), JM 7910/1044/7.4.08 (Government Gazette B' 68/30.4.08), (c) Act of the Governor of the Bank of Greece (No. 2540/27.2.2004, as supplemented by the decision 190/26.01.2005).

rebates, financial claims); (b) services related to that activity, other than the direct provision of credit; (c) other financial instruments, such as subsidizing lending costs.

Following a decision of the Ministers of Finance and Development, the company had the ability to manage and implement programs financed by the State’s Budget or the Public Investment Program, EU’s and transnational programs, EU’s Support Framework programs or other similar programs or funding instruments, such as interest rate subsidies, commission subsidies or interest-free loans. Guarantees and services were provided by the company exclusively to very small (companies with staff from 0-9 employees and turnover less than € 2 million) and small businesses (companies with a staff of 10-49 employees and a turnover from € 2 million to € 10 million) based on the Recommendation 361/2003 of the European Commission

The Guarantee Fund of Small and Micro Enterprises S.A. was supervised by the Central Bank of Greece, actually in relation to capital adequacy, liquidity and the regulation of the categories of placements, in which the agency invested its assets, as well as their amount as a percentage of its equity. Additionally, the Fund's administrative oversight of operational matters was exercised exclusively by the Minister of Development. This supervision covered certain topics such as operating regulations, staff selection regulations, staff regulations, procurement regulations, budget approval, financial report, as well as for the implementation of programs co-financed by the European Union and / or other international organizations for the support of micro and small enterprises. In other words, there was a significant degree of supervision over the company, both in matters of administrative and financial operation. This model was chosen for accountability and transparency regarding the operation of the company, which was financed from the State’s budget in order to fulfill its objectives. This is in fact a model that is very interventionist on the part of the state, justified to some extent due to the special nature and the specialized object of activity of the company in question.

The sole shareholder of the Guarantee Fund of Small and Micro Enterprises S.A. was the Greek government which during the exercise of its duties as major shareholder, was represented at the General Assembly of the company by the Ministers of Finance and Development. The first Bord of Directors (BoD) the President and his Vice-President appointed by decision of the Minister for Development. BoD further consisted by one representative of the Ministry for Development, one representative of the General Accounting Office of the State, one representative of the Central Bank of Greece, one representative of the Central Union of Chambers of Greece and one representative of the General Confederation of Entrepreneurs, Craftsmen and Merchants of Greece, each nominated by the relevant body. The appointment of the members of BoD (except for the first one) was determined by the General Assembly of the company in accordance with the current Greek legislation for the operation of public limited companies.

During its operation, the Guarantee Fund of Small and Micro Enterprises S.A. managed and implemented various guarantee programs for micro and small enterprises (neither medium nor large) and in particular:

- The Loan Guarantee Action 2.10.1, as well as the Investment Loan Guarantee Action with Interest Rate Subsidy 2.10.2. The approved requests concerned in their majority, both in value and in number, companies based outside the region of Attica. In this way, the agency functioned in practice as a regional development tool. Most of its portfolio of guarantees concerned low and medium amount guarantees (up to € 50,000). At the same time, a large percentage of approvals concerned start-ups and start-ups (with up to 3 years of operation), which leads to the conclusion that the provision of guarantee by the agency contributed to the financing of new companies, which by definition faced a funding problem due to lack of economic history. In terms of companies size, both in terms of number of employees and turnover, the majority of companies employed up to 9 staff and had a turnover of up to € 500,000, i.e .they were mainly micro enterprises. Finally, the majority of the approved companies in the two actions were self-employed persons and less other types of companies public limited companies.

- The First Phase of the Action "Guarantee and subsidy of working capital for Small and Micro Enterprises" was financed by the NSRF 2007-2013. For the first time, interest rate of working capital loans was subsidized. The guide of the program was issued by a Joint Ministerial Decision of the Ministers of Development and Finance, given that the agency did not have the relevant expertise. It provided a character of intense State’s intervention in the design of the financial instrument. The program concerned the provision of working capital loans from 5.000 to 350.000 euro, when the loan granted could not exceed 30% of the average turnover of the last three closed fiscal years. The maximum duration of the loan, guarantee and interest subsidy could not exceed three years. Loans were guaranteed by the agency (actually by the State) at a rate of 80%. At the same time, for the first time the application process was processed exclusively by electronic application through a bank without bureaucracy and delays.

- Following the end of the First Phase of the Liquidity Support Action (08/04/09), through interest-free and guaranteed working capital loans, the beginning of the Second Phase of the program was announced, which was the evolution of the initial one, adapted to new data that prevailed in the financial sector and in the Greek economy in general. Due to the high demand, Phase II was designed with the service, support and empowerment of as many small and micro companies with working capital as possible, able to get them out of the deadlocks of the global negative economic situation of that time. In particular, the program "Phase B - Working Capital Loans Guarantee for Small and Micro Enterprises", which was also funded by the NSRF 2007-2013, was implemented between April 2009 and December 2010, covering short-term cash needs and operating expenses for businesses less than 50 people, with a turnover of up to 10 million euros and in the last three years with a cumulatively positive sign. The maximum amount of the loan was 125.000 euro, while its duration was three years. This program provided an interest rate favorable for the beneficiary companies i.e., 6-month euribor + 2.1% spread, about 3%, the lowest in the Greek market during that period. The program was issued by a Joint Ministerial Decision (Ministries of Development and Finance) in the framework of which a program guide was prepared.[109]

[109] This guide was subsequently amended by the Joint Ministerial Decision n.8596/981/03-06-2009 (Government Gazette 1139 / B ’/ 11-06-2009), 13971/1382 / 09-12-2010 (Government Gazette 1994 / B’ / 24-12-2010) and n. 4584/56 / 15-1-2015 (Government Gazette PD/150). Given the then composition of the Share Capital of the company, as it had been formed with Cash and Bonds of the Greek State issued based on the provisions of article 22 of Law 3775/2009 (Government Gazette 122 / B '/ 21-07- 2009), as amended by Law 3892/2010 (Government Gazette AD / 189 / 04-11-2010) and also Law 3912/2011, article 6 (Government Gazette A '/ 17 / 17-02-2011) , the provision of guarantees in the context of the above transactions had to be done no later than 31 December 2010, in order to adequately cover until the expiration of the validity of the DSBs (10-08-2014) the time limit for termination of 180 days by HFED/ETEAN S.A. for loans that show a continuous maturity.

In total 26,667 companies joined the Phase I with a total amount of initial guarantees of 2,552,362,630 euros, while 28,562 companies joined Phase II with a total amount of initial guarantees of 1,543,973,910 euros[110].

Additionally, the Guarantee Fund of Small and Micro Enterprises S.A. also made available to the Greek market two more guarantee programs:

- The program "Guarantee of Low Interest Loans for the Coverage of Tax and Insurance Liabilities of micro and small enterprises", which was also financed by the NSRF 2007-2013.[111] Initially the budget of the program was 700 million euro intended exclusively for loan guarantees of total 875 million euro. The loans provided ranged from 5,000 euros to 100,000 euros while the interest rate was set at a 6-month euribor + 600 basis points (6,00%) maximum. The main objectives of the program were: (a) the direct coverage of SMEs debts to the State and Insurance Funds, (b) the issuance of insurance and tax certificate to facilitate the transactions of SMEs with the State and Insurance Funds and to facilitate access to finance for SMEs, (c) supporting entrepreneurship and the viability of sound SMEs but facing liquidity crisis due to the negative economic climate. The program concerned existing micro and small enterprises and had an implementation period until 31-12-2010. It was also implemented in accordance with Regulation (EC) No Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid. The maximum amount of public funding which a company could receive within a period of three financial years, was set at € 200,000. For companies active in the road transport sector, the maximum amount was € 100,000. Important innovations of the program were the direct payment of tax and insurance debts to Tax Offices and Insurance Funds, the minimization of lending costs for SMEs with predetermined low interest rates and the provision of zero collaterals for amounts up to 40,000 euro. Moreover, predetermined low interest rates were set as well as the provision of zero collaterals for amounts up to 40,000 euro and the provision of favorable loan terms, such as a two-year grace period, a six-year repayment period and the imposition of a minimum annual commission for the Guarantee Fund for Small and Micro Enterprises S.A. of 0.25% of the loan amount. Totally 262 companies joined the program with an initial amount of guarantees of approximately 5 million euro.

- The program "Guarantee of Low Interest Loans to cover the purchase costs of raw materials, goods and services[112]. The budget of the program amounted at the beginning to the amount of 700 million euro intended exclusively for loan guarantees of total 875 million euro, while the interest rate was set at 6-month euribor + 600 basis points (6,00%) maximum limit. The program concerned loans from 5.000 to 300.000 euros and its main objectives were: (a) the immediate coverage of current operational needs for the purchase of raw materials, goods, services and facilitating medium-term planning of SMEs and (b) the support of healthy businesses for the immediate repayment of suppliers which may lead to more favorable terms of purchase of raw materials, goods, etc., to seek new sources of funding for business development in the future. The program had an implementation period until 31-12-2011 and concerned both the newly established and existing companies. Important

[110] OECD (2016).
[111] The implementation guide of the program was issued with the Joint Ministerial Decision of the Ministers of Development and Finance, n.5486/539 / 19-5-2010 (Government Gazette B/730).
[112] The implementation guide of the program was issued with the Joint Ministerial Decision of the Ministers of Development and Finance n. 5198/485 / 39-5-2010 (Government Gazette B/694).

parts of the program were the minimization of lending costs for SMEs with a predetermined low interest rates and the provision of zero collaterals for amounts up to 40.000 euro, the provision of favorable loan terms, such as a two-year grace period and a six-year repayment period and a minimum repayment period. A total number of 1.777 companies joined the program with a total initial guarantee amount estimated approximately at 85 million euros.[113]

The above programs were implemented in accordance with Regulation (EC) 1998/2006 of the European Commission According to this regulation, the maximum amount of aid that a company can receive cannot exceed the amount of 200.000 euro in the last three years before the disbursement of the aid. This limit applies to all types of aid i.e., grants, tax exemptions, state-guaranteed loans, interest-subsidized loans, etc., while for the road transport sector the maximum is 100.000 euro. Potential beneficiaries (enterprises) were therefore subject to an additional restriction and the relevant administrative controls, in addition to the funding limits provided in the respective implementation guides of the above programs.

5.3.3 The case of the National Fund for Entrepreneurship and Development S.A. (2011-2019) and Hellenic Development Bank S.A. (2019 - today)

The company National Fund for Entrepreneurship and Development S.A. (NFED S.A.) was established by the Greek government with Law 3912/2011 (Government Gazette A '/ 17) as an expertise public entity/agency for the provision of financial instruments to SMEs. The agency substituted in all rights and obligations its predecessor Guarantee Fund of Small and Micro Enterprises S.A. which was established by Law 3066/2002. The scope of the new agency expanded to include medium-sized enterprises, as well as other financial instruments, not only guarantees, but also more complex ones like capital investment for the provision of working capital loans and/or development purposes on favorable terms for small, medium-sized enterprises such as interest rates much lower than those of the banking market, long loan term, grace periods or low commissions.

In particular, the purpose of NFED S.A. according to Law 3912/2011 was the strengthening of access to finance for Greek SMEs activated in all economic sectors to promote competitiveness, growth, their technological and organizational modernization and the introduction of innovations in their organization and operation, as well as the promotion of the social economy and entrepreneurship. In addition, the purpose of the agency included the promotion of co-investment or participation in Investment Funds or Investment Schemes with the aim of promoting entrepreneurship, innovation, research and development of SMEs, sustainable and environmentally friendly organized areas of economic activity (e.g. Organized Industrial Areas, Industrial Parks, Technology and Research Parks, Innovation Zones), energy saving, promotion of activities utilizing Renewable Energy Sources (RES), upgrading and protecting the environment and managing water resources.

As regards its capital adequacy, liquidity rules and the conditions for cash treatment, NFED S.A. was supervised by the Bank of Greece[114]. Additionally, the administrative supervision[115] of the agency belonged to the Minister for Development[116]. The sole shareholder of NFED S.A.

[113] Rekkas T., (2017).
[114] According to article 1 of Law 3912/2011 (Government Gazette 17 / A / 17.2.2011).
[115] According to paragraph 4 of article 1 of Law 3912/2011.
[116] Who in his work is assisted by the General Secretariat of Industry, based on par. 3 of article 240 of Law 4072/2012 (Government Gazette 86/A/11-04-2012).

was the Greek State which during the exercise of its duties as a shareholder was represented at the General Assembly of the company by the Ministers of Finance and Development[117]. The Board of Directors of the agency was established exclusively with a General Assembly's decision. In 2017, the transfer of the shares of the company New Economy Development Fund S.A. to NFED S.A. was completed by which the former became a subsidiary of the latter[118].

Schematic representation of the operation of HFED S.A. as a fund-umbrella fund of funds[119]

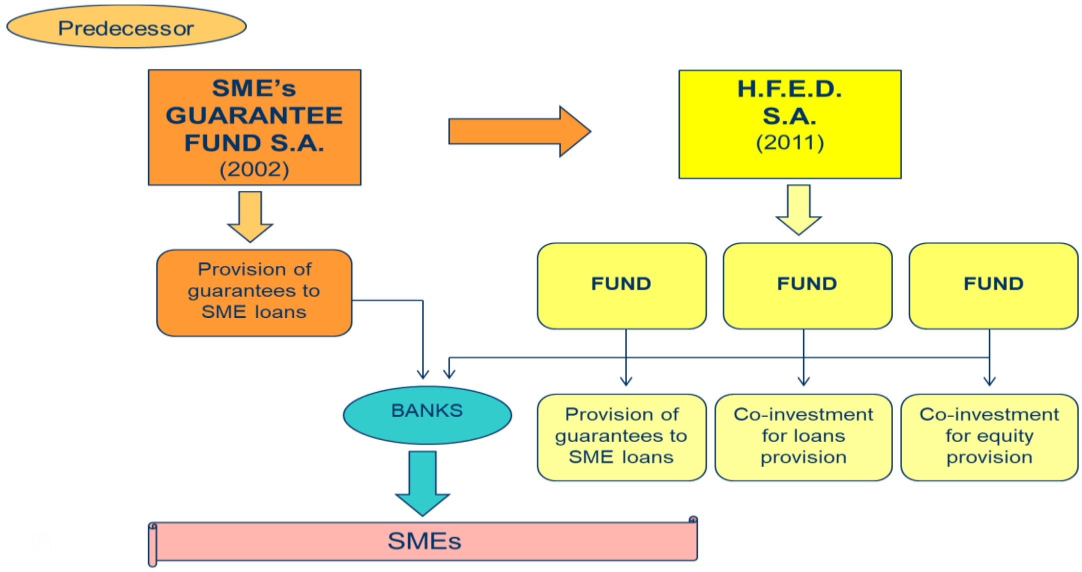

Figure designed by the author.

During the period 2011-2014, except the actions / sub-funds of the Entrepreneurship Fund which are analyzed below in a separate section, NFED SA. proceeded to the implementation of the following actions:

- Guarantee for the issuance of letters of guarantee by banks in favor of SMEs.

The program was financed exclusively from own resources of NFED S.A. (initial forecast: € 45 million) in order to cover portfolios of all types of letters of guarantee from € 10.000 to € 150 thousand per SME and a guarantee percentage provided by NFED S.A. at 50%. The program was implemented until 31.12.2014 and a total of 173 contracts worth € 7,6 million were signed.

- Participation in the "Hellenic Investment Fund" under the name "Institution for Growth - IfG".

The fund was established by Law 4224/2013 (Government Gazette A '/ 288) aiming at: (a) financing SMEs with equity, loans, guarantees and other financial instruments, (b) financing

[117] According to the second article 9, par. (B) of Law 3912/2011.
[118] In accordance to the provisions of article 110, par. 5 of Law 4316/2014 (Government Gazette A/270) and Joint Ministerial Decision n. 127870 / 2-12-2016 (Government Gazette B/3953).
[119] During the Programming Period 2007-2013 NFED S.A. managed resources from the Public Investment Program (national and co-financed part) for its actions, in this light becoming an umbrella fund. In the sub-programs of the Entrepreneurship Fund banks participated under multi-role of co-investor, lender and point of assessment (reception and evaluation) of loan applications.

infrastructure projects with equity, loans, guarantees and other financial instruments and (c) equity participation and investment risk taking. According to Law 4224/2013, the participation of the Greek State was set at the amount of 350 million euro with resources from the NSRF 2007-2013. Founding documents of the fund were approved by the Ministers of Economy and Development. The total available resources (public and private with 1:1 proportion) for financing amounted to € 200.7 million and fully were absorbed by Greek companies, according to the data of the published financial statements of ETEAN SA for the year 2015.

- Entrepreneurship Fund.

Finally, during its operation the agency S.A. managed to raise funds from the NSRF 2007-2013 and proceeded to cooperation with the competent ministries on a case-by-case basis to set up four funds (Entrepreneurship Fund, Home Savings Fund, Agricultural Entrepreneurship Fund, Fisheries Fund), which are presented analytically below.

5.3.4 The Entrepreneurship Fund I

The Entrepreneurship Fund I was established by the Greek government with the cooperation of the Hellenic Fund for Entrepreneurship and Development S.A. (HFED S.A.) in 2010 and became functional during the period 2011-2016. For its establishment, the public sector provided initially the amount of 460 million by sources of the European Regional Development Fund (ERDF) provided to SMEs in the framework of the co-funded Operational Programme for Competitiveness and Entrepreneurship 2007-2013. The budget was later on in 2012 and 2013 increased to EUR 80 million and EUR 5 million, respectively. The Entrepreneurship Fund I was the first fund created by the Hellenic Fund for Entrepreneurship and Development S.A. (HFED S.A.), a public sector's agency dedicated to the support of SMEs with financial instruments and is presented in the following diagram:

The Entrepreneurship Fund I in the period 2007-2015 (2013, n+2)

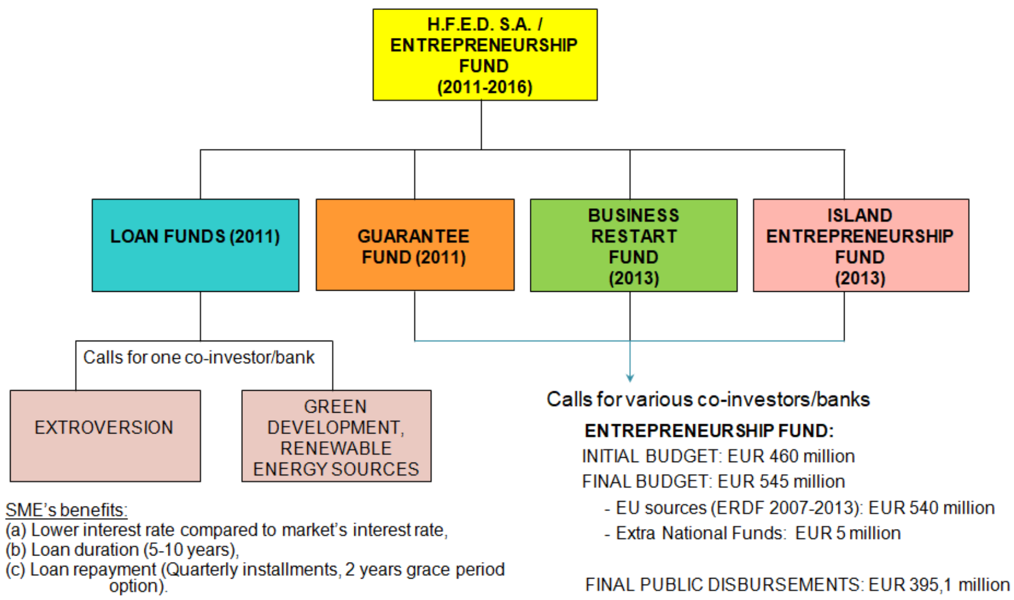

Diagram designed by the author [in Argyriou T., Labrinidis G. and Rekkas T. (2020)].

5.3.4.1 Loan Funds

The Entrepreneurship Fund I started with one call launched in April 2011 for receiving proposals to find co-investors for the provision of loans to SMEs (Loan Funds) under a co-investment ratio 1:2 (public: private) in the following fields, at least one investor (financial intermediaries) for each field: (a) extroversion (total budget EUR 300 million), (b) renewable energy sources, alternative tourism and recycling (total budget EUR 150 million), (c) youth entrepreneurship, (iv) general entrepreneurship (total budget EUR 90 million), (v) technology development and regional coherence and (vi) innovative entrepreneurship (total budget EUR 150 million). The general scope was the provision of loans with low interest rates to SMEs for the implementation of business plans for development reasons. Indeed, four banks were chosen after an evaluation procedure, at least one financial intermediary for each of the above fields except technology development and regional coherence window where there was no investment interest.

The results of the implementation of the above four actions became quite controversial. The first two actions mentioned above (extroversion and renewable energy sources, tourism and recycling) were successful as a large number of SMEs received loans for the implementation of their business plans. It is noteworthy that the whole amount of sources which were co-invested by both the public and the private sector was reimbursed to SMEs in a short period of time. The action dedicated to support SME loans on the sectors of renewable energy sources, alternative tourism and recycling was finalized in September 2013, a fact quite interesting if we further take into consideration that the participation of the private sector to the fund was two times the participation held by the public sector (co-investment proportion 1:2). In addition, the action for the support of SME's extroversion finalized in 2015 by providing the whole amount of funds offered by the public and the private sector in an equal proportion (co-investment proportion 1:1). Both actions were established according to Regulations EC 1998/2006 (De minimis) as regards the threshold of aggregated funds to each SME in a three years period and EC 800/2008 (General Block Exemption Regulation – GBER).

In specific, "Extroversion" had a total budget of EUR 87,6 million with public sector's participation up to the amount of EUR 43,8 million and additionally an equal participation of the private sector (co-investment proportion 1:1). The budget was allocated to SMEs loans from EUR 50.000 to EUR 500.000 for the development of extroversion. The rejection rate was high and reached 42,23% of submitted applications for loans. Total disbursements amounted to almost EUR 86 million and the average loan amount reached EUR 391.318. Moreover, the action for "Renewable energy sources, Alternative tourism and Recycling" had a total budget of EUR 72,05 million with public sector's participation of EUR 24,02 million and additionally a double private sector's participation of EUR 48,04 million. Total disbursements amounted to EUR 70 million and the average loan amount reached EUR 204.115. The budget was allocated to SMEs loans from EUR 50.000 to EUR 500.000 in the fields of renewable energy sources, tourism and recycling. Both actions were designed for the provision of loans to SMEs for the implementation of business plans or for the provision of working capital loans for development reasons connected with the purpose of extroversion. The results of the above two actions (loan funds) are shown in the following table:

Results of successful Loan Funds of Entrepreneurship Fund I

Action	**Contracts**	**Number of disbursed loans**	**Total disbursements**	**Average loan amount**	**Deadline**

Extroversion	223	222	85.893.588	391.318	31/7/2015
Thematic Tourism, Green Infrastructure, Renewable Energy	371	361	70.002.519	204.115	30/9/2013

Source: Author's calculations according to data from the Directorate for the Support of SMEs, Hellenic Ministry for Development [in Argyriou T., Labrinidis G. and Rekkas T. (2020)].

In contrast, the other actions of the initial Entrepreneurship Fund I for Youth, General and Innovative entrepreneurship and furthermore for Technology Development and Regional Coherence were totally unsuccessful as banks eventually refused to provide loans in such categories claiming that they were unable to finance such enterprises because of the sovereign economic crisis which forced them to prioritize their financial record than to provide further loans to SMEs with low or having not at all a sound financial record. The actions of general entrepreneurship and technology development and regional coherence were scheduled with the scope to finance business plans or working capital loans for development reasons of EUR 50.000 – EUR 800.000, while for the same reasons the action for youth entrepreneurship financed loans of EUR 30.000 – EUR 300.000 and the action for innovative entrepreneurship financed loans of EUR 50.000 – EUR 500.000.

Through all the above six actions financial intermediaries agreed to provide working capital loans for development reasons or for financing business plans to SMEs by offering an interest rate below 7%, with a payment period of 5-10 years, quarterly installments and the option for the provision of a two years grace period. It is noteworthy that only two of the above actions were successfully finalized while the other four actions were totally failed although the characteristics of the financial instrument were the same for all actions. One explanation could be the rate of financial intermediary's involvement and energetic activation to the whole procedure. Some banks were more activated than others because of several reasons: (a) existing customers (SMEs) with sound financial record, (b) bank's deep interest for supporting certain SMEs activated in the fields of the call or certain sectors, (c) bank's financial situation appeared on its record and statements.

5.3.4.2 Guarantee Fund

Furthermore, in 2012 the Entrepreneurship Fund I announced the establishment of the Guarantee Fund for the provision of guarantees: (a) up to 80% of the loan amount between EUR 10.000 – EUR 800.000 provided to SMEs for the implementation of business plans with a payment period of 5-10 years and a grace period of 6 months to 2 years, (b) up to 70% of the loan amount between EUR 10.000 – EUR 500.000 provided to SMEs for the implementation of business plans which were submitted, positively evaluated and permitted to receive a loan with a payment period of 24-36 months and a grace period of 6 months, (c) up to 80% of the loan amount between EUR 10.000 – EUR 800.000 for loans provided for development reasons with a payment period of 2-10 years and a grace period of 6 months to 2 years. Guarantee Fund functioned as first loss portfolio guarantee fund with an initial total budget of EUR 450 million, where the public sector offered EUR 150 million and the rest of the funds should be provided by banks exclusively for the creation of a financial products portfolio (loans) to SMEs under the guarantee of the fund. The maximum amount of defaults paid by the Guarantee Fund could not exceed the amount of EUR 120 million. Because of the economic crisis which hampered the Greek economy that period, the fund's total budget finally reduced EUR 67,1 million while public sector's participation finally reached EUR 30,5 million and private sector provided the rest of the total budget (EUR 36,6 million). As a result, the leverage coefficient changed from the initial 1:3 to 1:1,2. The rejection rate reached 12,78% of submitted applications for loans. Total disbursements amounted to almost EUR 96,4 million and the average loan amount reached EUR 105.818. The Guarantee Fund established according to Regulations EC 1998/2006 (De minimis) as regards the threshold of aggregated funds to each SME in a three years period. The results of the Guarantee Fund are shown in the following table:

Results of Entrepreneurship Funds' Guarantee Fund

Applications	Approvals	Rejection rate	Contracts	Rejection rate	Number of disbursed loans	Total disbursements	Average loan amount	Deadline
1.268	1.212	4,44%	1.106	8.33%	1.106	EUR 96,4 m.	105.818	31/10/2016

Source: Author's calculations according to data from the Directorate for the Support of SMEs, Hellenic Ministry for Development [in Argyriou T., Labrinidis G. and Rekkas T. (2020)].

5.3.4.3 Business Restart Program

Moreover in the middle of the sovereign crisis which hurt Greek SMEs and entrepreneurship as a large amount of them stopped their operation, the Investment Committee of the Entrepreneurship Fund taking into consideration HFED's proposal which was the result of consultation with co-investment intermediaries, decided to stop the four unsuccessful loan actions mentioned above and invest these sources to a new lending action focused on the provision of working capital loans for development purposes. In specific, the program "Business Restart" planned to finance loans between EUR 10.000 - EUR 800.000 for the implementation of business plans with loan duration between 5-12 years and an option of a grace period of six months to two years. Additionally, it supported working capital loans for development reasons by the provision of loans between EUR 10.000 - EUR 300.000 with a loan duration of up to 4 years. The Fund established according to Regulations EC 1998/2006 (De minimis) as regards the threshold of aggregated funds to each SME in a three years period. That was the birth of the action "Business Restarting" in 2013. The relative call for proposals for co-investment by financial intermediaries under a proportion of 1:1 launched early in 2013 and the contracts between HFED S.A. and banks which evaluated in a positive manner, signed in late 2013 while the first loans to SMEs started to reimbursed during 2014. Because of the co-investment ratio (1:1) the interest rate was agreed to be settled by banks at the half of the markets interest rate[120].

Although the action planned and implemented during the worst years of the economic crisis Greece faced during the decade of 2010, it is noteworthy that this action became totally successful as until the end of 2016 4.353 loans were disbursed to SMEs and the amount of loans reached EUR 460,2 million. The rejection rate was low and reached 8,33% of submitted

[120] Actually, it was arranged at 4,5% against 9% of market's rate during that period.

applications for loans. Total disbursements amounted to almost EUR 460,2 million. The average loan amount of “Business Restarting” was EUR 109.722 while the majority of loans (78%) were disbursed for working capital for development reasons and the minority (22%) for the implementation of approved business plans in the framework of state-aid programs and actions which provided grants to SMEs (according to data by the Directorate for the Support of SMEs and HFED S.A).

The success of this certain action can be justified with one of the following: (a) it was strongly promoted and supported by banks because their benefits of lending were significant; (b) it covered the real needs of Greek SMEs during the crisis because working capital loans were the number one request of SMEs in those years, (c) the implementation of business plans by SMEs even if it could be characterized by a certainty because of a state-aid programs’ approval, was not what Greek SMEs really wanted those years. The results of Business Restart are shown in the following table:

Results of Entrepreneurship Funds’ Business Restart Program

Applications	Approvals	Rejection rate	Contracts	Rejection rate	Number of disbursed loans	Total disbursements	Average loan amount	Deadline
4.825	4.501	6,27%	4.423	8,33%	4.353	EUR 460,2 m.	109.722	31/10/2016

Source: Author’s calculations according to data from the Directorate for the Support of SMEs, Hellenic Ministry for Development [in Argyriou T., Labrinidis G. and Rekkas T. (2020)].

5.3.4.4 Island and Tourism Entrepreneurship Fund

The Fund with a total budget of EUR 35,1 million created in 2012 and it focused on the provision of microloans up to EUR 19.500 exclusively to SMEs activated in the tourism sector or were located in Greek islands. Capital was placed only by the public sector (HFED S.A.) so the co-finance rate was 1:0. Banks signed contracts with HFED A.E. in the framework of Island and Tourism Entrepreneurship Fund in order to provide micro loans with an interest rate 2,8% or 0% for SMEs acting in islands counting fewer than 3.100 residents. Moreover, the Fund supported o SMEs situated in Kefalonia Island damaged by the earthquake of January 2014 under the provision of micro loans (EUR 3.000 - EUR 19.950) aiming at damage restoration with interest rate 0% and loan duration between 4-10 years. The Fund established according to Regulations EC 1998/2006 (De minimis) as regards the threshold of aggregated funds to each SME in a three years period. The rejection rate reached 15,55% of submitted applications for loans. Total disbursements amounted to almost EUR 40,2 million. The average loan amount of “Business Restarting” was EUR 21.755 including the specialized action for SMEs hampered by 2013 earthquake in the island of Kefalonia.

Results of Island Entrepreneurship

Island Entrepreneurship Fund	Applications	Approvals	Rejection rate	Contracts	Rejection rate	Number of disbursed loans	Total disbursements	Average loan amount	Deadline

	1.781	1.513	15,05%	1.504	15,55%	1.480	EUR 31,0 m.	21.755	31/10/2016
Kefallonia's SMEs damaged by Jan 2015 earthquake				537		472	EUR 9,2 m.		

Source: Author's calculations according to data from the Directorate for the Support of SMEs, Hellenic Ministry for Development [in Argyriou T., Labrinidis G. and Rekkas T. (2020)].

5.3.4.5 Entrepreneurship Fund I: Results

The above results shown independently for each one of the actions implemented by the Entrepreneurship Fund I in the framework of the Cohesion Policy during 2007-2013 in Greece, are presented in a table below which contains integrated data after the completion of all actions. The most successful action is "Business Restarting" in terms of loan volume (4.353) and disbursement amount (EUR 460,2 million). Furthermore, this action succeeded to attract the biggest amount of public and private sectors funds which were directed mainly to working capital loans with low interest rate, actually half of the markets because of the co-investment ratio 1:1. This action covered the needs of Greek SMEs for working capital during the certain period of the economic crisis in the short term. Actually, it worked as a strong medication for SMEs to heal their disease because of lack of finance in the near future but it had a low growth potential. In practice, working capital as is determined by the difference between an enterprise's cash and current liabilities, in the first-place scopes to cover short-term shortfall and unexpected costs while sometimes works as a safety net and secondly is used for growth (Brassell M. and Boschmans K., 2018). However, the success of this action would not be feasible if banks did not promote it against other actions of the Entrepreneurship Fund such as Guarantee Fund. Such support is explained by the conditions of the program, mainly the f

On the other hand, although "Extroversion" and "Renewable energy sources, Alternative tourism and Recycling" were designed in the midst of the crisis, showed positive results and it is noteworthy that they were completed quickly and without serious obstacles. Actually, although, they presented low levels in terms of loan volume both actions resulted higher average loan amounts. Specifically, "Extroversion" had the highest average loan amount (EUR 391.318) and 222 loans were finally disbursed exclusively to export oriented SMEs. In addition, "Renewable energy sources, Alternative tourism and Recycling" provided loans to 361 SMEs exclusively activated in these sectors with an average loan amount EUR 204.115. Note that this action was the only one with a co-investment ratio 1:2 which means that the private sector (banks) invested double amount of the total budget of the fund. The action focused to the provision of loans to SMEs activated to certain sectors did not hinder banks to become active despite the sovereign economic crisis.

The above two actions constitute successful examples of financial instruments focused on certain actions of economic activities (such as extroversion, renewable energy sources, alternative tourism and recycling) in contrast to other state-aid actions - both grants and financial instruments - planned horizontally without specific attention to certain needs of SMEs in various sectors. The reason for horizontal planning is the necessity to comply with the state-aid rules In the framework of Cohesion Policy and competition policy in the European Union. The result is the implementation of state-aid programs without the necessary targeting instead of actions focused to cover the needs of SMEs.

Additionally, “Guarantee Fund” started with a total budget of EUR 450 million. Public expenditure as a contribution to the fund settled on EUR 150 million when private sector was agreed to contribute two times this amount (EUR 300 million). The whole amount of EUR 450 million was agreed to be used for the provision of guarantees to SME loans. Unfortunately, Guarantee Fund could not succeed its initial targets. Banks claimed HFED SA to change the rules of the funding agreement so the co-invested ratio finally changed form 1:3 to 1:1,2 while the budget of the fund reduced more than six times the initial budget from EUR 450 million to EUR 67 million. The main excuse for such change was the lack of demand for loans aimed to finance the development of SMEs during the years of the economic crisis. Precisely, banks could not risk more in a period of intense economic uncertainty and chose to avoid the extra investment risk by putting double the money in the fund's capital. As it is shown above, the final result was not the one expected when the program was scheduled in 2011. Nonetheless, “Guarantee Fund succeed to provide a significant number of loans (1.106 with a total amount of disbursements ERU 96,4 million) showing that there was a need for loan guarantees during the crisis and not just for working capital.

Moreover, the “Island and Tourism Entrepreneurship Fund” was another one effort which failed to achieve its stated goals for the support SMEs of the tourism sector situated in the islands. Precisely, it provided 1.480 micro loans to SMEs with a total amount of EUR 31 million of disbursements when the overall scope was much higher taking into account that the initial budget was EUR 80 million funded exclusively by public sources. It is paradoxical that while the program was financed entirely from public funds, it ultimately failed to absorb the original amount, but on the contrary, lending was lower than expected. Taking into account further the fact that 1/3 of the loans granted covered the needs of Kefalonia Prefecture's SMEs affected by the earthquake of 2013, it is clear that the results of the action were certainly lower than expected.

Aggregated results of the Entrepreneurship Fund I during 2007-2015

Effectively implemented actions (five out of eight) launched	Co-investment ratio (Public: Private)	Average loan amount (euro thousands)	Number of signed loans	Months of active implementation	Initial budget allocated (%)
Extroversion	1:2	391	223	22	70 %
Thematic Tourism, Green Infrastructure, Renewable Energy	1:2	204	371	13	48 %
Business Restart	1:1	110	4.423	27	100%

Guarantee Fund	1:3 changed to 1:1,2	106	1.106	27	61%
Island Entrepreneursh ip	0:1	22	1.504	27	44%
TOTAL Entrepreneursh ip Fund		105	7.627	51	93%

Source: Argyriou T., Labrinidis G. and Rekkas T. (2020), amendments by the author.

By analyzing the results of the Entrepreneurship Fund I interesting conclusions arise on the degree of its penetration in the Greek capital market and consequently as regards the degree of state intervention effectiveness. Actually, total public funds allocated to the Fund were only 0. 86% of the outstanding amount of SME loans on 2016, when the actions of the Fund were finalized. Moreover, total funds allocated to SMEs from the Entrepreneurship Fund I were only 1.7% of total outstanding SME loans. Both indexes leas to the conclusion that State' intervention through the Fund eventually is characterized as imperceptible for the Greek financial market. Such modest intervention is also revealed by examining the number of the beneficiaries i.e., SMEs which account only 1.083% of the total number of SMEs in Greece.

The impact of Entrepreneurship Fund I in Greek financial market

Impact Indices	**Data (2016)**	**Index (%)**
Public Funds disbursed by the Entrepreneurship Fund / Total Amount of Outstanding Loans to SMEs in Greece	417,180,143 / 48.4 bil. €	0.86%
Total Funds invested by the Entrepreneurship Fund / Total Amount of Outstanding Loans to SMEs in Greece	829,341,597 / 48.4 bil. €	1.7%
Total Entrepreneurship Fund's signed agreement loans / Number of SMEs in Greece	7,627 / 704,339*	1.083 %

*Source: Argyriou T., Labrinidis G. and Rekkas T. (2020). * According to European Commission (2016, p.3), 2016 SBA Factsheet Greece, 704,339 SMEs were totally activated in the country.*

5.3.5 The Intermediate Entrepreneurship Fund

The Intermediate Entrepreneurship Fund is essentially a continuation of the Entrepreneurship Fund I which was financed with funds from the European Structural Funds and in particular, the European Regional Development Fund ERDF). It was created in December 2017 as an initiative of the Ministry for Development in collaboration with NFED S.A. in order to cover the financing needs of Greek SMEs after the completion of the actions of Entrepreneurship Fund I in December 2016, taking into account the serious delay of Entrepreneurship Fund II's operations which was designed to replace the Entrepreneurship Fund during the NSRF 2014-2020 starting its operations on 2016-17.

The Intermediate Entrepreneurship Fund was financed entirely with the money returned to fund coming from regular payments of SME loans contracted in the framework of the funds actions until December 2016. The total budget of the fund was 192 million euro which were decided by the Investment Committee to be reinvested in order to help meeting the lending needs of Greek SMEs through the continuation of the successful actions of Entrepreneurship Fund. More specifically, in December 2017 it was decided that the total amount of 192 million euro should be channeled as public sector's participation for the continuation of the action "Business Restarting" to finance working capital loans or loans for the implementation of investment plans of Greek SMEs. Indeed, in 2018, banks already cooperating with NFED S.A. in this action agreed to invest additional 192 million euro as private sector's participation to continue the successful "Business Restart" action. This resulted in the creation of a new fund, the Intermediate Entrepreneurship Fund, with a total capital of 384 million euro and a 1: 1 co-investment ratio between public and private sector. This amount was intended to finance Greek SMEs with favorable terms and in particular: (a) interest rate at half of the market rate, given that public sector covers half of the capital, (b) extended repayment period (36 months to 5 or even 12 years in some cases) and (c) a two-year grace period. By November 2019, 51,1% of the total funds (coming from public and private resources) had been disbursed to SMEs.

The creation of the Intermediate Entrepreneurship Fund is an excellent example of how financial instruments operate: for its creation resources returned to the initial fund from regular loan installments paid by SMEs and were used again with the cooperation of banks with NFED S.A. This case is essentially the definition of the concept of capital recycling through the mechanism of financial instruments. The re-use of the total amount of 384 million euro equally offered by public and private sector, would not have been possible without the activation of the Investment Committee of the fund, in which representatives of both the public and the private sector participate. The initiative was taken by the competent bodies of the Greek public administration, in consultation with the collaborating bodies of the private sector (banks) and those directly interested in its operation (bodies representing SMEs). A common feature of all the above bodies is that they participate in the strategic decision-making body of the fund, i.e. the Investment Committee.

Created in December 2017, EUR192 million (public sources received by SMEs which successfully paid their loans signed during the 1st phase of Entrepreneurship Fund, plus EUR 192 million more from the private sector (banks) re-invested for new SME loans. Total amount of sources invested: EUR 384 million. According to November 2019 data when Intermediate Fund stopped its operations because of the beginning of the Entrepreneurship Fund II, loans signed via the continuing of the action "Business Restart", up to EUR 313 million (public + private sources) were approved, 268 million euro were contracted and EUR 196 million have been reimbursed to SMEs. The average loan amount of the Intermediate Fund is EUR 108.873.

5.3.6 The Entrepreneurship Fund II

The Entrepreneurship Fund II created in December 2016 and funded by the National Strategic Reference Framework (NSRF) 2014-2020 with national and EU' sources of the European Regional Development Fund (ERDF). Contracts signed with banks in early 2019 for the implementation of the action "Business Financing" (working capital loans, loans for expansion). Total amount of sources: EUR 912,8 million (EUR 366,3 million public sources, EUR 546,5 million private sources).

In specific until nowadays one certain action has been announced: The "Business Financing" Action which aims to promote entrepreneurship, facilitate the access of micro, SMEs to financing mechanisms, and strengthen the country's investment activity. According to the rules of this Action, 40% of each loan's capital is granted by the Entrepreneurship Fund II which reduces the interest rate offered to SMEs up to 40% compared to the interest rate given under the market's conditions.

Initially, public resources of the Action amounted up to EUR 366 million, provided by the Entrepreneurship Fund II, which was funded for this purpose by the Operational Program "Competitiveness, Entrepreneurship, Innovation" (EPAnEK) of NSRF 2014-2020. In addition to the capital from the Entrepreneurship Fund II, the co-operating banks contribute 60% of each loan which results a co-investment ratio of 1.5 (co-operating bank): 1 (TEX II) to the total capital (sum of public and private sources) of "Business Financing" Action.

Eligible to apply for inclusion in the Action are recently created**,** new and existing micro**,** SMEs (SMEs) included to the eligible economic sectors which are developing sustainable business activity in the Greek territory.

The offered loans are of the following types[121]:

1. Working capital loans of € 10.000 to € 500.000 for special purposes with a repayment period of up to 60 months and a grace period of up to 6 months.

2. Investment loans of € 25.000 to € 1.500.000 with a repayment period of 5-10 years and a grace period of up to 2 years. Loans concerned are either for independent projects or for investment projects that have been included in state aid programs and have not been implemented.[122]

3. Working capital loans for SMEs hampered by measures against COVID-19 of maximum amount € 500.000 limited up to 50% of the company's turnover or up to 50% of current year orders. For start-ups the above limit is defined up to 50% of this year's orders or 80% of credit purchases. The duration of the loan is set from 24 to 60 months from the disbursement of the loan with the possibility of granting a grace period of 6 to 12 months. Only interest is paid during the grace period. The interest rate of each loan for the first two years is subsidized by 100% from the Entrepreneurship Fund II resources ("Business Financing" Program) and therefore is zero for companies. At the end of the two years, the interest is paid by the

[121] See also at the section for financial instruments against the pandemic which follows.

[122] **Cooperating banks:** NATIONAL BANK (in Greek), PIRAEUS BANK, ALPHA BANK, EFG EUROBANK, BANK OF ATTICA (in Greek), PANCRETAN Cooperative Bank, Cooperative Bank of Epirus (in Greek), Thessaly Cooperative Bank (in Greek), Cooperative Bank of KARDITSA (in Greek), COOPERATIVE BANK OF CHANIA (in Greek), COOPERATIVE BANK OF DRAMA (in Greek). **Interested companies/potential beneficiaries must submit their loan requests to the following link: https://www.ependyseis.gr/mis. Afterwards interested companies/potential beneficiaries should submit a physical file to one of the cooperating banks to the "Business Financing" Action.**

company and the interest rate is set by the Bank with a maximum amount of 8%. The Budget of the sub-program amounts to € 2 billion. The capital participation ratio between the parties remains 40% by the Entrepreneurship Fund II and 60% by Banks. During autumn 2020 and under the pressure of the pandemic's recession, the Investment Committee following a suggestion of HDB S.A.'s Board of Director decided to continue this action by changing the co-investment ratio to 5:95 which means that for 1 euro invested by the Fund banks should contribute 9,5 euro to the Fund's capital.

5.3.7 The Hellenic Development Bank S.A.

In April 2019, the company HFED S.A. was renamed "Hellenic Development Bank S.A." with Law 4608/2019 (articles 1-7 of Part A) in order to finance all sizes of enterprises, including the large ones. Actually, the purposes of "Hellenic Development Bank SA" as defined in article 2 of L.4608 / 2019 are the following:

- Supporting, promoting and strengthening entrepreneurship, innovation and business competitiveness, facilitating business access to funding sources, encouraging and actively supporting investment initiatives in the country, as well as managing business and financial capital. The above objectives include in particular: (a) the creation of conditions to facilitate and encourage access to finance for businesses in all sectors; (b) the link between national and European sources of funding and funded entities for the design, development and implementation of financial products, c) the design, creation and implementation of financial instruments, d) the support of strategic, innovative and financial sustainable projects, e) the provision of consulting services to the private and public sector at national and international level and f) the stimulation of employment in all sectors of the Greek economy and socio-economic development.
- Support for micro, SMEs, as defined in Annex I of Regulation (EU) No 182/2011. 651/2014, as well as the provision of guidance and business advice for development and organization, in order to promote their competitiveness, their organizational, technological and accounting modernization, the introduction of rational structures in their organization and operation, the encouragement of extroversion and of their international development.
- Dealing with market failures which result in small and very small businesses being unable to access financing.
- The promotion of social and solidarity economy in the context of economic and social cohesion and, in general, the creation of adequate conditions for sustainability, healthy development, as well as organizational, operational and financial adequacy of social enterprises.
- The assistance and promotion of companies operating in any sector of the Greek economy in an innovative way, i.e. with applied use of knowledge in order to produce and provide new or substantially improved products, processes or services that find immediate productive, useful and commercial application, as well as the promotion of the creation of an innovation ecosystem, the strengthening of the research activity for the production of innovative products and services of Greek companies, the provision of consulting services and the facilitation of their access to finance.
- The promotion of investment programs and projects with environmental and development dimensions serving the strategic goal of promoting circular economy policies, mitigating the effects and adapting to climate change to achieve conditions of sustainable development.

- The research of the macroeconomic and microeconomic environment of the Country and the elaboration of relevant studies and reports for the identification and confrontation of the market weaknesses aiming at the strengthening of the entrepreneurship, the employment and the economic development of the Country.
- Assisting the State in formulating a national development strategy and taking measures to strengthen entrepreneurship. This assistance includes in particular the investigation of financial market gaps and the planning of financing programs to fill them, the direct and ongoing cooperation with European financial structures to strengthen entrepreneurship, as well as the provision of financial and consulting services and expertise in the public sector to stimulate entrepreneurship, while contributing to the formulation of the National Development Strategy.
- Supporting the implementation of the national development strategy by financing sustainable business and investment projects.

Except from the Intermediate Entrepreneurship Fund and Entrepreneurship Fun II, HDB S.A. has been activated intensively during the COVID-19 crisis launching a Guarantee Fund against the pandemic and furthermore two sub-programs h Entrepreneurship Fund II especially for the provision of working capital loans to SMEs hampered seriously by the measures taken by government to limit the pandemic's negative consequences to the economy[123].

5.3.8 European Investment Bank – European Investment Fund

The European Investment Bank and the European Investment Fund represent the European Union's specialized mechanism for promoting loan or equity financial instruments to facilitate the access of European companies to finance. To achieve their goals, they can use resources from the approved budget of the European Union, programs of the European Commission, from European Structural Funds and by inviting interested financial intermediaries to attract private funds for the promotion of financial instruments in member-states. Precisely as regards Greece and in the framework of the programming period 2007-2013 (implementation extension to (2015), the European Investment Bank participated in cooperation with the Ministry for Development to the establishment of the following funds, by holding at the same time the dual role of manager and lender:

- Hellenic Guarantee Fund for SMEs

  The purpose of the Fund was to improve SMEs access to finance, as well as to strengthen entrepreneurship, investment and to promote growth in a period of financial suffocation for the country. In particular, the purpose of the Guarantee Fund was to provide credit protection, in the form of banks first loss portfolio guarantee, in order to facilitate SMEs access to finance. The Fund stablished in 2012[124] strengthened with resources of € 500 million from the Greek NSRF 2007-2013. With the scope to provide loans on favorable terms to Greek SMEs of a total amount of € 1 billion by the end of 2015[125]. Guaranteed loans financed expenses related to the

[123] See http://www.hdb.gr/PublicPages/HomePage.aspx.
[124] Joint Ministerial Decision n. 2932/B2/488/31-3-2012 "Establishment of a Guarantee Fund under the name" Hellenic Guarantee Fund of the European Investment Bank for Small and Medium Enterprises" (Government Gazette 1770/B/31.5.2012).
[125] The provision of funds by the Greek NSRF 2007-2013 based on the Financing Agreement and the JMC mentioned right above.

business cycle of SMEs, such as the purchase of raw materials, equipment, inventory, payroll, related overheads, receivables etc. The loan guarantees granted to Greek SMEs by the cooperating Greek banks up to on 30/04/2016, related to loans totaling € 288,6 million.

- Trade Finance Enhancement Program

  It was a short-term credit support instrument to address the gap created by the inability of commercial banks in providing new credit to facilitate trade. To help covering this gap, EIB created this instrument help enterprises to export their products by providing guarantees to Greek commercial banks for the financing of trade amounting totally to € 500 million, with the aim of supporting a trading volume of € 1.5 billion per year.

- State Guarantee Facility

  In the framework of this instrument, EIB provided loans through cooperating banks guaranteed by the Greek State, which through the Ministry of Finance acted as a guarantee mechanism, supporting investments in tangible fixed assets and intermediate capitalization in the manufacturing, tourism and services sectors. Greek SMEs had the opportunity to take out loans for investment projects with a total cost of less than € 25 million each. By the end of 2014, loans totaling 385 million euros had been channeled to Greek SMEs[126]

5.3.9 JEREMIE Holding Fund[127]

The Jeremie Holding Fund (JHF) was managed by the European Investment Fund (EIF), the Entrepreneurship Fund by government's executive agency called the National Fund for Entrepreneurship and Development S.A. (NFED SA) and the SME Guarantee Fund by the European Investment Bank (EIB). The JEREMIE portfolio fund had a budget of € 250 million in resources to lend SMEs. The finalized products implemented through the fund were: Funded Risk Sharing (FRSP), Microcredit, Funded Risk Sharing (FRS) for ICT, Funded Risk Sharing Generic Content (FRSP-GC), and JEREMIE ICT - VC and Early-stage VC.

Funded Risk Sharing (FRSP) program had a total budget of € 60 million in public expenditure. It involved lending initially up to € 100,000 and then up to € 250,000 to micro, SMEs and was implemented through banks, whose contribution was equal to the public expenditure, in order to equally share the risk and reduce collaterals required by SMEs for lending. The program was available on the market from February 2011 to February 2014. The available resources of the program were absorbed mainly in the regions of Attica and Central Macedonia, while the available amounts of the other regions were transferred to the product Funded Risk Sharing Generic Content (FRSP-GC).

Microcredit program had an initial budget of € 30 million in public expenditure and an equal participation of co-operating banks. It was available in the financial market from January 2012

[126] "Financing SMEs and Entrepreneurs 2015: An OECD Scoreboard", p. 205 OECD 2016.
[127] Joint European Resources for Micro and Medium Enterprises (JEREMIE) was a joint initiative set up in 2007 by the European Commission (Directorate-General for Regional and Urban Policy) in co-operation with the European Investment Bank and other financial institutions to enhance cohesion across the EU. The JEREMIE instrument was set up to deploy part of the EU Structural Funds allocated to the regional and national Managing Authorities through new risk finance initiatives for SMEs (for more information: http://www.eif.europa.eu/what_we_do/resources/jeremie/index.htm). See also Hellenic Ministry for Economy and Development (2016).

to December 2012. It concerned the granting of small loans (up to € 25,000) and all sectors of economic activity. The program did not deliver the expected results mainly because of lack of consulting services as well as the severe crisis which actually excluded micro firms from financial markets and was quickly removed.

Funded Risk Sharing (FRS) for ICT program had an initial budget of € 90 million in public expenditure as well as an equal participation of the co-operating banks. It was designed exclusively for the provision of loans of up to € 500,000 to SMEs operating in high-risk sectors, mainly in new technologies. The program was available in the market from February 2012 but did not have the expected and required absorption either, so banks expressed reluctance to continue and its implementation was finally stopped.

Funded Risk Sharing Generic Content (FRSP-GC) program had an initial budget of € 29 million in public expenditure. Available resources of the product were strengthened on a later stage, through a series of increases and amounted to € 202 million, of which € 101 million was public expenditure. It concerned the granting of loans of up to € 500,000 to SMEs in all sectors of the economy. The program became available in April 2013 through selected banks. Their contribution was equal to the public expenditure, in order to equally share the risk and reduce the collateral required for the granting of loans. Resources that had been released from the other programs of JHF were transferred gradually in this program depending on its development.

The JEREMIE ICT-VC program concerned funding for seed capital and early-stage venture capital. The seed capital sub-program had a budget of € 18,70 million in public expenditure and aimed to support very young businesses and investments at an early stage. The program was made available through selected administrators who allocated additional capital at a rate of 30% of public expenditure. The amount of funding reached up to € 750.000 per company from € 500.000 that was initially. The sub-program early-stage venture capital had a budget of € 30,55 million and was allocated in the form of risk capital to strengthen the new technologies sector. The program was made available through selected investment funds which also provided additional capital at a rate of 30% of public expenditure. However, there were delays in the signing of management contracts, resulting in malfunctions in its implementation which were exacerbated by the nature of the product. It should be mentioned that the eligibility of the expenses was extended until 09/30/2016.

According to the accounts, the Funded Risk Sharing (FRSP) program presented the largest percentage of disbursements in the public expenditure budget of JHF. However, it should be noted that in this program the large absorption of resources was achieved in the regions of Attica and Central Macedonia, while the rest regions showed significant delays. The course of the FRSP Generic Content program was similar, which concerned the granting of loans to SMEs in all sectors of the economy, disbursing the largest amount compared to the other programs. On the other hand, the microcredit program and the FRSP for ICT presented the smallest amount of disbursements. In combination with delays in the implementation and allocation of resources, there was finally their withdrawal. ICT-VC products also showed a low amount of disbursements to a lesser extent than the previous two (Microcredit, FRSP for ICT).

JEREMIE Holding Fund's execution in Greece until April 2016

	Funded Risk Sharing (FRSP)	**Microcredits**	**FRSP για ICT**	**FRSP Generic Content**	**ICT - VC**

Total budget of public expenditure	60.000.000	30.000.000	90.000.000	101.000.000	51.390.000
Number of loan applications	2.869	356	71	3.379	N/A
Budget of loan applications	83.524.094	3.568.753	3.352.685	213.424.789	N/A
Number of approved loans	1.421	250	45	1575	N/A
Budget of approved loans	42.753.584	2.539.912	2.477.424	99.385.219	N/A
Number of disbursed loans	1.328	167	33	133	N/A
Disbursements amount	39.214.212	1.587.772	1.696.861	77.649.767	31.880.000
Average amount of loans	60.174	20.319 €	110.108	126.203	N/A
Approved loans/ Applications	51,19%	71,17%	73,89%	46,57%	N/A
Disbursements amount / Approved loans	91,72%	62,51%	68,49%	78,13%	N/A
Amount of approved loans / Total program's budget	71,26%	8,47%	2,75%	180,70%	N/A
Disbursements amount / Total program's budget	65,36%	5,29%	1,89%	76,88%	62,04%

Source: Hellenic Ministry for Economy and Development, Special Secretariat for State Aid (2016).

5.3.10 The case of the New Economy Development Fund S.A. - NEDF S.A. (2000-2019) and the Hellenic Development Investment Bank (2019-)

The company New Economy Development Fund S.A. established IN 2000[128] and was recently amended by the decision of the General Assembly of the company dated 3/4/2018 (attached codified statute). The purpose of the company was the minority participation in mutual fund participation funds, venture capital companies and corresponding venture capital schemes, which were managed by private sector entities under private financial criteria with the scope to invest exclusively in Greek SMEs. In particular, the company had the opportunity to invest in innovative SMEs operating in the sectors of the new economy (e.g., telecommunications, information technology, e-commerce, biotechnology, new materials etc). In addition, the investment vehicles in which NEDF S.A. could participate in new companies shares editions, provision of equity, convertible bonds or participating loans to SMEs being in their infancy (e.g., start-ups) or even in a mature stage of development. In the latter case, the fund participated in funds which invested to SMEs mainly activated in new technologies and being shortly before entering into the stock market and a short-term instrument designed for this

[128] Law 2843/2000 (Government Gazette A /219).

purpose as mezzanine finance. Moreover, the statutory responsibilities of the company included the management of funds and participating schemes for risk capital provision.[129]

During the programming period 2007-2013, the company managed a total capital of 268 million euro and invested in 11 venture capital funds, which in turn invested in 35 SMEs with high growth potential activating in the fields of technology. information technology and telecommunications, biotechnology, health, industrial materials, energy, food and services[130].

The participation of the Greek state in the share capital of NEDF S.A. finally amounted to 140 million euro from the resources of NSRF 2007-2013/Operational Program "Competitiveness - Entrepreneurship" (ERDF resources). In 2016 NEDF S.A. became a subsidiary of the National Fund for Entrepreneurship and Development S.A. (NFED S.A.)[131]. In 2019[132], the company Hellenic Development Bank Investments S.A. (HDBI S.A.) was established, as a subsidiary of its predecessor NEDF S.A. and the Hellenic Development Bank S.A. (HDB S.A.) which substituted NFED S.A. is carrying out its institutionalized goals.

5.3.11 Equifund

EquiFund was established in December 2016. As a participating fund, it provides equity to enable high value-added investments. It is co-financed by national, European Structural Investment Funds (ESIF) / European Regional Development Fund (ERDF) and the European Investment Fund offering private equity capital financing. The initial capital of Equifund is EUR 260 million. EIF manages the fund. Financing is provided through intermediary Venture Funds, which have been selected through a competitive process of assessment. EquiFund invests in the following three basic fields:

- Research and innovation (technology transfer – innovation window): It targets entrepreneurs that have a concept or idea that warrants development or have gained the attention of researchers who believe their project will yield results. Accelerators and incubators can offer expertise and support during kick-start phases. Technology transfer funds can provide finance and experience in transforming research into commercially viable propositions.
- General entrepreneurship for start-up enterprises (early stage): Venture capital funds can combine financing with expertise, business knowhow and access to networks to help start-ups reach their full potential.
- General entrepreneurship for enterprises in development (scale-up/growth). Special emphasis is given to the strategic sectors of the Greek economy such as tourism, energy, agri-food, the environment, supply chain, information and communication technologies, health and pharmaceutical industry, creative and cultural industries and materials and construction.

[129] Law 2992/2002 (Government Gazette A /54), article 7, Law 2367/1995 (Government Gazette A' 261), article 5.
[130] For more information: www.taneo.gr.
[131] In accordance with JMC of the Ministers of Economy and Development and Finance (Government Gazette B '3953/9.12.2016). With JMC n. 127870/2-12-2016 (Government Gazette B/3953) the Greek government decided to transfer one total share of twenty thousand (20,000) registered shares of NEDF S.A. in NFED S.A. with a nominal value of 50 euros each, issued by NEDF S.A. owned by the Greek state and being free of charge. Pursuant to the above provision and the registration in the shareholders' book of NEDF S.A., NFED S.A. from January 1, 2017 acquired, free of charge, 100% of the registered shares of NEDF S.A. with a total value of 1 million euros.
[132] Law 4608/2019 (Government Gazette A/66).

In early 2018, the evaluation process was finalized and eventually nine funds were chosen to provide equity to Greek SMEs[133]. Targeted sectors include all sectors with a special focus on the food and beverage, agri-business, tourism and hospitality, environment and energy efficiency sectors. At the end of 2019, nine selected funds by EIF invested a total amount of 216 million euro to 74 SMEs, mainly start-ups in the ICT sector activating in applications for hospitality, health technologies, transportation, internet of things, travel-tech, e-commerce, software as a service, big data, business services, real estate etc. as sowing below:

Equifund investments 2017-2019

Sector	**Number of investments**	**Investments in m. €**	**%**
Hospitality	3	71,18	32,98%
Internet of Things	3	28,98	13,43%
ICT	4	26,95	12,49%
E-commerce	3	13,38	6,20%
TravelTech	5	10,63	4,92%
FinTech	2	10,17	4,71%
Agrotechnology	3	8,55	3,96%
Health technologies	6	7,47	3,46%
Software	4	4,92	2,28%
Transportation	5	4,33	2,01%
Software as a Service	4	4,06	1,88%
Big Data	3	3,64	1,69%
Business Services	2	3,5	1,62%
EdTech	4	3,27	1,52%
Real Estate	1	2,96	1,37%
Medical equipment	1	2,64	1,22%
SmartCities	1	1,64	0,76%
Semiconductors	1	1,41	0,65%
Robotics	1	1,37	0,63%
	74	**215,84**	

Source: Hellenic Ministry for Development and Investments (2020), Study of Recording Key Characteristics and Analysis of Strengths and Weaknesses, Opportunities - Challenges and Threats for the Production Sector with the aim of formulating the National Strategy of Smart Specialization, General Secretariat for Industry, November 2020, edition 1.0, p. 56.

The Greek experience as regards the procedure of financial instruments programs aiming to enhance SMEs' access to finance through loans or equity and the participant entities is presented in the following chart:

[133] For more information: https://equifund.gr/, http://www.ggb.gr/en/Private_Equity_Capital)

The procedure of financial instruments programs in Greece

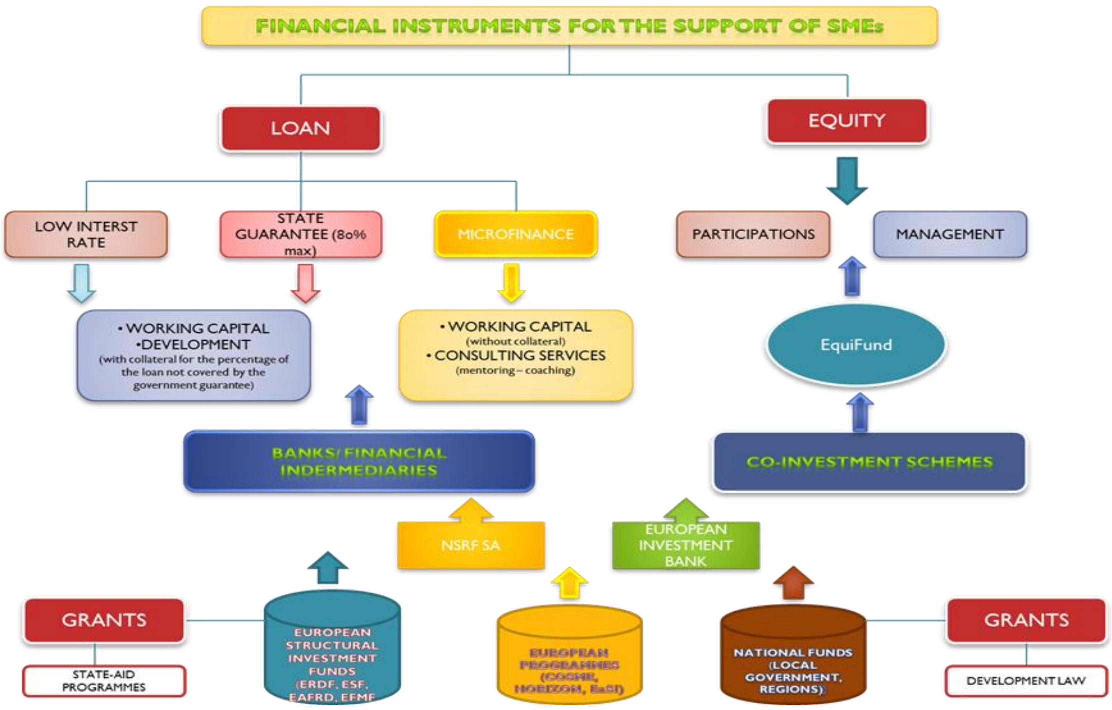

Figure designed by the author.

Debt instruments concern loans of low interest rate, guaranteed by the State and microfinance. Low interest rate loans include working capital loans or leans for development reasons. In most cases – as showed earlier in the Greek case - they are provided by a fund generated by co-investment of public and private funds. State's intervention using public sources justify the low interest rates of loans provided. For the rest part of the loan which is not covered by public participation, private sector i.e., banks which co-invest their funds with the public sector, collaterals are requested by banks in order to hedge their risk for the rest of the loan. Guarantee funds provide State's guarantees at maximum up to 80% of a portfolio of SMEs' loans created by banks which co-operate with the public sector. In most cases a cap amount of total collapses paid by the public sector is defined in the case of default i.e., when an enterprise is not in a position to pay the loan installments continuously for a period of more than 90 days. Debt instruments are usually funded by ESIF, European Programs or national sources co-funded with ESIF like in the case of NSRF and are provided by programs implemented by a specialized public sectors' agency. Microfinance loans concerns loans of less than 25.000 euro and are addressed to cover short-term needs of micro enterprises of self-employed persons which face serious barriers for external financing. Such loans are provided without asset-based collaterals and they are often accompanied with consulting services to lenders. Equity financial instruments are provided by funds of funds expertized in investing to other funds which proved equity to SMEs with high growth potential with the scope to sell their portion some years later. These funds participate in the capital structure of final beneficiaries (SMEs) and Work intensively for the growth of the firms they invested in. In some cases, they handle the management of these SMEs. This is the main difference between debt and equity instruments: loans are provided by banks which gain profit by the interest rate they charge while finds which invest equity to SMEs gain profit by their growth and their intended sell in a reasonable amount of time. Equity instruments are provided by funds-of-funds which use EIF or national sources, like in the case of Greece happens with Equifund. Another Diagrammatic illustration of the above procedure is presented in the following chart:

Financing financial instruments programs in Greece

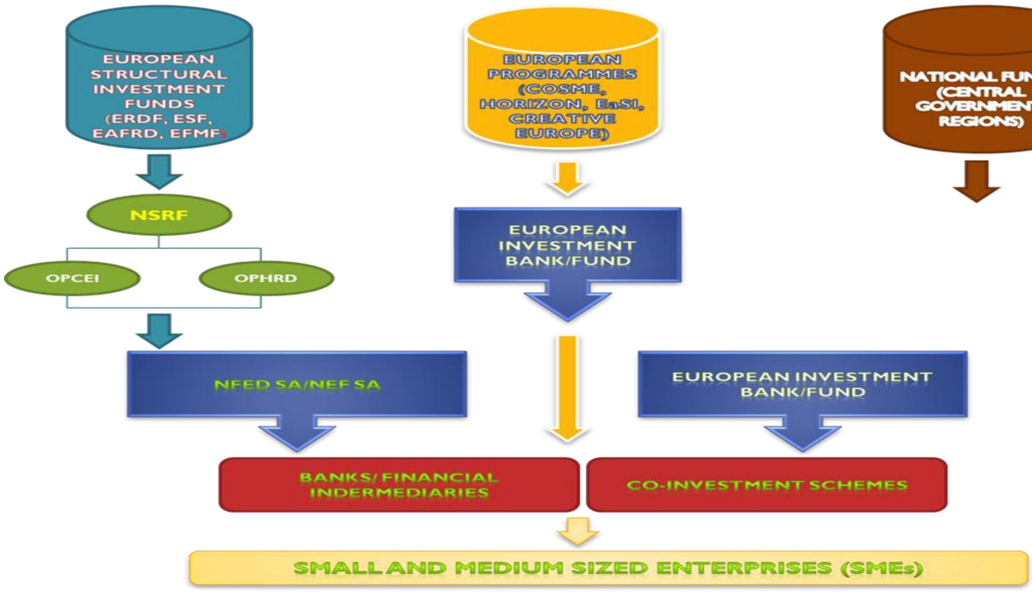

Diagram designed by the author.

5.4 Financial instruments to address the implications of COVID-19 measures to entrepreneurship in Greece

A short description of measures taken by the Greek government in order to address the negative economic consequences of the measures decided to face the pandemic caused by COVID-19 virus, follows.

5.4.1 COVID-19 Guarantee Fund

The program aims at guaranteeing working capital loans issued by the banks in favor of SMEs, as well as the large firms of the private sector. Guarantee Fund is co-financed by the European Regional Development Fund (ERDF) and the Greek State in the framework of National Strategic Framework 2014-2020 with a budget of 1,25 billion euro which was recently announced to be augmented by 780 million euro. It concerns a portfolio guarantee fund which provides a guarantee rate up to 80% per loan. The Guarantee cap is defined up to 40% for SMEs and 30% for large companies. Eligible are companies operating in Greece which on 31.12.2019 are not considered as undertakings in difficulty as mentioned in point 18 of article 2 of Regulation 651/2014), are considered as having the ability to receive a loan in accordance with bank's credit policy and the internal procedures of credit institutions, they have fulfilled their obligations against the banking system (have a debt of <90 days) on the date of application or on 31.12.2019. The guarantee premium is granted by the Greek government in an amount up to € 800.000 per working capital loan which could have a duration of 1-5 years. The guarantee rate is defined to 80% per loan while the guarantee cap up is determined to 40% for portfolio of loans to SMEs and 30% for portfolio of loans to large companies. The Fund is currently functioned by the Hellenic Development Bank in collaboration with banks.

5.4.2 Refundable deposit

On April 7, 2020, an aid scheme of an initial budget € 1,5 billion was approved to provide repayable advances to Greek companies facing temporary financial difficulties due to the coronavirus outbreak, as evidenced by the significant reduction in their activity. The scheme is estimated to help ensure the liquidity available in the market in order to address the damage caused and to maintain the continuity of economic activity during and after the outbreak of the disease. The repayable advances concern creditworthy companies and will be disbursed by the Independent Public Revenue Authority directly to the companies without the mediation of banks. To date, the first three cycles of the regime have been completed, while the fourth cycle was recently announced.

5.4.3 Subsidy Loans for Existing SMEs Loans Affected by the COVID-19 Virus Pandemic Measures

The program concerns interest subsidy of existing loans of SMEs affected by the COVID-19 virus pandemic measures. The public expenditure of this Call amounts to € 750 million. The program provides direct subsidies to SMEs for covering current contractual interest, as well as the corresponding contribution of Law 128/75 of the loans of eligible companies, up to € 800.000 per company. The subsidy applies to current overdue loans, bond loans and credit agreements, including securitized loans and credits as well as transfers due to loans transferred and credits according to national legislation. Eligible companies must be creditworthy SMEs operating in sectors which face serious financial difficulties and urgently need liquidity support to overcome the economic crisis because of COVID-19. The program was launched in April 2020 by the Executive Agency for Management and Implementation of Industry, Commerce and Consumer Protection which is in charge for transferring all resources required. The deadline for the submission of applications by SMEs was 30-8-2020.

5.4.4 Entrepreneurship Fund II - Business Funding Program

The program “Business Funding” scopes to provide low-cost loans for the implementation of sustainable business plans and the enhancement of the liquidity of SMEs which activate to any economic sector in the Greek territory.

<u>TEPIX II – “Business Funding” - Sub-program 3 (new during COVID-19 crisis):</u> Provision of working capital with interest rate subsidy.

- Purpose of funding: Working Capital with interest subsidies for two (2) years.

- Loan Amount: Up to 50% of their turnover or up to 50% of the current year's orders.
- Interest Rate: Average interest rate. Actually, 0% interest rate is offered by HDB S.A. and an interest rate is offered by participating banks according to market conditions. The interest rate of each loan for the first two years will be subsidized 100% from the Entrepreneurship Fund II resources. Interest rate shall not exceed 8% during the subsidies period (2 years).
- Duration: 24 up to 60 months.
- Installments: decided by bank – client.
- Fees charged: Up to 0,5% of the loan amount but they shall not exceed €4.000 per contract.

Business Funding is co-financed by the European Regional Development Fund (ERDF) and the Greek State in the framework of National Strategic Framework 2014-2020 following an initial co-financing rate 2/3 =0.67 (Hellenic Development Bank S.A./HDB S.A.: 40% - Private financial intermediaries/Banks: 60% of business loans). The financing terms of the first two subprograms launched before COVID-19 crisis, are categorized as follows:

✓ Sub-program 1: Investments for development reasons.
  - Purpose of funding: Investments.
  - Loan Amount: € 25.000 - € 1.500.000.
  - Interest Rate: Average interest rate (0% interest rate offered by HDB S.A. and interest rate offered by participating Banks according to market conditions).
  - Duration: 5-10 years.
  - Installments: Decided by bank and client.
  - Grace period: Up to 24 months (interest accrued).
  - Fees charged: Up to 0,5% but they shall not exceed € 4.000 per contract.

✓ Sub-program 2: Provision of working capital.
  - Purpose of funding: Working Capital.
  - Loan Amount: € 10.000 - € 500.000.
  - Interest Rate: Average interest rate (0% interest rate offered by HDB S.A. and interest rate offered by participating Banks according to market conditions).
  - Duration: 24 up to 60 months.
  - Installments: Decided by bank and client.
  - Fees charged: Up to 0,5% of the loan amount but they shall not exceed €4.000 per contract.

Beneficiaries of all the above sub-programs are SMEs which are subject to collaterals up to 120% of the loan amount. The iinitial total value of "Business Financing" was €1.750 billion (€ 700 million contributed by HDB SA and € 1.050 billion contributed by participating banks).

Chapter 6: Important aspects about SMEs financing in Greece

6.1 Introduction to statistics on SMEs financing in Greece

The purpose of this chapter is to present the overall framework as regards financing SMEs and entrepreneurship in Greece during period 2008-2019, as well as to define certain important aspects of small entrepreneurship as it demonstrates during the decade 2008-2017. Both the above elements help scrutinizing the real circumstances in relation to SMEs financing and are used as a guide for the primary research based on a questionnaire made for this research and follows in the following chapter. Data about SMEs financing have been taken by OECD's statistics database[134] and data regarding SMEs in Greece by Eurostat's structural business statistics[135]. The analysis takes into account the financial and debt crisis impact on the Greek economy which was characterized by an extremely serious reduction of real GDP by 26% between 2008 and 2015. In 2018 GDP expanded by 1,4% presenting a continuing growth for six consecutive semesters. During 2019 real GDP continued to expand by 2% year on year. Unemployment rose from 7.8% in 2008 to 27.5% in 2013, but decreased gradually 17,3% in 2019. Greece's primary surplus swung from a deficit of 2,1% of GDP in 2015, to a surplus of 4,5% of GDP in 2019 following strict fiscal policies imposed by the MoUs and Stability and Growth Pact (SGP).

According to OECD (2020, p. 134), new business lending to SMEs has been decreased severely since 2008 because of the financial crisis. In relation to 2008 and 2009 when banks lent over 12,5 billion euro to Greek SMEs, new business lending from banks to SMEs dramatically decreased by 90,4% cumulatively from 2008 (12,5 billion euro) to 2018 (1,1 billion euro in 2018 and 1,2 billion euro in 2019[136], 89,7% reduction). The above index follows the same route with new business lending to all enterprises which also declined to 68,8% from 2008 (36,5 billion euro) to 2018 (11,4 billion euro) as well as to 78,1% in 2019 (8 billion euro). Outstanding credit to all businesses continued to gradually fall in 2018 to 76,4 billion euro and further to 67,3 billion euro in 2019, which is an almost double decline (45,7%) compared to the amount of outstanding business loans in 2008 (124 million euro).

In addition, the stock of SME loans (actually, outstanding business loans, SMEs) followed a non-stable route since 2010. Actually, in 2016 the stock had its peak to 48,4 billion euro, but it declined to 41,1 billion euro and even more to 35,2 billion euro in 2019, totally facing a significant reduction of 21,5% compared to 2010. The share of short-term SME lending as percentage of total SME lending increased by 2,4% in 2019 in relation to 2014 from 60,2% in 2014 to 61,6% in 2019). This means that 6 in 10 SME loans are used to cover their needs in the short run and mainly for their current liabilities (for example, working capital loans) rather

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[134] See OECD statistics website: https://stats.oecd.org/ (Finance/SME financing/Financing SMEs and entrepreneurship: An OECD Scoreboard). Since 2013, the author of this dissertation has been the national representative of Greece in OECD's Steering Group on financing SMEs and entrepreneurship which is responsible for the annual edition of the OECD's special Scoreboard on Financing SMEs and entrepreneurship. For more information see OECD (2020), "Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard 2020", *OECD Publishing,* Paris, https://www.oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm.

[135] See Eurostat website: https://ec.europa.eu/eurostat/web/structural-business-statistics/small-and-medium-sized-enterprises.

[136] 2019's data will be published in "Financing SMEs and entrepreneurship: An OECD Scoreboard 2021". They are presented here according to data collected and sent by the author of this dissertation as national representative to the OECD's Secretariat for the release of the 2021 Scoreboard.

than for development reasons. A particularly worrying point is the huge increase of Non-Performing Loans (NPLs) as a percentage of all business loans which increased almost five times from 2007 (4,6%) to 2019 (25,5%). Equally worrying is the proportion of NPLs to the total SME loans as they still remain quite high in 2019 (36,1%) even if they decreased compared to 2014 (41,2%) and 2015 (44,1%) when they reached their peak.

Between 2008 and 2019 interest rates charged to SMEs have fallen by 38,1% while almost the same reduction concern large enterprises (38,9%). The spread between interest rate to SMEs and to large enterprises have fallen by 34,9% during the same period (2008-2019). It is noteworthy that interest rates for both SMEs and large firms continued to fell since 2012 when they were shaped at 6,87% and 5,92% respectively, reaching 4,64% and 3,81% respectively in 2018 (4,31% and 3,64% in 2019), while the spread between them decreased to 0,83 in 2018 and 0,67 in 2019. This spread decreased significantly since 2010 when it was 1,25 and the interest rate were 6,57% and 5,32%, respectively and it remains quite low by international standards (OECD, 2020). However, interest rates for both SMEs and large enterprises remain high compared to other EU member-states. Besides, the proportion of Greek SMEs which required to provide collateral to receive a loan decreased by 64% in 2019 (18,5%) compared to 2008 (51,41% in 2009). Finally, the rejection rate has declined since 2011, when it reached 33.8%, to 11.4% in 2019 reflecting an overall reduction to 55,7% since 2009. The table below presents in summary the above-mentioned results:

Data on SMEs and entrepreneurship loan financing in Greece, 2007-2019

Indicator (in thousands euro)	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (*)	% change 2008-2019
Debt															
Outstanding business loans, SMEs	Currency	N/A	N/A	N/A	44.853,00	41.649,00	39.114,00	48.063,00	48.140,00	46.928,24	48.410,21	44.663,25	41.055,00	35.227,15	-21,5%
Outstanding business loans, total	Currency	102.160,00	124.131,00	123.820,00	116.514,00	113.044,00	100.758,00	96.610,00	95.197,50	89.140,75	87.501,47	82.113,65	76.378,00	67.347,25	-45,7%
Share of SME outstanding loans	% of total outstanding business				38,50	36,84	38,82	49,75	50,57	52,65	55,33	54,39	53,75	52,31	35,9%
New business lending, total	Currency	N/A	36.543,66	36.344,62	20.739,59	29.386,25	21.796,28	24.301,39	14.929,20	6.940,44	5.771,26	7.259,38	11.423,82	7.994,09	-78,1%
New business lending, SMEs	Currency	N/A	12.502,12	12.954,06	4.436,52	5.216,90	4.114,92	3.653,59	2.331,81	1.177,66	1.063,51	1.127,29	1.162,51	1.283,00	-89,7%
Share of new SME lending	% of total new lending		34,21	35,64	21,39	17,75	18,88	15,03	15,62	16,97	18,43	15,53	10,18	16,05	-53,1%
Outstanding short-term loans, SMEs	Currency	NA	NA	NA	NA	NA	NA	NA	18.087,82	17.634,00	18.849,30	16.982,08	15.135,41	13.431,57	-25,7%
Outstanding long-term loans, SMEs	Currency	NA	NA	NA	NA	NA	NA	NA	30.052,41	29.294,00	29.560,92	27.681,17	25.919,33	21.795,58	-27,5%
Share of short-term SME lending	% of total SME lending								60,19	60,20	63,76	61,35	58,39	61,63	2,4%
Non-performing loans, total	% of all business loans	4,6	4,3	6,7	8,7	14,2	23,4	31,8	29,4	31	30,3	30,5	28,6	25,50	493,0%
Non-performing loans, SMEs	% of all SME loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A	41,2	44,1	43,2	42,5	38,1	36,10	-12,4%
Interest rate, SMEs	%	6,57	6,82	4,62	5,53	6,77	6,87	6,51	5,8	5,38	5,32	4,91	4,66	4,31	-38,1%
Interest rate, large firms	%	5,32	5,71	3,52	4,27	5,74	5,92	5,77	5,55	4,82	4,61	4,2	3,81	3,64	-38,9%
Interest rate spread	% points	1,25	1,11	1,1	1,26	1,03	0,95	0,74	0,25	0,56	0,71	0,71	0,85	0,67	-34,9%
Collateral, SMEs	% of SMEs needing collateral to	N/A	N/A	51,41	40,52	49,43	46,69	45,93	46,24	49,21	39,81	25,73	20,68	18,51	-64,00%
Percentage of SME loan applications	SME loan applications/ total number	N/A	N/A	37,91	39,64	30,75	29,92	21,36	25,53	18,8	21,5	17,52	23,039	23,92	-36,9%
Rejection rate	1-(SME loans authorised/ requested)	N/A	N/A	25,84	24,49	33,84	28,33	25,99	21,45	19,9	18,17	16,16	20,5	11,44	-55,7%

(*) Data for 2019 will be published in "Financing SMEs and entrepreneurship: An OECD Scoreboard 2021".They are presented here according to data collected and sent by the author to the OECD's Secretariat for the release of the 2021 Scoreboard.

Source: OECD (2020), "Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard 2020", OECD Publishing, Paris, elaborated by the author.

It is noteworthy and particularly worrying the fact that, although the reduction of both interest rates for SME loans and the percentage of SME loans for which collateral was required by banks to cover their risk during 2008-2019, the total volume of the SME loans, as well as new loans to SMEs decreased significantly during this period. Indeed, new business lending to all enterprises fell sharply by 78,1% from 2008 to 2019 while new business lending to SMEs collapsed by 89,7% during the same period. Additionally, the percentage of new SME loans compared to new business loans to all enterprises fell significantly from 2008 (35,6%) to 2019 (10,2%), highlighting after all the indisputable conclusion that SME lending has declined dramatically over the last decade with steadily declining trends. Unfortunately, according to the above data it is absolutely obvious that, neither the reduction in interest rates nor the required collateral implemented through financial instruments programs over the same period, have been able to reverse this extremely worrying situation, ultimately leaving SMEs without appropriate financing.

Indeed, in Greece credit conditions became extremely difficult especially for SMEs as a result of the financial crisis. It is remarkable that access to finance remains steadily the No1 problem for Greek SMEs during the last decade according to SAFE (2020)[137] in contrary to other European Union's member-states which rank it quite low as SMEs' problem. Actually, as mentioned in SAFE 2019 report, 21% of Greek SMEs reported access to finance as the most important problem they face, a percentage which is three times the one of the EU-28 (7%). Greece also reports the highest external financing gap[138] in the Eurozone. Furthermore, according to SAFE report 2019 bank loans remain the relevant form of external financing for 57% of Greek SMEs compared to 65% at EU-28 level. These high levels both in Greece and the EU-28 demonstrates that both Greek and European SMEs are still highly depended on bank loans in order to finance their activities. Furthermore, the proportion of SMEs reporting fear of application rejections declined from 26% in 2017 to 15% in 2019 but still remains high compared to EU (4%). 45% of Greek SMEs which applied for a loan managed to receive the whole amount of loan they requested for in contrast to a much higher 71% in the EU-28 level. 19% of Greek SMEs who successfully applied received less than they applied for compared to 11% at EU level while 4% reported that they declined the loan offer from the bank as they found the cost unacceptable (EU: 1%). Subsequently, 38% of Greek SMEs did not manage to get the full bank loan they applied for during 2018 compared to 18% at EU level. Moreover, only 10% of Greek SMEs answered that the most important limiting factor to get financing is insufficient collateral while they rank high interest rate as the most significant factor. A remarkable point is that only 10% of Greek SMEs received a new loan or renewed such a loan, a conclusion that keeps up with OECD's time series of new business lending as mentioned above, an index which decreased dramatically for SMEs, actually by 79,84% cumulatively from 2008 to 2019 and seriously for all sizes of enterprises (78,12%) at the same period.

In order to understand the size of small and medium entrepreneurship in Greece, a relevant mapping of Greek SMEs follows, both as a whole and by specific sectors. The results of the following analysis were used to determine the size of companies and industries that were included in the sample of the statistical analysis.

[137] SAFE (Survey on Access to Finance) is conducting twice a year by the European Central Bank (ECB) in collaboration with the European Commission and it is funded by COSME 2014-2020 program.

[138] "Financing gap measures the perceived difference at various firm levels between the need for external funds across all channels, i.e. bank loans, bank overdrafts, trade credit, equity and debt securities, and the availability of funds" (OECD, 2020).

6.2 General data about SMEs in Greece

According to the data of the annual report of the European Commission for SMEs (SBA Factsheet) for the year 2019, the companies of the non-financial sector operating in Greece amount to 821,540, the vast majority of which (821,209) are considered Small and Medium Enterprises (SMEs) in accordance with the European Union's definition of (Recommendation 361/2003 of the European Commission). SMEs in Greece contribute 87.9% to employment and 63.5% to value-added terms in the economy, rates higher than those of the EU-28 (66.6% and 56.4%, respectively). The above data highlight the substantial role of SMEs in the Greek economy and the need to support them with the appropriate instruments, either in terms of financing (i.e., grants programs, lending / guarantee / capital financing instruments, tax exemptions etc.), or via individual policy measures concerning the simplification of business environment (i.e., licensing, location of business activities etc.).

The analysis of data for enterprises in Greece, shows that 97.4% of them belongs to the subcategory of micro-enterprises, which employ less than 9 employees and have an annual turnover of less than 2 million euro[139]. This sub-category contributes 62% to employment compared to 29.7% for the EU-28 and 17.6% to value-added terms in the economy compared to 20.8% for the EU-28. In other words, in the case of Greece, there is a large concentration of human resources in very small companies, as the data show that almost 2 out of 3 employees are employed in this subcategory of companies. In addition, the share of the sub-category of small enterprises i.e., those that employ from 10 to 49 employees and have a turnover from 2 to 10 million euro, amounts to 2.3% of the total number of enterprises (compared to 5.9% for EU-28), which contribute 16.2% to employment (compared to 20.1% for EU-28) and 23.1% to value-added terms in the economy (compared to 17.6% for EU-28). Moreover, the sub-category of medium-sized enterprises i.e., those with 50 to 249 employees and a turnover of 10 to 43 million euro, amounts to 0.3% of total enterprises (compared to $ 0.9 for the EU- 28), which contribute 9.7% to employment (compared to 16.8% for the EU-28) and 22.9% to value-added terms in the economy (compared to 18% for the EU-28). Finally, the share of large companies operating in Greece is almost negligible (compared to 0.2% for the EU-28), while this category contributes 12.1% to employment (compared to 33.4% for the EU- 28) and by 36.5% in terms of value added in the economy (compared to 43.6% for the EU-28. SMEs as a whole contribute 87.9% to employment and 63.5% to the creation of added value in the economy, compared to 12.1% and 36.5%, respectively for large companies. The above data are presented in total in the table below:

Non-financial sector companies in Greece, 2019

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	800,075	97.4%	*93.0%*	1,527,075	62.0%	*29.7%*	9.0	17.6%	*20.8%*
Small	18,958	2.3%	*5.9%*	398,514	16.2%	*20.1%*	11.8	23.1%	*17.6%*

139 See European Commission (2003), Recommendation 361/2003.

Medium-sized	2,176	0.3%	*0.9%*	239,627	9.7%	*16.8%*	11.7	22.9%	*18.0%*
SMEs	**821,209**	**100.0%**	***99.8%***	**2,165,216**	**87.9%**	***66.6%***	**32.6**	**63.5%**	***56.4%***
Large	331	0.0%	*0.2%*	297,411	12.1%	*33.4%*	18.7	36.5%	*43.6%*
Total	**821,540**	**100 0%**	***100.0%***	**2,462,627**	**100.0%**	***100.0%***	**51.2**	**100.0%**	***100.0%***

These are estimates for 2018 produced by DIW Econ, based on 2008-2016 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). The advantage of using Eurostat data is that the statistics are harmonized and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

Source: SBA Factsheet 2019 (Eurostat data 2018).

SMEs are the majority of enterprises worldwide and they play a key role in the economy in terms of employment and added value. In the European Union since 2008 and the Small Business Act which reflects the "Think Small First" principle in EU policies, it is clear that SMEs need a special treatment in order to stay competitive in global markets. The most of them both in Greece and the EU activate in services and trade contributing a lot in terms of employment and added value to the economy. It is quite clear then that State's intervention to support SMEs' finance is imperative and governments' role becomes crucial for creating the appropriate environment which will enable SMEs to have better access to finance. A remarkable approach towards this direction is the creation of financial instruments for enhancing access to finance for SMEs.

6.3 Categorization of SMEs by industry

According to SME Performance Review (SPR) data[140] on which European Commission's annual report for the implementation of the SBA (SBA Factsheet) is based, it appears that the majority (49.3%) of SMEs in Greece are active in the services sector. Actually, the latter includes the economic activities of transport and storage (7.9%), accommodation and food (15.6%), information and communications (2.5%), real estate (1,1%), professional, scientific and technological activities (19.5%), as well as administration and support services (2.8%). The trade sector follows second in rank with a percentage of 32.8%, while construction sector with a percentage of 9.1% and manufacturing with a percentage of 7.6% (see following table):

Number of SMEs by sectors in Greece and the EU-28, 2019

	Greece		**EU28**	
	No	**%**	**No**	**%**
Non-financial business economy	**821 209**	**100,0**	**25 032 008**	**100,0**
Mining & quarrying	709	0,1	18 938	0,1
Manufacturing	62 450	7,6	2 132 687	8,5
Electricity, gas	7 075	0,9	106 479	0,4
Water supply, sewerage, waste management	2 162	0,3	80 017	0,3
Construction	74 736	9,1	3 664 383	14,6

[140] Based on Eurostat's data.

Distributive trades	269 158	32,8	6 467 652	25,8
Transportation & storage	64 845	7,9	1 276 442	5,1
Accommodation & food services	127 962	15,6	2 073 133	8,3
Information & communication	20 404	2,5	1 285 352	5,1
Real estate	9 306	1,1	1 487 525	5,9
Professional, scientific & technical activities	159 730	19,5	4 742 678	18,9
Administrative & support services	22 672	2,8	1 696 722	6,8
Manufacturing	62 450	7,6	2 132 687	8,5
Construction	74 736	9,1	3 664 383	14,6
Trade	269 158	32,8	6 467 652	25,8
Services	404 919	49,3	12561852	50,2

Source: European Commission's 2019 SBA Factsheet – Greece.

In terms of employment, SMEs of the services sector operating in Greece contribute 49.6% to employment. In particular, the economic activities of transport and storage contribute to employment by 6.8%, accommodation and food services by 23.6%, IT and communications by 2.7%, real estate by 0.8%, professional, scientific and technological activities (11.7%) and administration and support services 4%. Trade sector follows with a percentage of 30.3%, while constructions sector with 6% and manufacturing comes last with a percentage of 12.2%. Nevertheless, it is noteworthy that although the companies of the manufacturing sector constitute 7.6% of the total number of companies operating in Greece, the manufacturing sector as a whole contributes significantly up to 12.2% to employment.

Number of persons employed in SMEs by sectors in Greece and the EU-28, 2019

	Greece		**EU28**	
	No	**%**	**No**	**%**
Non-financial business economy	**2 165 216**	**100,0**	**97 738 950**	**100,0**
Mining & quarrying	3 440	0,2	179 109	0,2
Manufacturing	264 655	12,2	17 888 818	18,3
Electricity, gas	22 073	1,0	338 028	0,3
Water supply, sewerage, waste management	14 771	0,7	850 832	0,9
Construction	130 567	6,0	11 890 423	12,2
Distributive trades	656 560	30,3	23 904 302	24,5
Transportation & storage	146 817	6,8	6 198 049	6,3
Accommodation & food services	511 948	23,6	10 361 891	10,6
Information & communication	58 701	2,7	4 387 088	4,5
Real estate	16 555	0,8	2 637 367	2,7
Professional, scientific & technical activities	253 532	11,7	11 104 458	11,4
Administrative & support services	85 597	4,0	7 998 585	8,2
Manufacturing	264 655	12,2	17 888 818	18,3
Construction	130 567	6,0	11 890 423	12,2
Trade	656 560	30,3	23 904 302	24,5
Services	1 073 150	49,6	42 687 438	43,7

Source: European Commission's 2019 SBA Factsheet – Greece.

In terms of value added, manufacturing significantly increases its contribution rate, which amounts to 20.8%. The contribution of the trade sector to the creation of added value in the economy amounts to 26.6%, while that of construction to 6.4%. The services sector contributes the largest share (40.9%) to value-added terms with the following distribution: economic transport and storage activities contribute 13% value-added, accommodation and food services 9.6%, IT and communications 3.8%, real estate 1.4%, professional, scientific and technological activities 9% and administration and support services 4.2% (see table below).

Value added (in million €) of SMEs by sectors in Greece and the EU-28, 2019

	Greece		**EU28**	
	Mil. Euros	**%**	**Mil. Euros**	**%**
Non-financial business economy	**32 555**	**100,0%**	**4 357 046**	**100,0%**
Mining & quarrying	285	0,9%	17 731	0,4%
Manufacturing	6 776	20,8%	821 902	18,9%
Electricity, gas	910	2,8%	60 060	1,4%
Water supply, sewerage, waste management	515	1,6%	51 130	1,2%
Construction	2 085	6,4%	498 514	11,4%
Distributive trades	8 672	26,6%	962 711	22,1%
Transportation & storage	4 217	13,0%	274 327	6,3%
Accommodation & food services	3 138	9,6%	213 580	4,9%
Information & communication	1 233	3,8%	281 264	6,5%
Real estate	453	1,4%	252 094	5,8%
Professional, scientific & technical activities	2 918	9,0%	599 192	13,8%
Administrative & support services	1 354	4,2%	324 541	7,4%
Manufacturing	6 776	20,8%	821 902	18,9%
Construction	2 085	6,4%	498 514	11,4%
Trade	8 672	26,6%	962 711	22,1%
Services	13 312	40,9%	1 944 997	44,6%

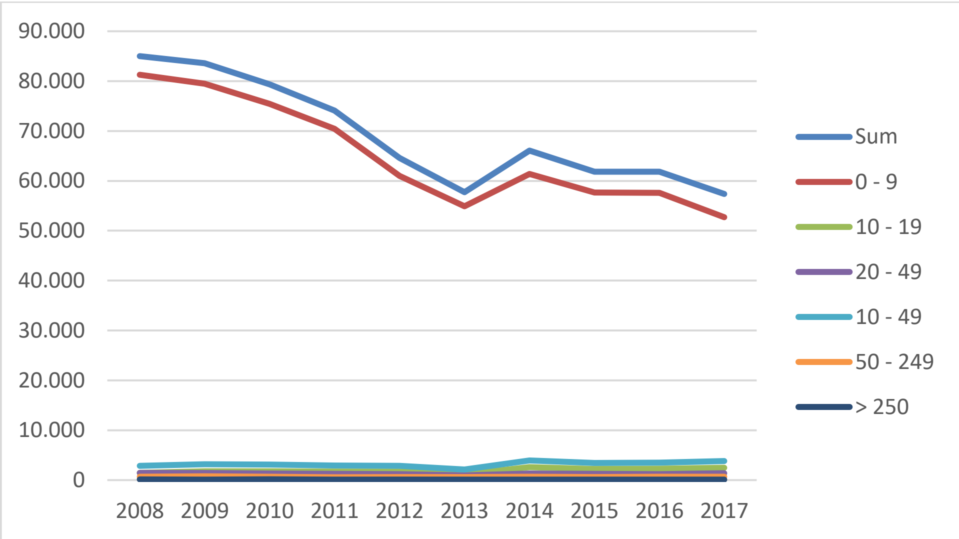
Source: European Commission's 2019 SBA Factsheet – Greece.

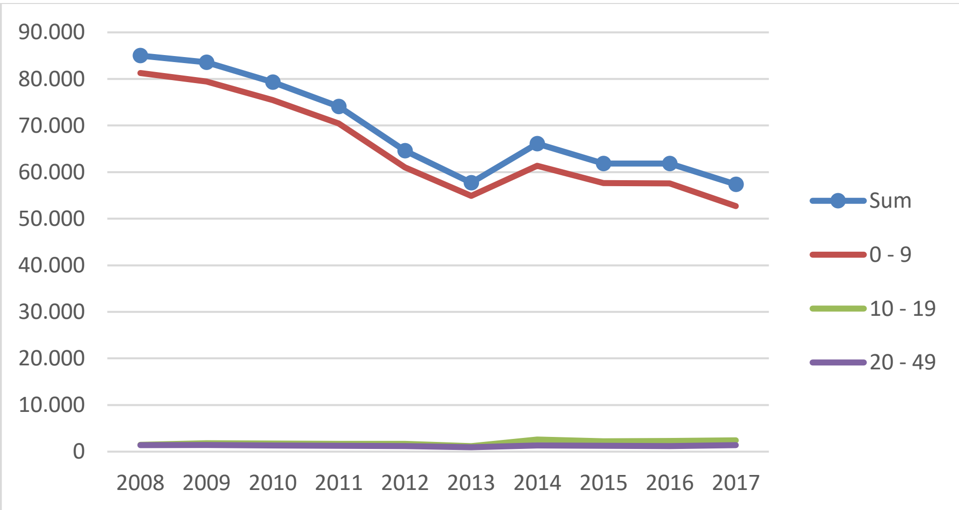
6.3.1 Analysis of manufacturing sector's companies

According to the data of the SME Performance Review database of the European Commission which is based on the official data of Eurostat, in 2017 a total of 57,373 manufacturing companies were active in Greece, of which 91.8% (52,710 companies) belong to the category of very small enterprises, 6.7% of manufacturing companies (3,835 companies) belong to the category of small enterprises, of which 4.3% employ from 10 to 19 employees and a percentage of 2.4% employ from 10 to 49 employees. The total percentage of very small and small processing enterprises (56,545 out of a total of 57,373) constitutes 98.6% of the enterprises in the manufacturing.

Overall, manufacturing companies decreased by 32.5% in 2017 compared to 2008. The decrease was significant in the category of very small manufacturing companies (-35.1%), smaller in the large ones (-7.8 %) and almost imperceptible in the category of medium-sized enterprises in the sector (-0.6%). It is noteworthy, however, that in 2017 medium-sized manufacturing companies employing 10-19 employees increased significantly compared to 2008 (specifically, by 66.7%), while medium-sized enterprises with 20-49 employees decreased by 2.8%. At the same time, the total number of employees in the manufacturing sector decreased by 25.7% in 2017 compared to 2008. A large decrease in staff (-50.1%) occurred in very small companies and significant in large companies (-18.7%). It should be noted though that small enterprises presented an increase of the number of employees by 12.7%, while the respective percentage of medium enterprises was 2.4%.

Evolution of number of manufacturing companies 2008-2017 in total and by size



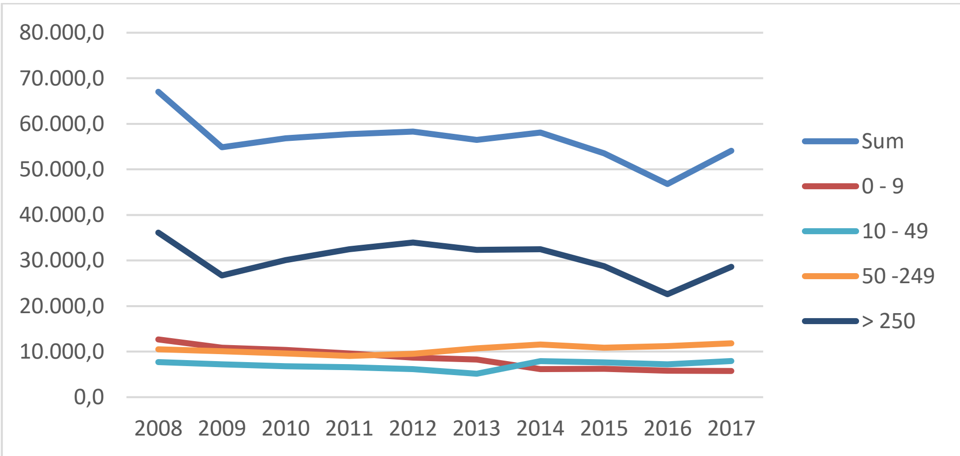


Number of manufacruring companies											
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	85.004	83.565	79.338	74.066	64.582	57.736	66.088	61.840	61.862	57.373	-32,51%
0 - 9	81.270	79.467	75.447	70.438	61.022	54.891	61.370	57.660	57.578	52.710	-35,14%
10 - 19	1.475	1.781	1.751	1.692	1.677	1.182	2.600	2.213	2.293	2.459	66,71%
20 - 49	1.416	1.424	1.348	1.245	1.184	947	1.341	1.237	1.218	1.376	-2,82%
10 - 49	2.891	3.205	3.099	2.937	2.861	2.129	3.941	3.450	3.511	3.835	32,65%
50 - 249	702	761	658	571	587	602	658	617	660	698	-0,57%
> 250	141	132	134	120	112	114	119	113	113	130	-7,80%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

The total turnover of the manufacturing sector showed a significant decrease of 19.3% compared to 2008 when the global financial crisis showed up, particularly amounted to 54.2 billion euro in 2017 from 67 billion euro in 2008. The share of micro manufacturing companies in 2017 amounted to 10.6% (5.75 billion euro) of the total turnover (54.2 billion euros) of the sector and decreased significantly by 54.6% compared to 2008. At the same time, the share of small enterprises amounts to 14.7% (7.9 billion euro) of the total turnover of manufacturing, of which 5.6% corresponds to 3,043 enterprises employing from 10 to 19 people and a percentage of 7.9% in 4,893 companies employing from 20 to 29 employees. In total, micro and small manufacturing companies presented in 2017 a turnover corresponding to 25.3% of the total turnover of the sector, showing a significant decrease of 32.9% compared to 2008. Medium-sized enterprises, in the same year presented a turnover of 11.8 billion euro, holding a share of 21.9% of the total turnover of the sector, while the corresponding percentage for large manufacturing companies amounts to 52.8% (28, 6 billion euro).

Evolution of manufacturing companies' turnover during period 2008-2017 in total and by size

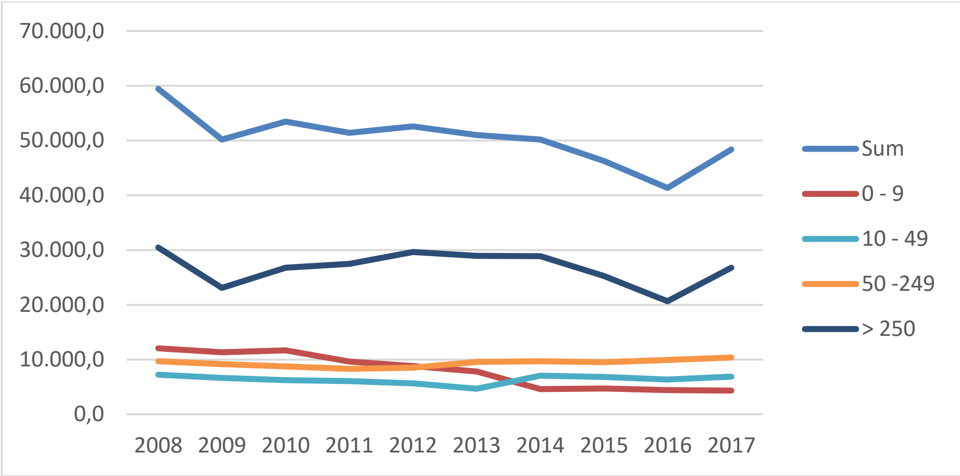


Turnover											
€ million											
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	67.035,3	54.883,8	56.842,7	57.736,0	58.313,9	56.478,3	58.109,6	53.531,6	46.793,0	54.119,8	-19,27%
0 - 9	12.674,6	10.852,3	10.386,2	9.588,8	8.684,9	8.278,8	6.159,7	6.236,7	5.801,4	5.749,1	-54,64%
10 - 49	7.733,8	7.214,1	6.761,9	6.611,1	6.178,5	5.149,1	7.932,2	7.665,0	7.188,5	7.936,4	2,62%
50 -249	10.502,5	10.074,1	9.585,8	9.053,4	9.496,5	10.703,4	11.532,9	10.846,8	11.198,6	11.828,2	12,62%
> 250	36.124,2	26.743,3	30.108,7	32.482,8	33.954,0	32.346,9	32.484,7	28.783,2	22.604,4	28.606,1	-20,81%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

In addition, the value of the production of manufacturing companies followed in 2017 the course of the turnover. Indeed, it amounted to a total of 48.3 billion euro, to which the very small and small companies contributed a total of 23.1%, the medium 21, 5% and large ones 55.4%. Very small manufacturing companies created 8.9% of the production value (4.3 billion euro). In the small business category, 5.3% (production value of 2.6 billion euro) contributed by manufacturing companies with 10 to 19 employees, while 8.9% (production value of 4.3 billion euro) offered by companies employing 20 to 49 employees. All size categories presented declined from 2008 to 2017 but micro manufacturing companies showed their production value to sharply fall by almost 179%.

Evolution of manufacturing companies’ production value 2008-17 in total and by size

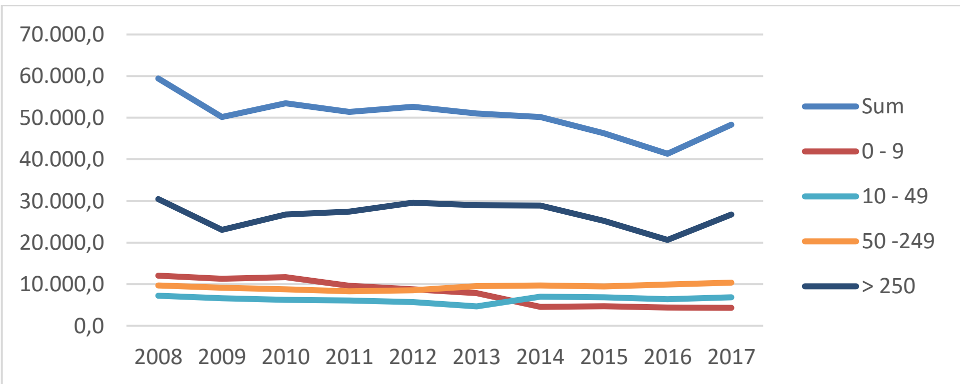


Production value € million											
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	59.434,5	50.150,2	53.449,0	51.428,4	52.604,6	51.014,1	50.185,5	46.281,7	41.341,9	48.348,4	-22,93%
0 - 9	12.051,7	11.318,2	11.665,5	9.624,8	8.803,4	7.832,1	4.575,6	4.723,0	4.411,1	4.320,3	-178,96%
10 - 49	7.228,8	6.622,2	6.257,9	6.055,8	5.663,1	4.669,2	7.037,6	6.831,5	6.367,5	6.887,0	-4,96%
50 -249	9.698,6	9.146,1	8.773,3	8.298,0	8.518,7	9.571,2	9.691,8	9.485,8	9.915,5	10.375,7	6,53%
> 250	30.455,4	23.063,6	26.752,3	27.449,8	29.619,5	28.941,7	28.880,4	25.241,3	20.647,8	26.765,4	-13,79%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

Furthermore, in 2017 manufacturing companies contributed to the Greek economy the total amount of 11.5 billion euro in terms of value added. The share of very small and small companies of the sector amounted to 25.6% of the total added value of manufacturing sector in the Greek economy, while the percentages for medium and large processing units were 24.9% and 49.5%, respectively. Very small enterprises created 8.4% of the added value of the sector, while the small ones accounted for 17.2%, of which 6.4% came from the small companies that employ from 10 to 19 employees and a percentage of 10.8% from the enterprises that employ from 20 to 49 employees.

Evolution of the added value of manufacturing companies 2008-2017 in total and by size



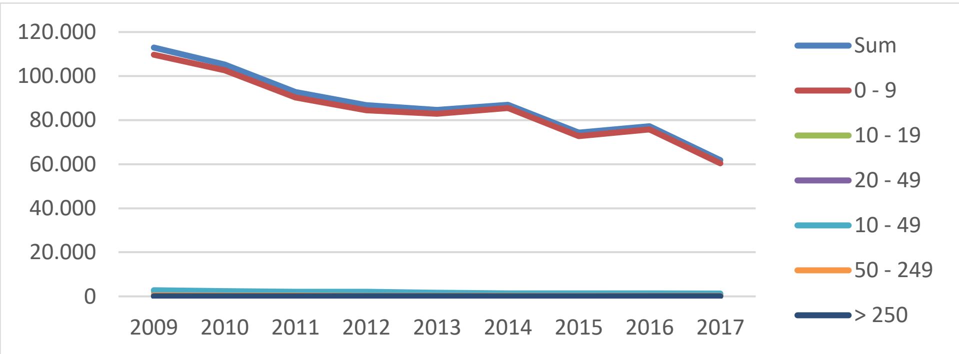
Production value *€ million*										
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	59.434,5	50.150,2	53.449,0	51.428,4	52.604,6	51.014,1	50.185,5	46.281,7	41.341,9	48.348,4	-22,93%
0 - 9	12.051,7	11.318,2	11.665,5	9.624,8	8.803,4	7.832,1	4.575,6	4.723,0	4.411,1	4.320,3	-178,96%
10 - 49	7.228,8	6.622,2	6.257,9	6.055,8	5.663,1	4.669,2	7.037,6	6.831,5	6.367,5	6.887,0	-4,96%
50 -249	9.698,6	9.146,1	8.773,3	8.298,0	8.518,7	9.571,2	9.691,8	9.485,8	9.915,5	10.375,7	6,53%
> 250	30.455,4	23.063,6	26.752,3	27.449,8	29.619,5	28.941,7	28.880,4	25.241,3	20.647,8	26.765,4	-13,79%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

6.3.2 Analysis of the construction sector's enterprises

According to the data of the SME Performance Review database of the European Commission which is based on the official Eurostat data for Greece in 2017, the construction sector which includes all technical construction companies and technical offices in Greece, accounted 61,833 companies, showing a decrease of 16.4% compared to 2016 and 44.9% compared to 2009 when the effects of 2008 global financial crisis appeared. It is noteworthy that 97.7% of companies in this sector micro, with less than 9 employees and a turnover of less than 2 million euros. Only 1.42% of the companies in the sector employ from 10 to 19 employees, an even smaller percentage of 0.65% corresponds to companies with 20 to 49 employees, and just 2.1% of the companies in the sector are small. Overall, 99.8%, which corresponds to the vast majority of companies in the construction sector, are micro and small enterprises.

Evolution of the number of construction companies during 2009-2017 in total and by size

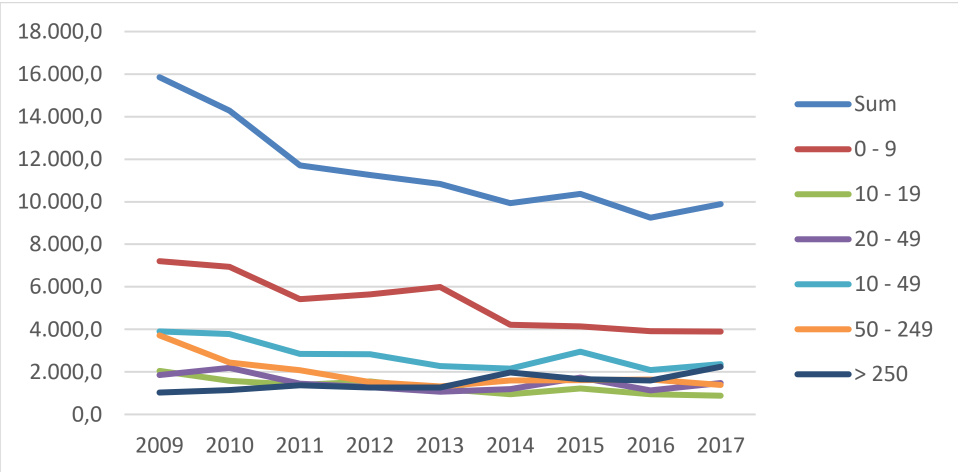


Number of construction companies										
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	112.952	105.298	92.699	86.873	84.622	86.992	74.337	77.229	61.833	-45,26%
0 - 9	109.693	102.617	90.313	84.552	82.841	85.470	72.797	75.770	60.402	-44,94%
10 - 19	2.199	1.535	1.345	1.542	1.280	941	971	895	877	-60,12%
20 - 49	586	803	757	592	332	423	425	417	405	-30,89%
10 - 49	2.785	2.338	2.102	2.134	1.612	1.364	1.396	1.312	1.282	-53,97%
50 - 249	462	331	269	175	157	140	133	135	136	-70,56%
> 250	12	12	15	13	12	18	11	12	13	8,33%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

The turnover of the construction sector amounted to 9.9 billion euros in 2017, reduced by 6.9% compared to 2016 and significantly reduced by 37.6% compared to 2009. It is worth noting that micro enterprises in the construction sector hold 39.4% of the total turnover of the sector, while small enterprises represent 23.9% of the turnover of the whole sector. In total, micro and small enterprises created in 2017 63.3% of the total turnover of the sector, while medium enterprise 14% and large companies 22.7%. It is noteworthy that, in relation to 2009, micro enterprises presented a significant decrease of their turnover by 37.6% (from 7.2 billion euros in 2009 to 3.9 billion euros in 2017), while at the same time sector's small enterprises employing 10-19 employees also showed a significant decrease in their turnover from around 2 billion euros in 2009 (28.4% of the total turnover of the sector) to 0.9 billion euros in 2017 (just 8.9 % of the total turnover of the sector). This development reflects the harsh reality experienced by SMEs of such sector since 2009 onwards, which, due to the high financial needs required by the technical projects for their implementation, showed serious weaknesses as regards financing in the general negative climate of the Greek economy. A crucial negative factor was Greek banks' lending policy, which negatively affected financing of SMES, including those in the construction sector, which had significant high financing needs.

Evolution of construction companies' turnover during 2009-2017 in total and by size



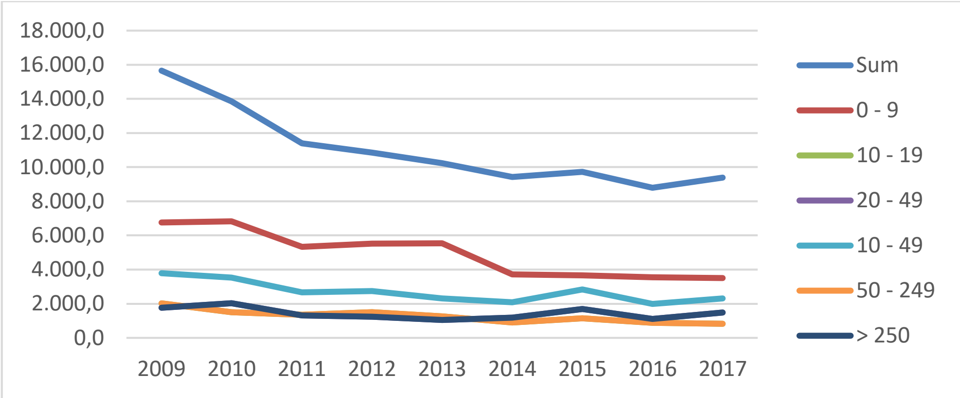
Turnover *million €*										
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	15.852,2	14.287,3	11.709,6	11.254,2	10.840,9	9.932,9	10.368,0	9.249,3	9.886,6	-37,63%
0 - 9	7.205,0	6.931,5	5.413,6	5.648,2	5.984,9	4.217,8	4.144,3	3.920,5	3.894,7	-45,94%
10 - 19	2.047,5	1.583,6	1.389,3	1.547,6	1.199,6	950,1	1.218,5	950,9	880,5	-57,00%
20 - 49	1.855,3	2.189,3	1.453,5	1.282,5	1.067,6	1.197,6	1.728,8	1.135,1	1.482,8	-20,08%
10 - 49	3.903	3.773	2.843	2.830	2.267	2.148	2.947	2.086	2.363	-39,45%
50 - 249	3.715,3	2.437,5	2.080,3	1.514,7	1.316,4	1.601,8	1.615,3	1.640,3	1.387,6	-62,65%
> 250	1.029,1	1.145,4	1.372,9	1.261,2	1.272,5	1.965,6	1.661,1	1.602,5	2.240,9	117,75%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

The total value of production in the construction sector (production value) decreased significantly by 40% in 2017 compared to 2009 (from 15.6 billion euros in 2009 to 9.4 in 2017). The largest decrease was presented by micro-enterprises and small enterprises in the sector, whose share in the total value of production decreased by 48.2% and 39%, respectively. The total value of small businesses that employed from 10 to 19 employees decreased by 59.1% in 2017 compared to 2009, while those with 20-49 employees by 24.6% over the same period.

It is worth noting that the share of medium-sized enterprises increased during the same period by 68.4%, while that of large enterprises by 116.3%, a development which reflects the greater resilience of these enterprises in the conditions of the economic crisis - perhaps through the verticalization of the production process and the reduction of subcontracting - in relation to micro and small enterprises of the sector, which lost a significant share in the total value of the production of the sector.

Evolution of construction companies' production value during 2009-2017 in total and by size

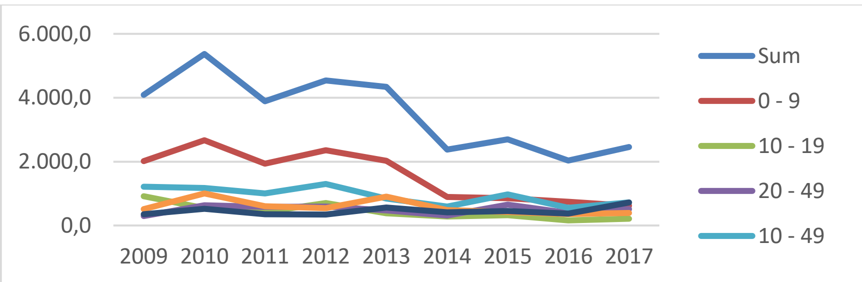


Production value *million €*										
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	15.656,3	13.857,9	11.398,4	10.858,4	10.238,0	9.422,8	9.731,0	8.793,2	9.392,6	-40,01%
0 - 9	6.768,4	6.827,4	5.325,2	5.524,5	5.532,1	3.724,8	3.656,2	3.556,3	3.503,7	-48,23%
10 - 19	2.020,7	1.503,9	1.360,9	1.497,8	1.265,1	908,2	1.148,7	879,7	825,0	-59,17%
20 - 49	1.766,4	2.028,7	1.310,3	1.248,9	1.049,5	1.179,6	1.688,1	1.109,0	1.486,9	-15,82%
10 - 49	3.787	3.533	2.671	2.747	2.315	2.088	2.837	1.989	2.312	-38,95%
50 - 249	2.020,7	1.503,9	1.360,9	1.497,8	1.265,1	908,2	1.148,7	879,7	825,0	-59,17%
> 250	1.766,4	2.028,7	1.310,3	1.248,9	1.049,5	1.179,6	1.688,1	1.109,0	1.486,9	-15,82%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

Finally, in terms of value added, the construction sector showed a significant decrease of 40% in 2017 (euro 2.4 billion) compared to 2009 (euro 4.1 billion). The largest decrease was presented by micro (69.2%) and small (40%) enterprises of the sector, while the share of small enterprises that employed in 2017 from 10 to 19 employees decreased dramatically by 77%. The share of micro-enterprises in the total value added of the construction sector in 2017 amounts to 25.2%, while the respective percentage of small enterprises amount to 8.6%, medium enterprises to 29.6% and large to 15.8%.

Evolution of construction companies added value during 2009-2017 in total and by size



Added value *million €*										
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Sum	4.084,6	5.369,7	3.893,1	4.541,7	4.337,3	2.379,7	2.698,4	2.033,0	2.451,5	-39,98%
0 - 9	2.012,0	2.668,7	1.936,6	2.354,4	2.026,5	890,7	856,5	745,3	618,4	-69,26%
10 - 19	915,7	541,8	421,6	706,6	379,0	279,1	321,0	159,2	211,1	-76,95%
20 - 49	294,7	628,8	583,6	592,9	468,1	310,5	651,5	394,5	515,0	74,75%
10 - 49	1.210	1.171	1.005	1.300	847	590	973	554	726	-40,01%
50 - 249	513,3	1.003,5	602,5	545,6	899,0	487,1	418,1	357,9	387,5	-24,51%
> 250	348,9	526,8	348,9	342,3	564,6	412,2	451,3	376,1	719,5	106,22%

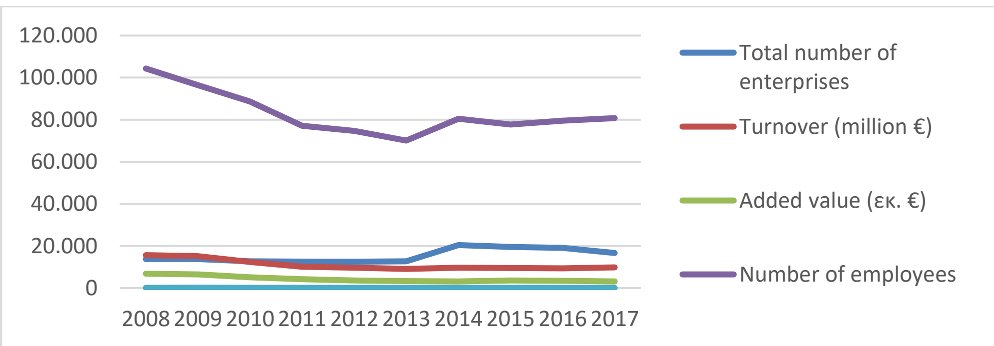
Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme.
Calculations edited by the author.

6.3.3 Analysis of companies in the services sector

According to the data of the SME Performance Review (SPR) database of the European Commission, which is pointed out that they are not presented uniformly for the services sector, interesting conclusions emerge for individual sectors that fall under the services. Particularly:

- **Information and Communications Technologies:** In 2017, a total of 16,725 companies were active in these activities, of which 95% belong to the category of micro-enterprises. Businesses operating in these sectors account for 15.6% of all SMEs in Greece, employ 23.6% of the SMEs workforce and contribute 9.6% in terms of value added to the economy. In addition, ICT companies increased by 21% in 2017 compared to 2008, recording a particularly upward trend until 2014, which was followed by a downward trend in years 2015-2017. Most of them are micro- enterprises, as according to 2017 data, 95% belong to this category, of which 69.4% are self-employed or with one employee (subcategory 0-1) and 25.6% are companies employing from 2 to 9 employees. The turnover of ICT companies decreased by 37.6% compared to 2008, while small businesses faced the largest decrease as they presented loses by 64.5% during the same period. Moreover, the added value of the above business activities decreased by 54% in 2017 compared to 2008, while in the same period the number of employees decreased significantly (22.5%). The biggest loss (73.9%) was also presented by the small enterprises of the specific sectors, while on the contrary, the number of enterprises with no (self-employed) to one employee (0-1) increased in 2017 by 16.9% compared to the year 2008.

Evolution of total number, turnover and added value of ICT sector's enterprises in 2009-2017

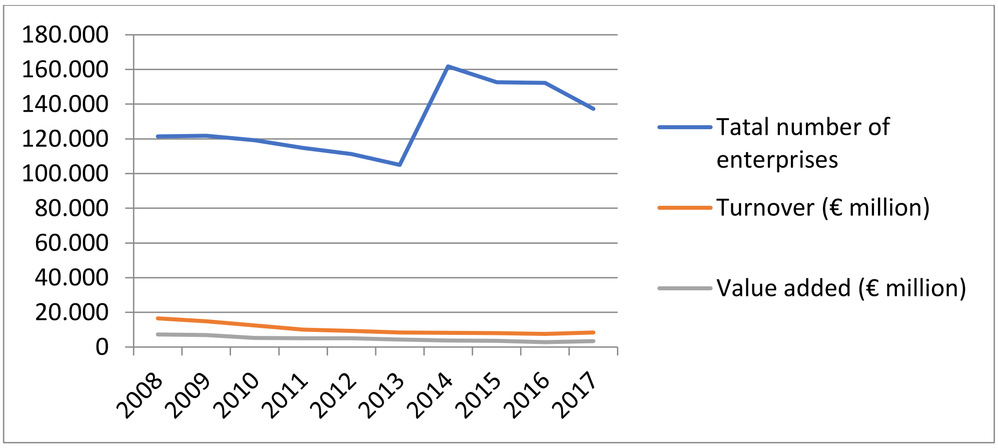


Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage change (2017/2008)
Total number of ICT companies	13.816	13.733	12.765	12.586	12.512	12.670	20.416	19.603	19.069	16.725	21,79%
Turnover (€ million)	15.636,4	15.125,9	12.385,5	10.075,0	9.596,4	9.085,9	9.725,7	9.485,1	9.399,7	9.763,0	-35,46%
Value added (€ million)	6.810,8	6.538,4	5.140,5	4.174,9	3.650,6	3.351,4	3.181,6	3.546,4	3.367,1	3.134,5	-52,06%
Number of employees	104.320	96.414	88.668	77.161	74.722	70.080	80.498	77.790	79.568	80.825	-16,17%
Turnover per employee (€ million)	149,9	156,9	139,7	130,6	128,4	129,6	120,8	121,9	118,1	120,8	-23,01%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

- **Professional - Scientific - Technical Activities:** In 2017, a total of 137,267 enterprises were active in these activities, of which 99.9% belong to the category of micro-enterprises. This group includes all scientific entrepreneurial activities (lawyers, economists, architects, business consultants, etc.). These companies showed an overall increase of 13% in 2017 compared to 2008, of which companies with 0-9 employees showed an overall increase of 33.5% (16.9% companies with 0-1 employees and 21.4% companies with 2-9 employees). The other categories of the above companies showed a significant decrease during the same period. The turnover of these businesses decreased significantly by 49.1% in 2017 compared to 2008, while the same happened with their added value to the economy, which decreased by 52.1%. In terms of added value, micro-enterprises in 2017 hold 54.4% of which those with 0-1 employees have 28.9% and those with 2-9 employees 25.5%. In addition, small businesses hold 17.4% of the added value of these businesses, of which 8.5% are those with 10-19 employees and 8.9% those with 20-49 employees.

Evolution of total number, turnover and added value of professional, scientific and technical activities in 2009-2017



Total number of professional - scientific - technical enterprises											
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Oercentage change (2017/2008
Tatal number of enterprises	121.502	121.824	119.154	114.716	111.256	105.002	161.780	152.731	152.320	137.267	12,68%
Turnover (€ million)	16.509,8	14.817,8	12.497,7	9.992,8	9.282,9	8.400,8	8.194,2	8.054,6	7.559,0	8.402,3	-43,30%
Value added (€ million)	7.223,7	6.803,8	5.248,9	5.023,4	5.032,7	4.259,1	3.726,6	3.613,5	2.805,0	3.461,1	-49,13%

Source: Eurostat, SMEs - Annual enterprise Statistics by size class - industry and construction, https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme. Calculations edited by the author.

6.4 SMEs in Greece: Useful conclusions

The above analysis despite the fact that it concerns Greece, reflects the need for targeted support measures by governments, especially for micro and small enterprises, which, both as a whole and at the level of individual sectors and sectors of economic activity, appear significant problems, which are clearly presented in decade's 2008-2017 time series. Furthermore, according to the European Commission (2019)[141], Greek SMEs consider access to finance as the number one problem they have been facing continuously for the last decade. It is pointed out that in terms of number of business units, micro and small and small enterprises represent 99.7% of the total number of Greek enterprises, of which micro-enterprises constitute 97.4%[142].

Actually, as showed above the vast majority of Greek companies in 2018 are small and medium (821,209 from 821,540), a percentage that almost reaches 100%. Moreover, 97.4% of the total number of enterprises, belong to the subcategory of micro-enterprises, which contribute 62% to employment (almost 2 in 3 employees are employed in micro-enterprises) and by 17.6% in terms of value added in economy. The corresponding percentages for small enterprises are 2.3% of Greek enterprises, which contribute 16.2% to employment and 23.1% in value added terms to the economy. Overall, micro and small enterprises represent 99.7% of all enterprises [operating in Greece and contribute 78.2% to employment and 40.7% to value added.

As regards manufacturing, in 2017 a total number of 57,373 companies were active in Greece accounting 7.6% of the total number of enterprises operating in Greece. The manufacturing sector as a whole contributed 12.2% to employment and 20.8% to the creation of added value in the economy. Moreover, 91.8% of manufacturing companies (52,710 out of 57,373) were micro and 6.7% were small (3,835 out of 57,373). Summing micro and small manufacturing enterprises (56,545 out of 57,373) constitutes 98.6% of the sum of the sector's enterprises. The number of medium-sized manufacturing companies increased by 32.6% in 2017 compared to 2008, while manufacturing units with 10 to 19 employees increased significantly by 66.7%. In contrary, the number of employees in the manufacturing sector decreased totally by 25.7%, but such a decrease does not appear in all sizes of the sector's companies. As regards micro-enterprises, personnel decreased by 50.1%, while it increased by 58% to those

[141] European Commission (2019), *Survey on Access to Finance for SMEs.*
[142] 2018 data.

micro firms with 10 to 19 employees and furthermore, by 12.7% to medium-sized category as a whole and by 2.4% to the medium-sized enterprises of the sector. In addition, the turnover of the manufacturing sector in 2017 showed a significant decrease of 32.5% compared to the year 2008. Actually, in 2017 and in terms of turnover, the share of micro-enterprises of the sector reached 10.6%, significantly reduced by 54.6% compared to 2008. Totally, micro-enterprises of the sector presented a turnover that corresponded to 25.3% of the total turnover of the manufacturing companies, presenting a significant decrease of 32.9% compared to 2008. In terms of value added to the economy, micro-enterprises created 8.4% while small ones 17.2%.

The constructions sector in 2017, amounted 61,833 active companies in Greece of which 97% (60,402 companies) belonged to the category of very small companies. 99.8% of the sector's companies was micro and small enterprises of which 97.7% were very small. Compared to 2009, micro-enterprises showed a significant decrease in their turnover by 37.6%. In contrast, medium and large companies of the sector have shown remarkable resilience, increasing their share in terms of turnover, production value and added value to the economy. In terms of value added, the construction sector showed a significant decrease of 40% in 2017 (euro 2.4 billion) compared to 2009 (euro 4.1 billion). The largest decrease in terms of value added was presented by micro (69.2%) and small (40%) enterprises of the sector.

Regarding the ICT sector, in 2017 a total number of 16,725 companies were activated in such activities, when 95% of which were micro-enterprises. 99.8% of the sector's enterprises were micro and small enterprises as well. It is noted that the majority of ICT companies were very small enterprises (95%), of which 69.4% were self-employed enterprises or employing at maximum one employee (sub-category 0-1) and 25.6% are employed enterprises from 2 to 9 employees. The total turnover of the sector's companies decreased by 37.6% in 2017 compared to 2008, while the largest decrease was presented by small businesses (64.5%). Finally, the sector's added value to the economy decreased by 54% in 2017 compared to 2008, while the number of employees decreased significantly by 22.5%.

Furthermore, a total of 137,267 companies were active in the fields of professional, scientific and technical activities in 2017, of which 99.9% micro-enterprises. Vast majority of the enterprises are very small (99.6%), of which 82.9% are self-employed enterprises or with a maximum of one employee (subcategory 0-1) and 16% are enterprises employing from 2 to 9 employees. Business activities included to the such category of the services sector increased by 13% in 2017 compared to 2008 while their turnover decreased by 49.1% in 2017 compared to 2008 and their added value to the economy as well, which decreased by 52.1 % during the same period.

The above analysis demonstrates in the most unequivocal way the importance and the substantial role of SMEs in the Greek economy, both due to their significant contribution to create jobs and added value to the economy. This fact becomes even more important if we consider the extremely high share of SMEs in the sub-sectors of manufacturing, construction and selected service sectors, such as information and communication technologies and various scientific professional activities, both in terms of employment and added value. Therefore, public entrepreneurship support policies should take into account the needs of the dominant SMEs, so that they could play a key role as multipliers and accelerators of positive financial results at the micro and macro-economic level. Programs funded by sources of the European Structural and Investments Funds or other European Union's Funds such as InvestEU for the period 2021-2027 and the Recover and Resilience Fund (RFF) for the period

2022-2025 can be used appropriately to support entrepreneurship and the special needs of SMEs according to their size, age, region and sector without being horizontally scheduled. Such an approach should further take into consideration the characteristics of the national economy and the comparative advantages of the country, in order to help create the right conditions for achieving sustainable economic growth in terms of social and regional cohesion. Finally, the above analysis reflects the need for targeted support measures by governments, especially for micro and small enterprises, which, both as a whole and at the level of individual sectors and sectors of economic activity, appear significant problems, which are clearly presented in decade's 2008-2017 time series. Furthermore, according to the European Commission (2019)[143], Greek SMEs consider access to finance as the number one problem they have been facing continuously for the last decade. It is pointed out that in terms of number of business units, micro and small and small enterprises represent 99.7% of the total number of Greek enterprises, of which micro-enterprises constitute 97.4%[144].

[143] European Commission (2019), *Survey on Access to Finance for SMEs.*
[144] 2018 data.

Chapter 7: Empirical research

This section presents the primary research of the dissertation which was carried out with a structured questionnaire created for this purpose by the author. Initially, a reference is made to the need for primary research to diagnose the needs, conditions and obstacles encountered by Greek SMEs in relation to their external financing. Then, the research methodology regarding the sample configuration and the design of the structured questionnaire used in the research is presented with reference to the question groups and the questions to the companies themselves. A presentation of the results per question follows using tables which include statistical measures and blueprints. Furthermore, the main conclusions are presented both for the sample as a whole and for its subsets by size of companies or by sector in which they are activated.

7.1 Necessity for research to diagnose the financing needs and problems of Greek SMEs

The empirical part of the dissertation concerns the diagnosis of the real needs of Greek SMEs in relation to their financing. According to the Survey on Access to Finance of Enterprises (SAFE conducted twice a year in collaboration of the European Commission with the European Central Bank, access to finance is the No1 problem of Greek SMEs during the last decade. Access to finance as a problem deteriorated during the years of the restrictive fiscal and monetary policies implemented in Greece during the period 2010-2018 in the framework of the Memorandum of Understanding (MoU) with the country's creditors (International Monetary Fund, European Central Bank, European Commission). The responsibility for planning and implementation of fiscal policies was taken entirely by the respective Greek governments, while monetary policy by the European Central Bank in the framework of its responsibilities in the Economic and Monetary Union (EMU). On the one hand, the need for Greek banks to adapt to the strict Basel III criteria in terms of capital adequacy has led to a significant reduction in the money supply to the economy, although banks' lending rates have remained at historically low levels over the last decade. The reduction in the money supply negatively affected Greek entrepreneurship and had a domino effect on the functioning of the Greek economy as companies no longer had the required liquidity to meet their particularly high loan and tax liabilities. On the other hand, the sharp decline in consumer spending due to extreme restrictive fiscal policies implemented between 2010-2018 which brought large tax burdens on businesses and households and reduced public spending, led to an unprecedented reduction of Gross National Product (GDP) because of significant reduction of the economic activity of Greek companies and especially of SMEs.

But if access to finance has long been the No 1 problem of Greek SMEs over the last decade, why have all public policies pursued to date failed to solve it and it remains at the top of the problems facing Greek SMEs? The answer is of course not easy and it is certainly not possible to examine it by dealing with this problem just in one dimension, thus considering only its financial side. On the contrary, access to finance is a multidimensional problem related to the inadequacy of domestic public policies to focus on strengthening entrepreneurship and in particular, SMEs towards the ultimate goal of economic development which is estimated to have multiplier positive effects to employment and social prosperity. Actually, focusing on the development of entrepreneurship must be a key point of a socially oriented development policy. In this regard, it is crucial to design and implement public funding programs which will enable the development of entrepreneurship and in particular, SMEs which, as presented in a previous chapter, contribute significantly to creation of jobs and added value to the economy. To date, the experience of financial instruments in Greece seems to run behind developments, trying to satisfy as much as possible the ever-increasing financing needs of Greek entrepreneurship during the economic crisis, but without meeting the real needs of companies and especially, SMEs. This has resulted in the implementation of horizontal financial instrument approach in order to involve as many SMEs as possible but without the required targeting based on the size, sector of activity or the stage of development of their activities. After all, as seen in the example of the Entrepreneurship Fund I in Greece, only a small number of SMEs managed to make use of the fund's programs, covering a small part of the financial gap which existed during the years of economic crisis and unfortunately, still exists.

In addition, the answer to the above question cannot be answered only in terms of money supply. Public policies pursued to date have focused on increasing money supply through financial instruments programs which combine public and private resources to facilitate SMEs access to finance. The debate so far has focused on whether these resources have managed to fill any financial gap created in the Greek economy but without taking into account the real needs of Greek SMEs in terms of the type of appropriate financial instrument or the amount and type of bank lending they desire to meet their increased liabilities. Such liabilities increased during the financial crisis of the period 2010-2018 as well as nowadays due to the economic impact of the policy measures taken to address the health crisis caused by the COVID-19 virus pandemic in 2020. A public policy aimed at meeting the real needs of SMEs must first identify which exactly are these needs. And the only way to identify them is to seek them out primarily from a representative sample. Such an approach can effectively help public administration to understand and highlight both the real needs of SMEs and the appropriate approaches to meet them effectively.

In the context of this dissertation a special questionnaire was designed in order to highlight the real needs and problems faced by Greek SMEs in their efforts to receive finance from external sources (e.g., bank lending), as well as the financing conditions for those SMEs which have been able to access bank lending or other forms of financing. The recipients of the questionnaire were exclusively Greek SMEs. The focus was to highlight the importance of discovering the needs and problems faced by the demand side in an issue which to date has focused unilaterally on the supply side and unfortunately, in an inefficient way. It is essentially a "bottom-up" approach which particularly aims at the following:

a. highlighting the problem of financing in relation to the size of the companies and the sector in which they operate;

b. comparing the financing problem with other business-related issues such as taxation or bureaucracy;

c. how to meet the financing needs without external borrowing and the degree of restructuring of previous loan liabilities;

d. analyzing the effects of limited access of companies to finance on the overall economy;

e. highlighting financing needs, either through bank lending and capital-type support, or through the traditional form of grants.

7.2 Research method

In order to highlight the needs and financing problems of the Greek SMEs the conduction of a primary field research was selected by using a structured questionnaire which was sent to a sample of 150 SMEs operating in Greece. The sample was randomly selected from a database of SMEs which successfully implemented state aid programs and is available on the website of the General Secretariat of Industry of the Hellenic Ministry for Development. Moreover, SMEs which received equity or, venture capital from Equifund were also conducted to participate. Finally, the questionnaire was also sent and completed by Greek SMEs that have never received any kind of state aid but have received a bank loan. Thus, the sample includes SMEs which have either received state aid in any form (grant, loan through a financial instrument or equity/venture capital), or have not received state aid in the past, as well as SMEs which have received or not a bank loan. The sample can therefore be considered representative. In addition, the sample also includes all four key sectors of the Greek economy as reflected in the data of the section of this dissertation concerning the statistical analysis of Greek companies. Actually, these sectors are: (a) services, (b) manufacturing, (c) trade and (d) construction. Therefore, the sample can be considered representative, as it includes SMEs from the main sectors of the Greek economy.

The questionnaire was sent by e-mail and was accompanied by a summary text which briefly stated the purpose of the research. For reliability reasons the respondents were asked to fill in their contact details. As the completion of the questionnaire required the knowledge of specific financial data of each company, the questionnaire was requested to be completed by high level executives of companies. Finally, 62 completed questionnaires were received (response rate 41.33%). The survey was conducted between March 2020 and September 2020. It should be noted that questions 9 and 11 of the questionnaire did not concern the financial instrument programs designed and implemented to address the economic consequences of policy measures taken to address the COVID-19 pandemic, but earlier state aid schemes in the form of financial instruments or grants. The analysis of the results was done with descriptive statistics.

The questionnaire consists of a total of 26 closed-ended questions in order to draw qualitative conclusions for the future planning of effective public policies to facilitate the access of SMEs operating in Greece to finance. The questions are conceptually divided into six groups each of which attempts to gather information on specific categories of questions. Excluding the questions of the first group and those answered with Yes or No, the rest were given a significant degree of freedom to the companies interviewed in order to capture as accurately as possible their real needs and funding conditions, as well as the obstacles they face when trying to receive finance.

These six sets of questions and the corresponding questions included in the questionnaire are presented below in both English and Greek language.

7.3 Presentation of the questionnaire

As already stated, the questionnaire consists of 26 questions arranged in six groups. The following text used as introductory for the research:

Access to finance is the number one problem faced by Greek small and medium-sized enterprises during the financial crisis and continues to remain first. This is the conclusion of the SAFE (Survey on Access to Finance in Europe) report which is published twice a year in collaboration between the European Commission and the European Central Bank.

The following questionnaire aims to diagnose the needs and conditions of small and medium enterprises financing in Greece as well as the obstacles they encounter as regards their financing. It is among others the empirical part of the doctoral dissertation of PhD candidate Mr. Timotheos Rekkas on "Public Policies for the support of Entrepreneurship and Small and Medium-sized Enterprises (SMEs): The role of Financial Instruments in European and National Public Policies in Greece to facilitate access to finance for SMEs ", Selinus University of Science and Literature, Faculty of Business, Bologna, Italy.

The answers to questions 1, 2 and 7 concern the determination of the size of the enterprise (micro, small, medium), in accordance with European Commission Recommendation 2003/361/EC published in the Official Journal of the European Union L 124 / 20-5-2003, p. 36 and is still valid until.

Respondents' information will remain strictly confidential and the answers will be used exclusively in the context of this survey.

E-mail address for sending completed questionnaires: timrekk@yahoo.com.

The 26 questions arranged in six groups are presented in detail below in both English and Greek language.

7.3.1 1st Group of questions

The first seven (7) questions are identifying in order to clarify the size of the companies, the duration of their activity, the object and the prefecture of activity, their legal form and the possible participation of foreign capitals in their share capital. In particular, the first seven (7) questions are the following:

1. Number of employees - Αριθμός εργαζομένων.

0-2	
3-5	
6-9	
10-49	
50-249	

2. Turnover of last year - Κύκλος εργασιών προηγούμενου έτους.

Κ.Ε. < 50.000 €	
50.001 € < Κ.Ε. < 100.000 €	
100.001 € < Κ.Ε. < 500.000 €	
500.001 € < Κ.Ε. < 2 εκ. €	
2 εκ. € < Κ.Ε. < 10 εκ. €	
Κ.Ε. > 10 εκ. €	

3. Prefecture of enterprises - Νομός έδρας της επιχείρησης.

4. Object of activity (Indicate your activity and, if you know, the main in terms of revenue Activity Code (KAD) up to 4 digits) - Αντικείμενο δραστηριότητας (Αναφέρετε τη δραστηριότητά σας και, αν γνωρίζετε, τον κύριο από πλευράς εσόδων Κωδικό Αντικειμένου Δραστηριότητας (ΚΑΔ) έως και 4 ψηφία). Description of activity - Περιγραφή δραστηριότητας.

5. Years of operation - Έτη λειτουργίας της επιχείρησης.

0-2	
2-5	
5-10	
>10	

6. Legal form of enterprise - Νομική μορφή της επιχείρησης.

7. In case of Ltd. or SA, what is the percentage of foreign capital (third party funds) in the shareholding structure of the company? - Σε περίπτωση Ε.Π.Ε. ή Α.Ε., ποιο είναι το ποσοστό των ξένων κεφαλαίων (κεφάλαια τρίτων) στη μετοχική σύνθεση της επιχείρησης;

The first two of the above questions concern the determination of the size of each undertaking interviewed, ie whether it is very small, small or medium in accordance with Recommendation 2003/361 / EC of the European Commission, as published in the Official Journal of the European Union L 124 / 20-5-2003, p. 36 and is valid until today.

7.3.2 2nd Group of questions

It consists of one, but extremely critical question: question 8, which concerns the prioritization of the problems faced by Greek SMEs using the Likert scale (1932). This question tries to clarify whether access to finance is indeed the most important problem faced by Greek SMEs and furthermore, to relate its treatment to the solution of other important problems in the crisis of Greek SMEs:

8. Prioritize the following problems for your business based on a scale of 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much). Ιεραρχήστε τα παρακάτω προβλήματα για την επιχείρησή σας με βάση την κλίμακα 1-7 (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτριο, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).

Finding customers - Εύρεση πελατών	
Competition - Ανταγωνισμός	
Access to external finance (bank finance, equity) - Πρόσβαση σε εξωτερική χρηματοδότηση (τραπεζικός δανεισμός, κεφαλαιακή ενίσχυση)	
Operational costs (rent, electricity, phone, internet etc) - Λειτουργικό Κόστος (ενοίκια, ηλεκτρική ενέργεια, τηλέφωνο, internet κλπ)	
Salary cost (including pension) - Μισθολογικό κόστος (περιλαμβανομένων των ασφαλιστικών εισφορών)	
Taxes - Φορολογία	
Bureaucracy - Γραφειοκρατία	
Availability of specialized staff or experienced managers - Διαθεσιμότητα εξειδικευμένου προσωπικού ή έμπειρων managers	
Economic / Political stability - Οικονομική / Πολιτική σταθερότητα	
Other, specify - Άλλο, προσδιορίστε:	

7.3.3 3rd Group of questions

This group is consisted of questions 9-15 which aim to gather information regarding the degree of information of the Greek SMEs about the financial instruments and their experience with a loan from the Greek banking system. In this context, respondents were asked to answer if they are aware of the available financial programs of the period and to provide information about the purpose and the terms of loans they received to finance their activities. In particular, questions 9-15 are the following:

9. Are you familiar with any of the following financial instrument programs to enhance the liquidity of Greek small and medium-sized enterprises in the context of public policies to support entrepreneurship? Answer Yes or No. - Γνωρίζετε κάποιο από τα παρακάτω προγράμματα χρηματοδοτικών εργαλείων για την ενίσχυση της ρευστότητας των ελληνικών μικρομεσαίων επιχειρήσεων στο πλαίσιο δημόσιων πολιτικών στήριξης της επιχειρηματικότητας; Απαντήστε με Ναι ή Όχι.

HELLENIC DEVELOPMENT BANK S.A. (ex Gurantee Fund for SMEs and Hellenic Fund for Entrepreneurship and Development S.A.) - ΕΛΛΗΝΙΚΗ ΑΝΑΠΤΥΞΙΑΚΗ ΤΡΑΠΕΖΑ (πρώην ΕΤΕΑΝ Α.Ε., ΤΕΜΠΜΕ Α.Ε.)	
- Entrepreneurship Fund I (TEPIX I): Programs "Business Restart", "Guarantee Fund", "Extroversion", "Island Tourist Entrepreneurship" - Ταμείο Επιχειρηματικότητας Ι (ΤΕΠΙΧ Ι): Προγράμματα «Επιχειρηματική Επανεκκίνηση», «Ταμείο Εγγυοδοσίας», «Εξωστρέφεια», «Νησιωτική Τουριστική Επιχειρηματικότητα»	

- Interim Entrepreneurship Fund (INTERMEDIATE TEPIX): Program "Business Restart, 2nd phase" - Ενδιάμεσο Ταμείο Επιχειρηματικότητας (ΕΝΔΙΑΜΕΣΟ ΤΕΠΙΧ): Πρόγραμμα «Επιχειρηματική Επανεκκίνηση, 2η φάση»	
- Entrepreneurship Fund II (TEPIX II): "Business Financing" Program - Ταμείο Επιχειρηματικότητας ΙΙ (ΤΕΠΙΧ ΙΙ): Πρόγραμμα «Επιχειρηματική Χρηματοδότηση»	
COSME/Competitiveness SMEs 2014-2020 - Πρόγραμμα Ευρωπαϊκής Επιτροπής COSME/Competitiveness SMEs 2014-2020	
- Loan Guarantee Facility	
- Equity Facility for Growth	
HORIZON 2020 - Πρόγραμμα Ευρωπαϊκής Επιτροπής HORIZON 2020	
- InnovFin SME Guarantee Facility	
- InnovFin Equity	
EaSI/Employment and Social Inclusion 2014-2020 - Πρόγραμμα Ευρωπαϊκής Επιτροπής EaSI/Employment and Social Inclusion 2014-2020:	
- Microfinance - Μικροπιστώσεις	
EQUIFUND (provision of equity/venture capital in seed, start-up, scale-up / growth stages) of Greek NSRF 2014-2020) - Ταμείο EQUIFUND (παροχή επιχειρηματικών κεφαλαίων σε στάδια seed, start-up, scale-up/growth) του ΕΣΠΑ 2014-2020	
Crowdfunding	
Other, specify - Άλλο, προσδιορίστε:	

10. In case you had limited or no access to financing from banks and / or venture capitalists, in which of the following ways did you meet the financing needs of your enterprise due to lack or lack of external financing? (You can give more than one answer). - Σε περίπτωση που είχατε περιορισμένη ή καθόλου πρόσβαση σε χρηματοδότηση από τράπεζες ή/και φορείς παροχής επιχειρηματικών κεφαλαίων, με ποιους από τους παρακάτω τρόπους αντιμετωπίσατε τις ανάγκες χρηματοδότησης της επιχείρησής σας λόγω μη ή ελλιπούς εξωτερικής χρηματοδότησης; (Μπορείτε να δώσετε περισσότερες από μία απαντήσεις).

Financing the operation of the company with own resources - Χρηματοδότηση της λειτουργίας της επιχείρησης με ίδιους πόρους	
Sale of assets - Πώληση στοιχείων ενεργητικού	
Postponement of implementation of development/investment plans - Αναβολή υλοποίησης αναπτυξιακών/επενδυτικών σχεδίων	
Staff reduction - Μείωση προσωπικού	
Reduction of staff working hours - Μείωση ωρών εργασίας προσωπικού	
Reduction of business inventories - Μείωση αποθεμάτων της επιχείρησης	
Delays in payments/debts to suppliers, government, banks - Καθυστερήσεις πληρωμών/οφειλών προς προμηθευτές, δημόσιο, τράπεζες	

Other, specify - Άλλο, προσδιορίστε:	

11. In case you managed to have access to external finance, which of the following sources of finance did you use? Answer with a Yes or No and if the answer is Yes, to what extend based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much) - Σε περίπτωση που είχατε πρόσβαση σε εξωτερική χρηματοδότηση, ποιες από τις παρακάτω πηγές χρηματοδότησης χρησιμοποιήσατε (απαντήστε με Ναι ή Όχι) και αν ναι, σε ποιο βαθμό; (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτρια, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).

Raising the limit of the working capital account - Αύξηση ορίου αλληλόχρεου λογαριασμού κεφαλαίου κίνησης	
Overdraft bank loan - Τραπεζικό δάνειο υπερανάληψης (overdraft)	
Trade credit - Εμπορική πίστωση (trade credit)	
Leasing - Χρηματοδοτική μίσθωση (leasing)	
Factoring - Πρακτορεία επιχειρηματικών απαιτήσεων (factoring)	
Corporate bank loan with interest rate subsidy or guarantee from the Greek State / European Investment Bank - Τραπεζικό επιχειρηματικό δάνειο με επιδότηση επιτοκίου ή εγγύηση Ελληνικού Δημοσίου/ Ευρωπαϊκής Τράπεζας Επενδύσεων	
Corporate bank loan without interest rate subsidy or guarantee from the Greek State / European Investment Bank - Τραπεζικό επιχειρηματικό δάνειο χωρίς επιδότηση επιτοκίου ή εγγύηση Ελληνικού Δημοσίου/ Ευρωπαϊκής Τράπεζας Επενδύσεων	
Other bank loan - Άλλο τραπεζικό δάνειο	
Venture capital - Κεφάλαια επιχειρηματικού κινδύνου (venture capital)	
Capital from business angels - Κεφάλαια από επενδυτές - επιχειρηματικούς αγγέλους (business angels)	
Microfinancing - Μικροπιστώσεις (microfinance)	
Grant from a state aid program (NSRF, Development Law, European Commission grant program) - Επιχορήγηση από πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος, πρόγραμμα επιχορηγήσεων της Ευρωπαϊκής Επιτροπής)	
Other, specify - Άλλο, προσδιορίστε:	

12. If you used a bank loan to meet the needs of your business, why did you do it? (You can give more than one answer). - Σε περίπτωση που χρησιμοποιήσατε τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, για ποιο σκοπό το κάνατε; (Μπορείτε να δώσετε περισσότερες από μία απαντήσεις).

Real estate - Για αγορά ακίνητης περιουσίας	
For the purchase of mechanical equipment - Για αγορά μηχανολογικού εξοπλισμού	
For the purchase of company's vehicles - Για αγορά μεταφορικών μέσων	

To buy new or upgrade existing IT equipment (hardware, software included) - Για αγορά νέου ή αναβάθμιση υφιστάμενου εξοπλισμού πληροφορικής (περιλαμβάνονται hardware, software)	
For construction of new or modernization of existing building installations - Για ανέγερση νέων ή εκσυγχρονισμό υφιστάμενων κτιριακών εγκαταστάσεων	
For investments in research and development - Για επένδυση σε έρευνα και ανάπτυξη	
For sales promotion - Για προώθηση πωλήσεων	
For staff training - Για εκπαίδευση προσωπικού	
For staff recruitment - Για πρόσληψη προσωπικού	
For the implementation of an investment plan in the framework of a state aid program (NSRF, Development Law, etc.) - Για την υλοποίηση επενδυτικού σχεδίου ενταγμένου σε πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος κλπ)	
Working capital - Κεφάλαιο κίνησης	
Other, specify - Άλλο, προσδιορίστε:	

13. If you have manged to recieve a bank loan to cover your business needs, specify the loan amount. - Σε περίπτωση που έχετε λάβει τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, προσδιορίστε το ποσό του δανείου.

X < 25.000 €	
25.001 € < X < 50.000 €	
50.001 € < X < 100.000 €	
100.001 € < X < 200.000 €	
200.001 € < X < 300.000 €	
300.001 € < X < 500.000 €	
500.001 € < X < 1 εκ. €	
X > 1 εκ. €	

14. If you have received a bank loan to meet your business needs, specify the interest rate of the loan. - Σε περίπτωση που έχετε λάβει τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, προσδιορίστε το επιτόκιο του δανείου.

i < 2,5%	
2,5% < i < 5%	
5% < i < 7,5%	
7,5% < i < 10%	
10% < i < 12,5%	
12,5% < i < 15%	
i > 15%	

15. If you have received a bank loan to meet your business needs, specify the duration of the loan, - Σε περίπτωση που έχετε λάβει τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, προσδιορίστε τη χρονική διάρκεια του δανείου.

< 24 months (μήνες)	
24 months (μήνες) < X < 48 months (μήνες)	
48 months (μήνες) < X < 60 months (μήνες)	
> 60 months (μήνες)	

7.4.4 4th Group of questions

In questions 16-21 the respondents were asked to answer whether they had restructured previous loans, whether they had faced the rejection of a loan application by banks and the reasons why this happened, as well as in case of a negative answer, the reason why they did not apply for a loan. In particular, questions 16-21 are the following:

16. Have you managed to restructure an old loan with the bank you collaborate with? (Answer Yes or No). - Έχετε προχωρήσει σε αναδιάρθρωση παλαιότερου/ων δανείου/ων με την τράπεζα με την οποία συνεργάζεστε; (Απαντήστε με Ναι ή Όχι).

YES - NAI	
NO - OXI	

17. If you answered YES to the above question, were the terms of the new loan (for restructuring) better or worse than the previous ones? - Αν απαντήσατε ΝΑΙ στην παραπάνω ερώτηση, οι όροι του νέου δανείου (για αναδιάρθρωση) ήταν καλύτεροι ή χειρότεροι από τους προηγούμενους;

Better - Καλύτεροι	
Worse - Χειρότεροι	

18. In case the terms of the restructured loan were worse, please specify: - Σε περίπτωση που οι όροι του δανείου που αναδιαρθρώθηκε ήταν χειρότεροι, διευκρινίστε σχετικά:

Higher interest rate charge - Χρέωση υψηλότερου επιτοκίου	
Shorter loan repayment period - Μικρότερη περίοδος αποπληρωμής δανείου	
More collateral requested by the bank - Περισσότερες εμπράγματες εξασφαλίσεις	
Provision of personal indebtness guarantees - Πρόβλεψη ενοχικών εξασφαλίσεων	
High cost of examining the restructuring application - Υψηλό κόστος εξέτασης της αίτησης αναδιάρθρωσης	
Other, specify: - Άλλο, προσδιορίστε:	

19. Have you ever applied to a Greek bank for a loan and your application has been rejected? - Έχετε υποβάλει αίτηση σε ελληνική τράπεζα για χορήγηση τραπεζικού δανείου για την κάλυψη των αναγκών της επιχείρησής σας, η οποία έχει απορριφθεί;

YES - NAI	
NO - OXI	

20. If you answered YES to the above question, why was your application rejected? (You can give more than one answer). - Σε περίπτωση που απαντήσατε ΝΑΙ στην παραπάνω ερώτηση, για ποιο λόγο απορρίφθηκε η αίτησή σας; (Μπορείτε να δώσετε περισσότερες από μία απαντήσεις).

Low credit scoring based on the bank's assessment during the examination of your application - Χαμηλή πιστοληπτική ικανότητα βάσει αξιολόγησης (credit scoring) που έκανε η τράπεζα κατά την εξέταση της αίτησής σας	
Low value of collaterals requested by the bank - Χαμηλή αξία εμπράγματων εξασφαλίσεων δανείου (collaterals) που σας ζητήθηκαν	
Inability to find a guarantor - Αδυναμία εύρεσης εγγυητή	
Amount of existing debts (to banks, government, suppliers) - Ύψος υφιστάμενων οφειλών (προς τράπεζες, δημόσιο, προμηθευτές)	
Inability to settle debts of previous years - Αδυναμία ρύθμισης οφειλών παρελθόντων ετών	
Other, specify: - Άλλο, προσδιορίστε:	

21. If you did not apply for a loan, for what reason you decided so? (You can give more than one answer). - Σε περίπτωση που δεν υποβάλετε αίτηση για λήψη δανείου, για ποιο λόγο δεν το κάνατε; (Μπορείτε να δώσετε περισσότερες από μία απαντήσεις).

Negative financial forecasts at company level - Αρνητικές οικονομικές προβλέψεις σε επίπεδο επιχείρησης	
Fear of rejecting the application - Φόβος απόρριψης της αίτησης	
Low value of collaterals - Χαμηλή αξία εμπράγματων εξασφαλίσεων δανείου (collaterals)	

Inability to find a guarantor - Αδυναμία εύρεσης εγγυητή	
Amount of existing debts (to banks, government, suppliers) - Ύψος υφιστάμενων οφειλών (προς τράπεζες, δημόσιο, προμηθευτές)	
High cost of examining the application - Υψηλό κόστος εξέτασης της αίτησης	
Inability to settle debts of previous years - Αδυναμία ρύθμισης οφειλών παρελθόντων ετών	
Lack of trust in banks and the banking system in general - Έλλειψη εμπιστοσύνης προς τις τράπεζες και το τραπεζικό σύστημα, γενικότερα	
Negative macroeconomic situation - Αρνητική μακροοικονομική συγκυρία	
Other, specify: - Άλλο, προσδιορίστε:	

7.4.5 5thGroup of questions

The next two questions (22 and 23) are also formulated with the Likert scale (1932), in order to prioritize, on the one hand, the obstacles encountered by Greek SMEs in the process of applying for a bank loan and, on the other hand, which instrument they consider the most important for their development in the near future. Particularly:

22. What do you consider to be the most important obstacle you face when applying for a loan from a Greek bank? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much). - Ποιο θεωρείτε ως το σημαντικότερο εμπόδιο που αντιμετωπίζετε όταν αιτείστε να λάβετε δάνειο από κάποια ελληνική τράπεζα; Απαντήστε με βάση την κλίμακα: 1-7 (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτρια, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).

High interest rate offered - Υψηλό προσφερόμενο επιτόκιο	
Low value of collateral - Χαμηλή αξία εμπράγματων εξασφαλίσεων	
Loan commission amount - Ύψος προμήθειας δανείου	
High cost of examining the application - ψηλό κόστος εξέτασης της αίτησης	
Number of required documents (eg tax and insurance information, other tax forms / data, operating licenses, operation's form, business representation form, loan agreements with other banks, etc.) - Αριθμός ζητούμενων δικαιολογητικών (π.χ. φορολογική και ασφαλιστική ενημερότητα, λοιπά φορολογικά έντυπα/στοιχεία, άδειες λειτουργίας, καταστατικό, έντυπο εκπροσώπησης επιχείρησης, συμβάσεις δανείων με άλλες τράπεζες κλπ.)	
Risk of losing control of the business - Κίνδυνος απώλειας ελέγχου της επιχείρησης	
Inability to find a guarantor - Αδυναμία εύρεσης εγγυητή	
Other, specify: - Άλλο, προσδιορίστε:	
There are no obstacles - Δεν υπάρχουν εμπόδια	

23. Which of the following do you consider most important for the support and growth of your business in the near future? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much). - Ποιο από

τα παρακάτω εκτιμάτε ως σημαντικότερο για την υποστήριξη και την ανάπτυξη της επιχείρησής σας στο άμεσο μέλλον; Απαντήστε με βάση την κλίμακα: 1-7 (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτριο, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).

Grant from a state aid program (NSRF, Development Law, European Commission grant program) - Επιχορήγηση από πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος, πρόγραμμα επιχορηγήσεων της Ευρωπαϊκής Επιτροπής)	
Loan for: - Δάνειο για:	
Working capital to cover short-term liquidity - Κεφάλαιο κίνησης για κάλυψη βραχυπρόθεσμης ρευστότητας	
Purchase of real estate - Αγορά ακίνητης περιουσίας	
Purchase of mechanical equipment - Αγορά μηχανολογικού εξοπλισμού	
Purchase of vehicles/transportation means for production reasons - Αγορά μεταφορικών μέσων	
Investments in research and development - Επένδυση σε έρευνα και ανάπτυξη	
Promotion of sales - Προώθηση πωλήσεων	
Staff training - Εκπαίδευση προσωπικού	
Staff recruitment -Πρόσληψη προσωπικού	
Implementation of a business plan approved by a State-aid financing program - Εκτέλεση επενδυτικού σχεδίου ενταγμένου σε πρόγραμμα κρατικής ενίσχυσης	
Other, specify: - Άλλο σκοπό (προσδιορίστε)	
Capital type support (equity) with the participation of other companies or funds in the capital of your business (eg financing from venture capital, business angels, etc.) - Ενίσχυση κεφαλαιακού τύπου (equity) με συμμετοχή άλλων επιχειρήσεων ή funds στο κεφάλαιο της επιχείρησής σας (π.χ. χρηματοδότηση από venture capital, business angels κλπ.)	
Tax exemption - Φορολογική απαλλαγή	
Creation of a tax-free reserve for investments - Δημιουργία αφορολόγητου αποθεματικού για επενδύσεις	
Provision of business support services - Παροχή υπηρεσιών υποστήριξης (Business support services)	
Other, specify: - Άλλο, προσδιορίστε:	
None of the above - Κανένα από τα παραπάνω	

7.4.6 6th Group of questions

Finally, questions 24-26 aim to capture the estimated SME financing needs of Greek SMEs (question 24), equity or venture capital (question 25) or a grant (question 26), using specific price ranges corresponding to estimated funding amounts. In particular, questions 24-26 are the following:

24. Which amount of a bank loan do you estimate can cover your enterprise's current / short-term liquidity needs? - Ποιο ποσό τραπεζικού δανείου εκτιμάτε ότι μπορεί να καλύψει τις τρέχουσες/βραχυπρόθεσμες ανάγκες ρευστότητας της επιχείρησής σας;

X < 25.000 €	
25.001 € < X < 50.000 €	
50.001 € < X < 100.000 €	
100.001 € < X < 200.000 €	
200.001 € < X < 300.000 €	
300.001 € < X < 500.000 €	
500.001 € < X < 1 εκ. €	
X > 1 εκ. €	

25. Which amount of bank loan or equity support do you think can meet the future growth needs of your business? - Ποιο ποσό τραπεζικού δανείου ή ενίσχυσης κεφαλαιακού τύπου (equity) εκτιμάτε ότι μπορεί να καλύψει τις μελλοντικές αναπτυξιακές ανάγκες της επιχείρησής σας;

X < 25.000 €	
25.001 € < X < 50.000 €	
50.001 € < X < 100.000 €	
100.001 € < X < 200.000 €	
200.001 € < X < 300.000 €	
300.001 € < X < 500.000 €	
500.001 € < X < 1 εκ. €	
X > 1 εκ. €	

26. In case you decide to submit a proposal for approval in a State-aid program (NSRF, Development Law) in the form of a grant for the implementation of an investment plan, which is the amount you wish to receive as a grant? - Σε περίπτωση που αποφασίσετε να υποβάλετε πρόταση για ένταξη σε πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος) με τη μορφή της επιχορήγησης για την υλοποίηση επενδυτικού σχεδίου, ποιο είναι το ύψος του ποσού που επιθυμείτε να λάβετε ως επιχορήγηση;

X < 25.000 €	
25.001 € < X < 50.000 €	

50.001 € < X < 100.000 €	
100.001 € < X < 200.000 €	
200.001 € < X < 300.000 €	
300.001 € < X < 500.000 €	
500.001 € < X < 1 εκ. €	
X > 1 εκ. €	

The questionnaire was statistically processed using Microsoft Excel software.

7.5 Research results

This section presents the results of the answers per question using descriptive statistics and the use of Microsoft Office Excel software. A separate annex presents all the tables of aggregate data per question with the relevant descriptive statistics measures.

7.5.1 Results of the 1st Group of questions

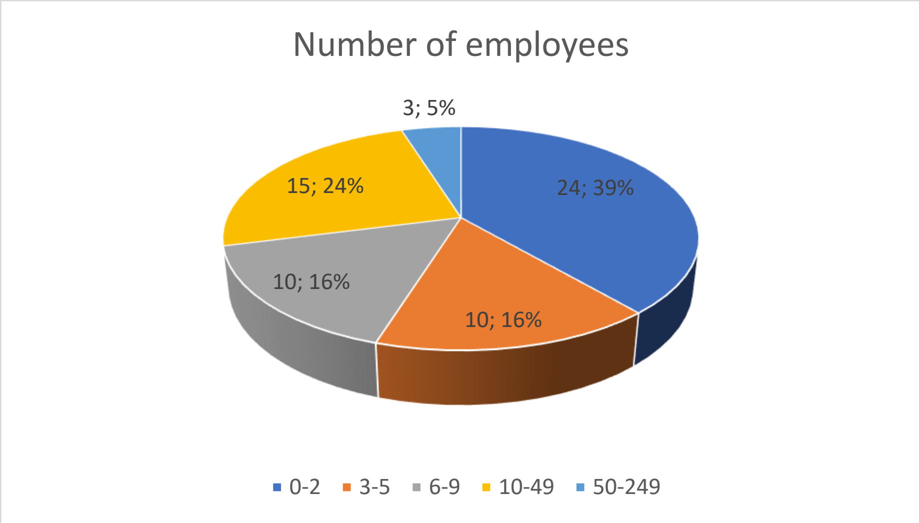
The group's questions concern the determination of the size of the companies surveyed in accordance with Recommendation 2003/361 / EC of the European Commission, based on which the criteria of number of employees and turnover or, alternatively, the result of the companies' balance sheet is used. From the experience to date in the design, implementation and monitoring of state aid programs of any type (financial instrument, grant, tax exemption, etc.) in Greece, the criterion of the number of employees for determining the size of companies prevails since it is characterized by relative stability in relation to turnover or balance sheet items.

Question 1: Number of employees

As already mentioned, 62 Greek SMEs responded to the questionnaire. According to the criterion of the number of employees, 44 of them belong to the category of micro enterprises i.e., they employ less than 9 employees, of which 24 employ less than 2 employees (these include self-employed persons), 10 employ 3-5 employees and another 10 employ 6-9 employees. In addition, 15 companies are small i.e., employ 10-49 employees and 3 are medium i.e., employ 50-249 employees. The sample is dominated by micro enterprises (70.97%), followed by small (24.19%) and medium (4.84%). For comparison reasons, the annual report of the European Commission for the implementation of the Small Business Act (SBA Factsheet) for the year 2019, states that the very small enterprises in Greece constitute 97.4% of the total enterprises, the small ones 2, 3% and the medium ones only 0.3%.

The answers to question 1 are shown as follows:

1	Number of employees	Frequency	Percentage frequency	Cumulative frequency
	0-2	24	38,71%	38,71%
	3-5	10	16,13%	54,84%
	6-9	10	16,13%	70,97%
	10-49	15	24,19%	95,16%
	50-249	3	4,84%	100,00%
	SUM:	**62**	**100,00%**	

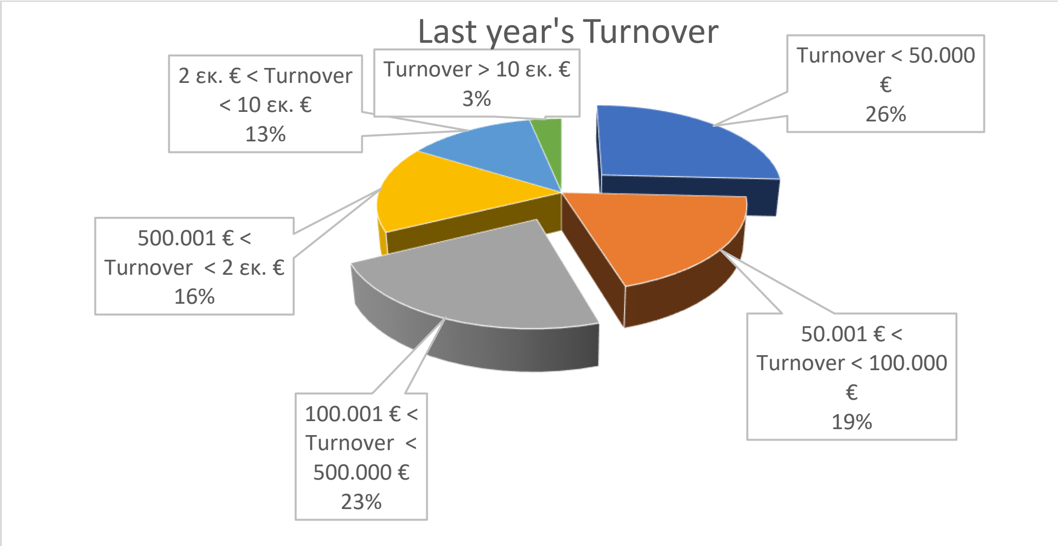


Question 2: Turnover of last year

According to the turnover criterion, 52 companies in the sample belong to the category of micro enterprises i.e., they have a turnover of less than 2 million euros per year. Of these 52 micro-enterprises, 25.81% have a turnover of less than 50,000 euros. These are mainly very small enterprises or self-employed whose activities provide some income to their owner and can be included in the category of what is called "necessity entrepreneurship". In addition, 19.35% of companies have a turnover between 50,001 euros and 100,000 euro 22.58% have a turnover between 100,001 euro and 500,000 euro and 16.13% have a turnover between 500,001 euro and 2 million euro. In addition, 8 companies in the sample are small (12.90%) with a turnover between 2 million euro and 10 million euro, while 2 companies are medium (3.23%) with a turnover of over 10 million euro. Sample's data show that micro enterprises prevail again in a percentage of 83.87%, followed by small enterprises with a percentage of 12.90% and finally, medium enterprises with a percentage of 3.23%. As mentioned above, according to the SBA Factsheet of 2019, micro enterprises in Greece constitute 97.4% of the total enterprises, small 2.3% and the medium only 0.3%.

2	Turnover of last year	Frequency	Percentage frequency	Cumulative frequency
	Turnover < 50.000 €	16	25,81%	25,81%
	50.001 € < Turnover < 100.000 €	12	19,35%	45,16%
	100.001 € < Turnover < 500.000 €	14	22,58%	67,74%
	500.001 € < Turnover < 2 εκ. €	10	16,13%	83,87%

	2 εκ. € < Turnover < 10 εκ. €	8	12,90%	96,77%
	Turnover > 10 εκ. €	2	3,23%	100,00%
	SUM:	**62**	**100,00%**	



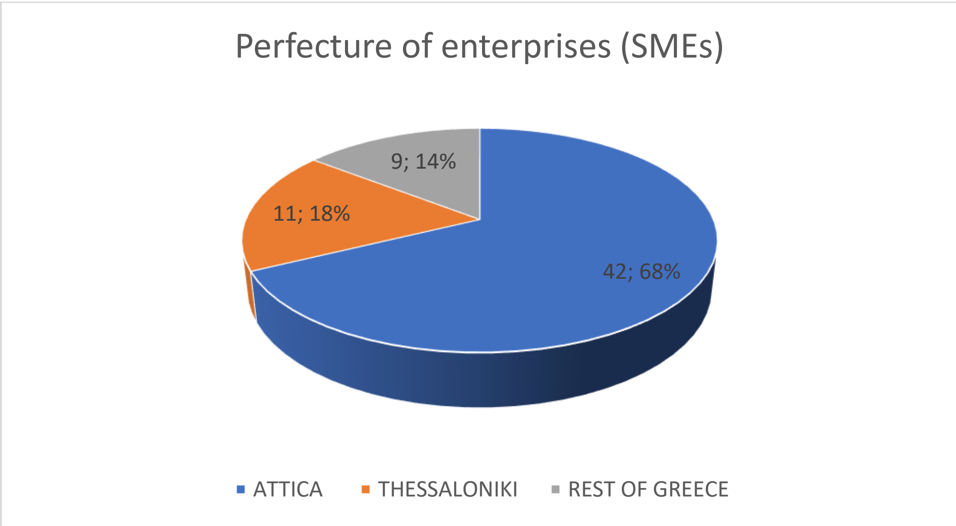
Question 3: Perfecture of enterprises

The questionnaire was completed by 42 companies based in the prefecture of Attica, the percentage of which in the total sample of 62 completed questionnaires amounts to 67.74%. It is followed by the prefecture of Thessaloniki, from which 11 SMEs participated in the survey, ie at a rate of 17.74% of the total number of completed questionnaires. Finally, a percentage of 14.52% i.e., 9 companies participated in the survey from the rest of Greece and specifically, from the prefectures of Evros, Messinia, Corinth, Karpenisi, Achaia, Arcadia, Lesvos, Viotia and Ioannina. The sample of completed questionnaires involved SMEs in 7 of the 13 administrative districts of the country, while the two most populous regions of the country in terms of population and economic activity which contribute almost 2/3 to the creation of Gross Value Added in the Greek economy (Hellenic Statistical Authority, 2019)[145], are represented in the sample with a large percentage. The distribution of companies that participated in the survey is compatible with the structure of economic activity in the country, as most of the companies are located mainly in the region of Attica and secondarily in the region of Central Macedonia and specifically in the prefecture of Thessaloniki. In other words, there is a strong spatial concentration of economic activity in the two largest administrative regions of the country, a trend that is followed in the research sample. The following is the structure of the sample in the form of a table and diagram:

3	**Perfecture of enterprises (SMEs)**	**Frequency**	**Percentage frequency**	**Cumulative frequency**
	ATTICA	42	67,74%	67,74%

[145] Specifically, according to the final data for the year 2016, Attica contributes 47.5% to the creation of Gross Value Added in the Greek economy and Central Macedonia, to which the prefecture of Thessaloniki belongs, contributes 13.7% respectively. In total, the two most populous regions/prefectures of the country contribute 61.5% (approximately 2/3) in terms of value added to the Greek economy.

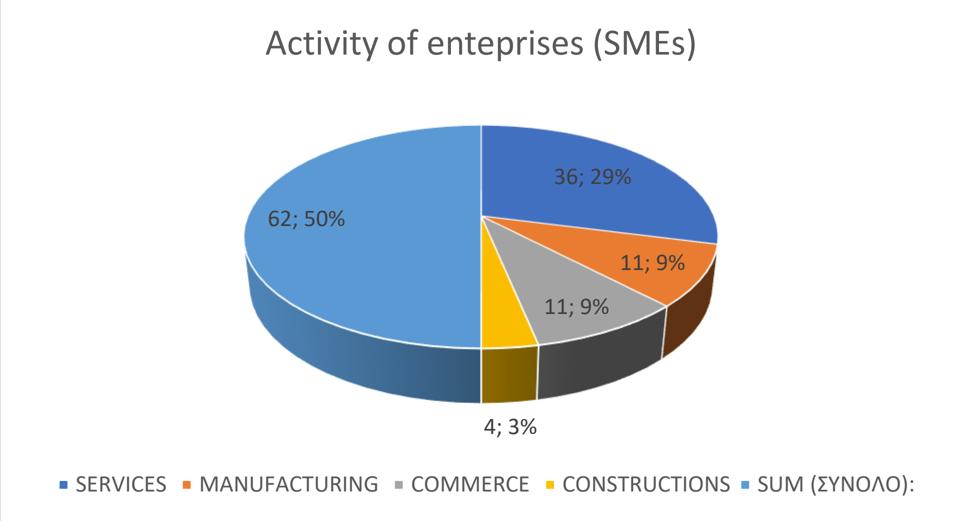
	THESSALONIKI	11	17,74%	85,48%
	REST OF GREECE	9	14,52%	100,00%
	SUM:	**62**	**100,00%**	



Question 4: Object of activity (Indicate your activity and, if you know, the main in terms of revenue Activity Code (KAD) up to 4 digits).

A percentage of 58.06% of the companies that participated in the survey are active in the services sector (36 companies) as determined in the Small Business Act (SBA) Factsheet survey of the European Commission (2019). The manufacturing and trade sectors each participated by 17.74% in the survey (11 companies, respectively), while the construction sector participated by 6.45% (4 companies). The sample is considered representative of the existing sectoral structure of the Greek economy according to the annual report on the implementation of the Small Business Act of the European Commission (2019), according to which the services sector contributes 49.03% to the Gross National Product of Greece, manufacturing and trade sectors by 40.4% and the construction sector by 7.6%. The sectoral structure of the companies in the sample is presented in the following table and its corresponding diagram:

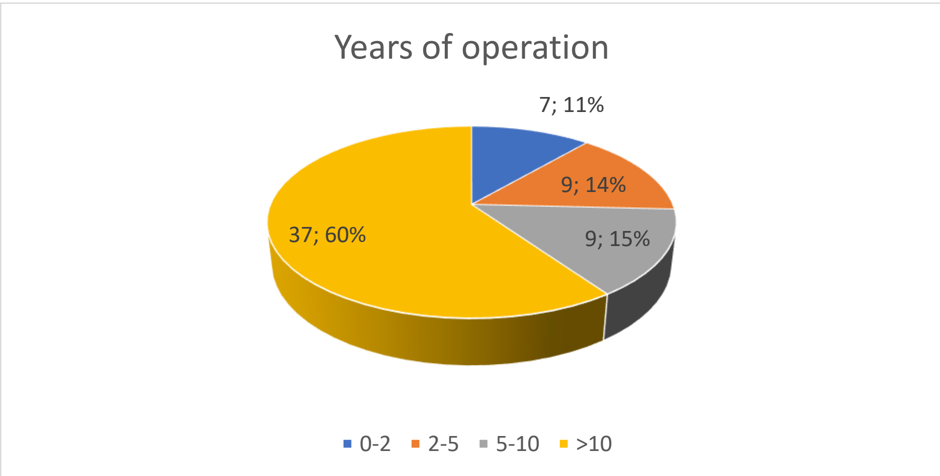
4	**Object of activity (Indicate your activity and, if you know, the main in terms of revenue Activity Code up to 4 digits)**	**Frequency**	**Percentage frequency**	**Cumulative frequency**
	SERVICES	36	58,06%	58,06%
	MANUFACTURING	11	17,74%	75,81%
	COMMERCE	11	17,74%	93,55%
	CONSTRUCTIONS	4	6,45%	100,00%
	SUM:	**62**	**100,00%**	



Question 5: Years of operation

The majority of the companies in the sample have been in business for more than 10 years. Specifically, these are 37 companies, which constitute 59.68% of the total sample. Also, 9 companies have economic activity between 5 and 10 years (percentage 14.52%), while another 9 companies are active business between 2 and 5 years (percentage also 14.52%). Finally, 7 companies are newly established, i.e. they have been active for the last 2 years (percentage 11.29%). The data are presented below as follows:

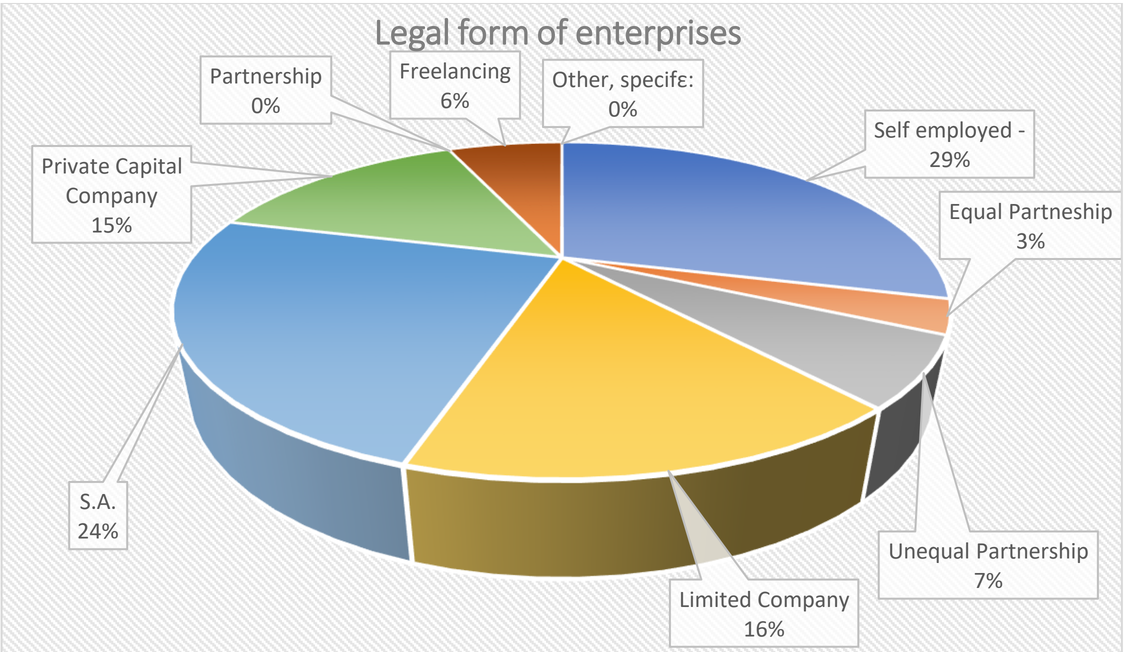
5	**Years of operation**	**Frequency**	**Percentage frequency**	**Cumulative frequency**
	0-2	7	11,29%	11,29%
	2-5	9	14,52%	25,81%
	5-10	9	14,52%	40,32%
	>10	37	59,68%	100,00%
	SUM:	**62**	**100,00%**	



Question 6: Legal form of enterprise

The sample included SMEs from all legal entities that are possible in Greece. 18 of them belong to the category of self-employed enterprises (percentage 29.03%), 25 to the category of companies with shareholding composition i.e., they are public limited companies or limited liability companies (percentage 40.32%, 24.19% and 16.13%, respectively), while 9 companies are privately owned. The structure of the sample by type of legal form of companies is presented as follows:

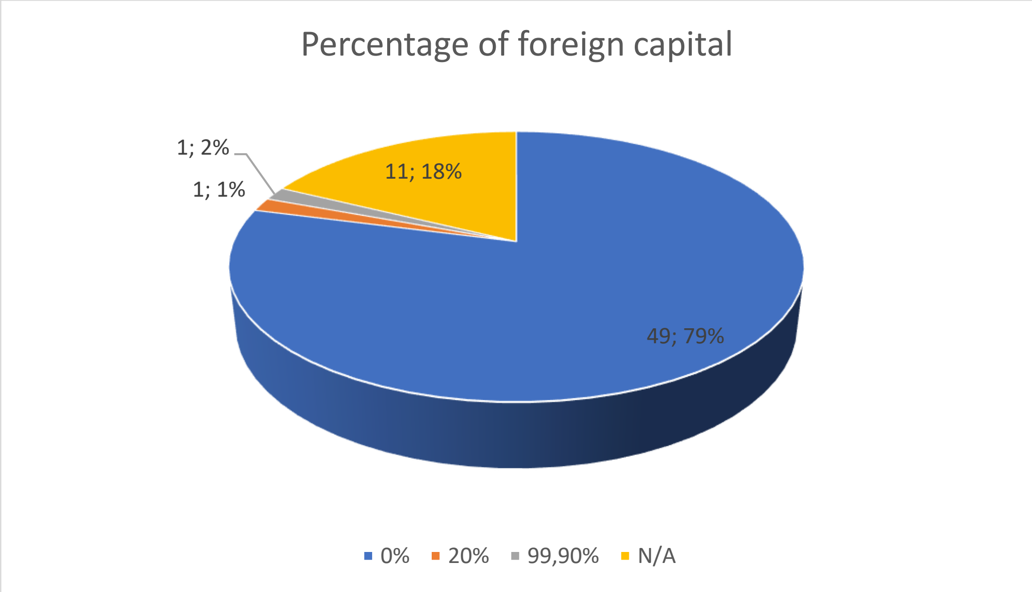
6	Legal form of enterprises	Frequency	Percentage frequency	Cumulative frequency
	Self employed	18	29,03%	29,03%
	Equal Partneship	2	3,23%	32,26%
	Unequal Partnership	4	6,45%	38,71%
	Limited Company	10	16,13%	54,84%
	S.A. - A.E.	15	24,19%	79,03%
	Private Capital Company - I.K.E	9	14,52%	93,55%
	Partnership	0	0,00%	93,55%
	Freelancing	4	6,45%	100,00%
	Other, specify:	0	0,00%	
	SUM:	**62**	**100,00%**	**100,00%**



Question 7: In case of Ltd. or SA, what is the percentage of foreign capital (third party funds) in the shareholding structure of the company?

This question concerns only the 25 Societes Anonymes (SA) and Limited Liability Companies (Ltd) companies that participated in the survey. The answers given, showed that only 2 companies have foreign capital in their share capital indicating a small dispersion of funds, as shown in the table below:

1	**In case of Ltd. or SA, what is the percentage of foreign capital (third party funds) in the shareholding structure of the company?**	**Frequency**	**Percentage frequency**	**Cumulative frequency**
	0%	49	79,03%	79,03%
	20%	1	1,61%	80,65%
	99,90%	1	1,61%	82,26%
	N/A	11	17,74%	100,00%
	SUM:	**62**	100,00%	



7.5.2 Results of the 2nd Group of questions

This is essentially the following question 8:

Question 8: Prioritize the following problems for your business based on a scale of 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much.

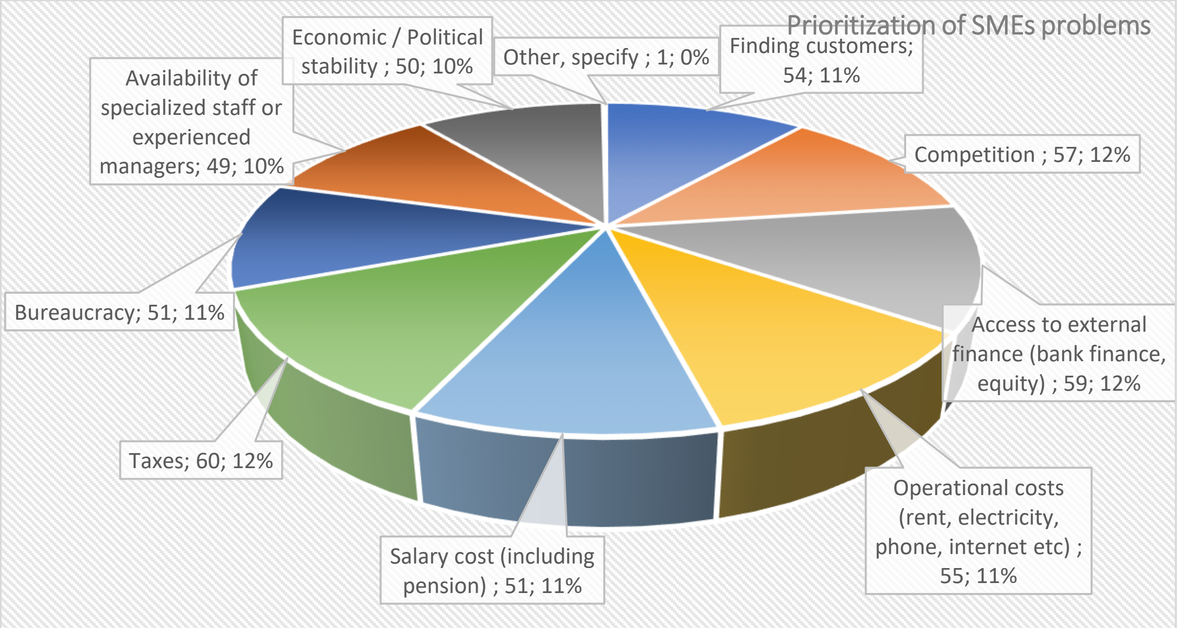
This question concerns the prioritization of the problems faced by Greek SMEs using the Likert scale (1932) with values of 1 (not at all) to 7 (too much). The question is characterized by a wide range of answer options that are not necessarily related to quantitative measures. Such questions concern bureaucracy, customer acquisition, competition and the availability of qualified staff or experienced managers. The companies interviewed had a large degree of freedom to answer and subjectively prioritize the suggested answers, while being able to give the same score between different answers. Access to finance which is the subject of the dissertation is among the problems and it is intended to be compared with other problems faced by SMEs.

Based on average, it appears that access to finance with average 4.51 is ranked as the 5th consecutive problem faced by Greek SMEs, in contrast to the consistent finding of the

European Commission's annual SAFE report, according to which access to finance is No1 problem faced by Greek SMEs. In particular, based on the average of the answers per suggested answer to the question, companies which participated in the survey ranked taxation as No1 problem (average 6) followed by salary cost (average 5.25), bureaucracy (average 5, 22), economic/political stability (average 5.19), access to finance (average 4.51), operating costs (average 4.48), competition (average 4.39), availability of specialized staff or experienced managers (average 4.17) and finding customers (average 4.09). It is noted that the option "Other, specify" is not evaluated as it received only one answer with the value 7. The result of the survey does not mean that access to finance is not a problem for Greek SMEs. After all, the companies which participated in the survey highlighted access to finance as the second problem they face both in terms of absolute frequency with 59 answers and in terms of relative frequency (12.11%), while taxation emerged marginally first with 60 answers (relative frequency 12.32%). In addition, the sample mode of access to finance is 7 "Too much" and the same applies to taxation. The distribution of access to finance is characterized by negative asymmetry (-0.37) i.e., most of the distribution values are right of the mean while the distribution is wide as kurtosis has a negative value in Excel. For comparison, taxation which comes first in terms of absolute and relative frequency also shows negative asymmetry (-1.8) so most values are also right of the mean (6) while the distribution is subtle as the value of kurtosis is positive with a value of 2.7 in Excel which means that the values of the distribution are close to the mean. The statistics of the sample distributions per answer to this question are presented in tabular form and diagrammatically below:

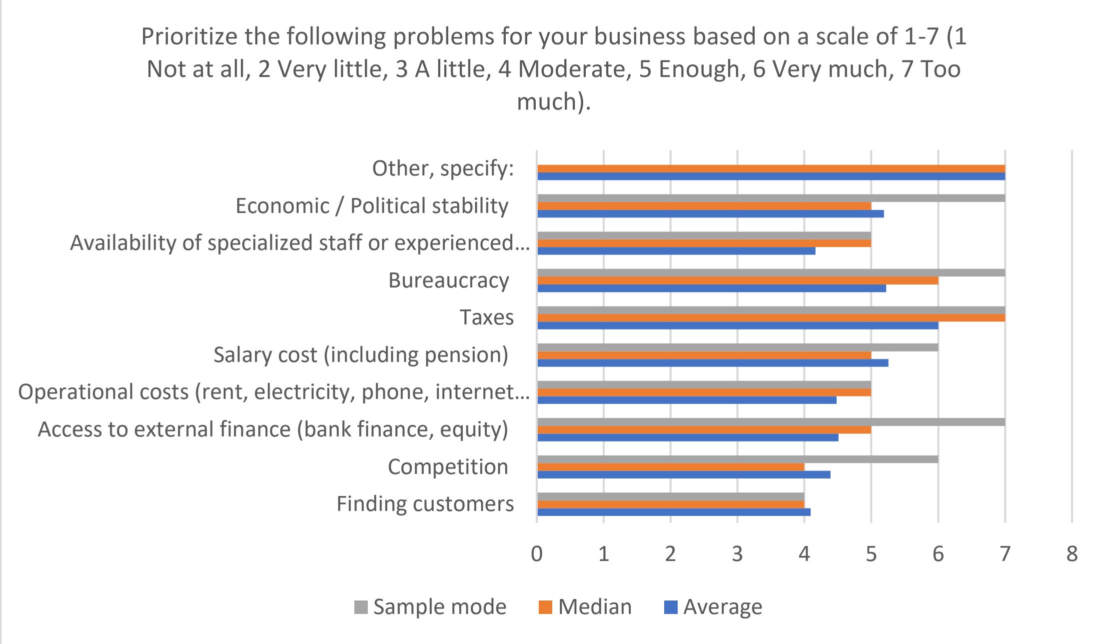
8	**Prioritize the following problems for your business based on a scale of 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much).**	**Frequency**	**Percentage frequency**	**Cumulative frequency**	**Standard Deviation**	**Confidence Interval 95%**
	Finding customers	54	11,09%	11,09%	1,845632463	0,468702884
	Competition	57	11,70%	22,79%	1,744378727	0,44298925
	Access to external finance (bank finance, equity)	59	12,11%	34,91%	2,06258025	0,523797306
	Operational costs (rent, electricity, phone, internet etc)	55	11,29%	46,20%	1,450318647	0,368311973
	Salary cost (including pension)	51	10,47%	56,67%	1,440043572	0,365702592
	Taxes	60	12,32%	68,99%	1,474936811	0,374563816
	Bureaucracy	51	10,47%	79,47%	1,884866332	0,478666421

	Availability of specialized staff or experienced managers	49	10,06%	89,53%	1,754427025	0,44554104
	Economic / Political stability	50	10,27%	99,79%	1,671491244	0,424479295
	Other, specify	1	0,21%	100,00%	-	-
	SUM:	**487**	**100,00%**			



Prioritize the following problems for your business based on a scale of 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much).	Average	Median	Sample mode	Skewness	Kurtosis
Finding customers	4,09	4	4	-0,1408	-0,86767
Competition	4,39	4	6	-0,1443	-0,96420
Access to external finance (bank finance, equity)	4,51	5	7	-0,3663	-1,0426
Operational costs (rent, electricity, phone, internet etc)	4,48	5	5	-0,1352	-0,6244
Salary cost (including pension) -	5,25	5	6	-0,6770	-0,2447
Taxes	6	7	7	-1,8008	2,7333
Bureaucracy	5,22	6	7	-1,0003	-0,1627
Availability of specialized staff or experienced managers	4,17	5	5	-0,2407	-0,8005
Economic / Political stability -	5,1875	5	7	-0,8518	0,1050
Other, specify*	7	7	-	-	-

**Law degree of answers.*



The analysis of the sample by sector (manufacturing, trade, services) does not in principle show any significant changes in the distribution of responses to the individual proposed responses, as the percentages are almost corresponding to the total sample. However, there are significant differences if the individual statistical indicators are examined such as average or sample mode. Indeed, manufacturing companies point out bureaucracy as the most important problem with an average 5.88 and a sample mode 7, followed by taxation with average of 5.54 and sample mode 6 and economic and political stability with average 5.44 and sample mode 7. Moreover, it is followed by wage costs with average 5.1 and sample mode 5, while access to finance is ranked 7th with average of 3.81 and sample mode 3. That is, the manufacturing companies in the sample do not consider access to finance as the main problem and treat it as moderate. In contrast, sample's trade companies rank access to finance in 2nd place with average 5.36 and sample mode 7, behind only taxation which has average 5.25 and sample mode 7, while in 3rd place is the wage cost with average 4.87 and sample mode 5. For the companies in the service sector, the 1st problem is also the tax with average 6.09 and sample mode 7, followed by the wage cost with average 5.48 and sample mode 6, economic and political stability with average 5.17 and sample mode 5, operating costs with average 4.58 and sample mode 5, while access to finance is ranked 5th with average 4.39 and sample mode 5.

The distributions of the sample according to companies' size do not deviate much from the results of the aggregate sample and rank access to finance around the average of the Likert scale used with an average close to 4 corresponding to the "moderate" value. This does not mean that access to finance is not a major problem for the companies in the sample, but just compared to the other problems in terms of size it does not rank in the first places. The results tables by size are in the Annex.

7.5.3 Results of the 3rd Group of questions

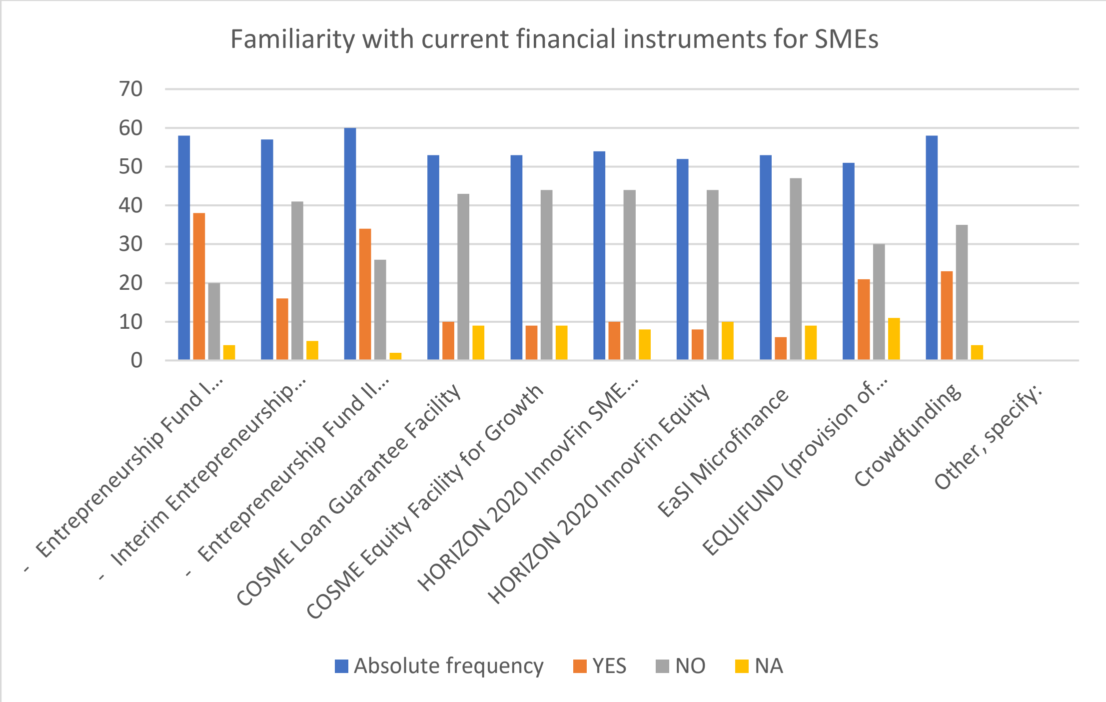
As mentioned above, the questions of group 3 are intended to gather information regarding the degree of information of the Greek SMEs about the financial instruments and the experience they have gained from their cooperation with a bank in case they have received a loan, regardless of whether this has been done in the context of a public financial instrument program to facilitate corporate access to finance. The results of the answers to each question of group 3 are presented in detail below.

Question 9: Are you familiar with any of the following financial instrument programs to enhance the liquidity of Greek small and medium-sized enterprises in the context of public policies to support entrepreneurship? Answer Yes or No.

This question aims to highlight whether Greek SMEs are aware of the existing funds, actions and policies in Greece to facilitate SMEs' access to finance, in the context of domestic, co-financed and European programs. The analysis of the answers shows that the most popular is the Entrepreneurship Fund I at a rate of 61.29%, the individual programs of which were presented in detail in a special section of this paper. It is followed by the Entrepreneurship Fund II with a percentage of 54.84%, while 3rd is Crowdfunding with a percentage of 37.1% which so far is based on purely private initiatives and 4th, Equifund (17,74%) created on the initiative of the public administration for the capital support of SMEs with venture capital / equity. It is noteworthy that the European programs designed and implemented at European level of governance through the European Investment Bank group, following an agreement with the European Commission, are less known to the SMEs in the research sample. Indeed, the financial instruments of COSME (Competitiveness SMEs), HORIZON 2020 and EaSI (Employment and Social Inclusion) programs show low percentages in the sample as follows: COSME Loan Guarantee Facility (LGF) 14.52%, COSME Equity Facility for Growth (EFG) 14.52%, HORIZON 2020 InnovFin SME Guarantee Facility 16.13%, HORIZON InnonFin Equity 12.90, EasI Microfinance 9.68%.

9	**Are you familiar with any of the following financial instrument programs to enhance the liquidity of Greek small and medium-sized enterprises in the context of public policies to support entrepreneurship? Answer Yes or No.**	**Absolute frequency**	**YES**	**NO**	**NA**	**SUM**	**YES (%)**	**NO (%)**	**NA (%)**
	HELLENIC DEVELOPMENT BANK S.A. (ex Gurantee Fund for SMEs and Hellenic Fund for Entrepreneurship and Development S.A.)								

	- Entrepreneurship Fund I (TEPIX I): Programs "Business Restart", "Guarantee Fund", "Extroversion", "Island Tourist Entrepreneurship"	58	38	20	4	62	61,29%	32,26%	6,45%
	- Interim Entrepreneurship Fund (INTERMEDIATE TEPIX): Program "Business Restart, 2nd phase"	57	16	41	5	62	25,81%	66,13%	8,06%
	- Entrepreneurship Fund II (TEPIX II): "Business Financing" Program	60	34	26	2	62	54,84%	41,94%	3,23%
	COSME Loan Guarantee Facility	53	10	43	9	62	16,13%	69,35%	14,52%
	COSME Equity Facility for Growth	53	9	44	9	62	14,52%	70,97%	14,52%
	HORIZON 2020 InnovFin SME Guarantee Facility	54	10	44	8	62	16,13%	70,97%	12,90%
	HORIZON 2020 InnovFin Equity	52	8	44	10	62	12,90%	70,97%	16,13%
	EaSI Microfinance	53	6	47	9	62	9,68%	75,81%	14,52%
	EQUIFUND (provision of equity/venture capital in seed, start-up, scale-up / growth stages) of Greek NSRF 2014-2020)	51	21	30	11	62	33,87%	48,39%	17,74%
	Crowdfunding	58	23	35	4	62	37,10%	56,45%	6,45%
	Other, specify:	0	-	-	-	0	-	-	-
	SUM:	**674**							



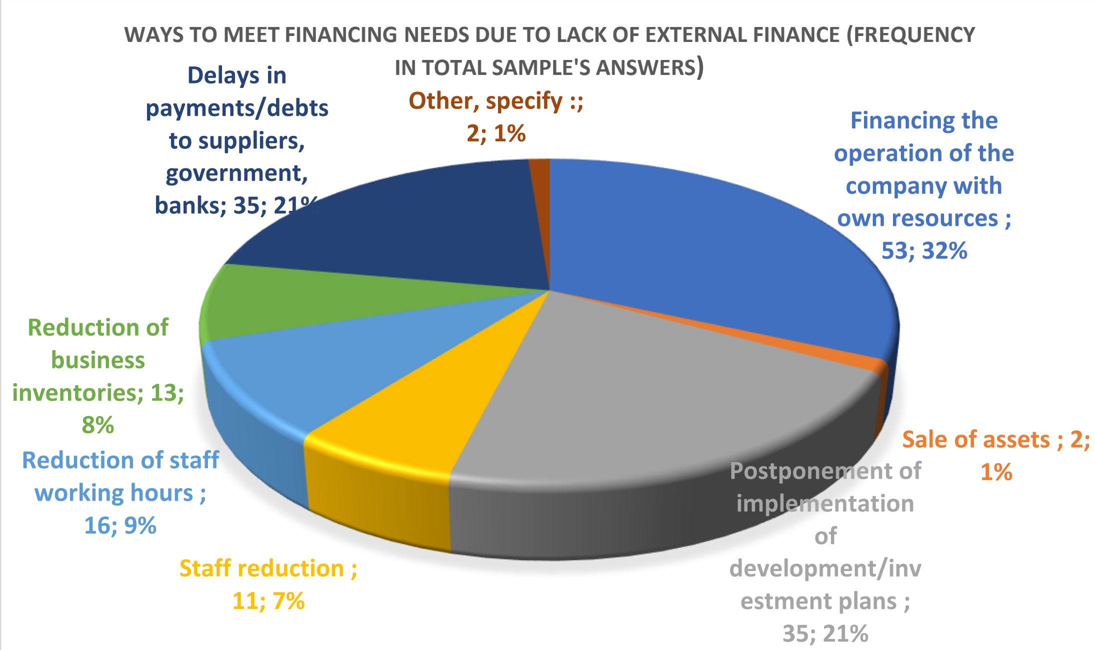
The sectoral analysis shows that manufacturing companies are better informed about financial instruments than trade and service companies. Medium and small enterprises also appear to be more informed about financial instrument programs than micro-enterprises (the relevant tables by sector and size are in the Annex).

Question 10: In case you had limited or no access to financing from banks and/or venture capitalists, in which of the following ways did you meet the financing needs of your enterprise due to lack or lack of external financing? (You can give more than one answer).

31.74% of the total answers given (167 in absolute number) by SMEs which participated in the survey indicate that the main way in which they faced limited or no access to finance was with their own resources. The specific answer was chosen by 53 of the 62 SMEs i.e., it gathered 85.48% of the companies of the sample. It is pointed out that the use of companies' own resources to meet the financing needs of their activities has negative consequences for their development, therefore it has a serious anti-growth effect for the whole economy. In addition, companies withdraw resources that would otherwise could be used to meet their obligations to the business ecosystem i.e., other companies, the State or banks trading with them, resulting in a domino effect with particularly negative spiral effects on the economy as a whole.

The second option in a percentage of 20.96% of the total answers given (167) emerged both the postponement of the implementation of development/investment plans, as well as the delay in repayment of obligations to suppliers, the Greek state (taxes) and banks. These two answers were selected each from 35 of the 62 SMEs that participated in the survey i.e., they each gathered 56.45% of the companies that participated in the survey. The remaining answers ranged in low percentages from 1.20% to 9.58% of the total answers given (167) and in particular: reduction of staff working hours 9.58%, reduction of company inventories 7.78%, reduction of staff 6,59%, sale of assets and so on by 1.20%. From the above set of answers, we observe that limited access to finance of Greek SMEs that participated in the survey had negative impact of 17.37% on their staff, either in the form of staff number reduction (6.59%) or in the form of a reduction in working hours (9.58%), although the companies in the sample, as mentioned above, resorted to other practices to address the problem. However, both options lead to a reduction in the purchasing power of employees and consequently to a reduction in consumer spending and the repayment of current liabilities of employees to the state (tax liabilities) and the banking system (loan liabilities). In other words, there create series of negative effects to the overall economy, possibly even to an exponential degree, especially in the case of staff redundancies. The latter then receive a meager unemployment benefit/allowance which in most cases is much lower than the salary they received before being fired. A presentation of the above results in the form of a pie chart and diagram follows:

10	**In case you had limited or no access to financing from banks and / or venture capitalists, in which of the following ways did you meet the financing needs of your enterprise due to lack or lack of external financing? (You can give more than one answer).**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	Financing the operation of the company with own resources	53	85,48%	31,74%	31,74%
	Sale of assets	2	3,23%	1,20%	32,93%
	Postponement of implementation of development/investment plans	35	56,45%	20,96%	53,89%
	Staff reduction	11	17,74%	6,59%	60,48%
	Reduction of staff working hours	16	25,81%	9,58%	70,06%
	Reduction of business inventories	13	20,97%	7,78%	77,84%
	Delays in payments/debts to suppliers, government, banks	35	56,45%	20,96%	98,80%
	Other, specify :	2	3,23%	1,20%	100,00%
	SUM:	**167**		**100,00%**	



The sectoral analysis of the answers follows the above distribution of the total sample without major differences. The size analysis for the categories of micro and small enterprises does not show any significant differences in relation to the above overall distribution of responses. In medium-sized enterprises there is a slight difference in terms of staff, but the observations are few in number and therefore no safe conclusions can be drawn. The relevant tables by sector and size can be found in the Annex.

From the above it becomes clear that facilitating SMEs' access to finance has positive effects on the overall economy. In fact, the funds will be used by companies in a way that does not burden tax or bank revenues while significantly preventing the occurrence of negative social consequences due to the reduction of income of workers, such as unemployment, underemployment or an increase in the proportion of the population living below the poverty line. It is characteristic that these negative consequences appeared to a significant degree during the economic crisis that Greece faced in the period 2010-2018 and unfortunately, they have recently revived from the economic consequences of the measures to deal with the COVID-19 pandemic. Therefore, scheduling permanent and effective public policy measures to facilitate SMEs' access to finance should be a priority especially for governments of countries that have gone through major economic crises such as Greece, so that entrepreneurship will constantly help the creation of added value to the economy in the long run. To achieve this however, it is necessary to design a strategy to strengthen entrepreneurship in which financial instruments will play a vital role in order to really enhance the access of the majority of SMEs to finance without exclusions through strict banking criteria.

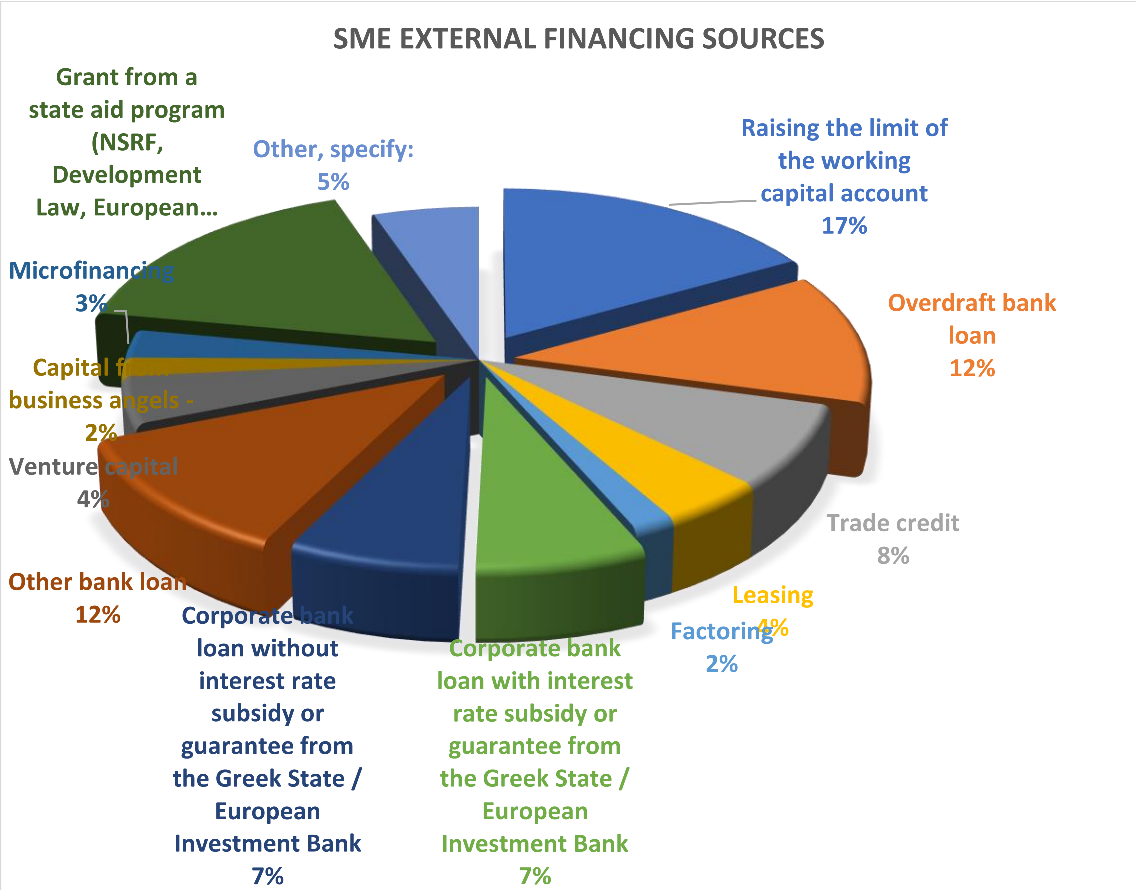
Question 11: In case you managed to have access to external finance, which of the following sources of finance did you use? Answer with a Yes or No and if the answer is Yes, to what extend based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much).

The purpose of this question is to present and prioritize ways to meet the funding needs of SMEs which participated in the research and had access to external funding. It is noted that a significant number of companies in the sample (13 out of 62, percentage 21%) did not answer the question, which means that these enterprises never had access to finance. At the same time, there is a large number of non-responses per suggested answer considered as missing values. From the answers given, it appears that raising the limit of pre-existing working capital account and receiving grant from a state aid program are the most popular answers among the companies that took part in the research, receiving 16.81% (19 answers) each. This is followed by the overdraft from an existing loan account with a rate of 12.39% and other bank loans with a rate of 11.5%, while the other categories/options are moving at low levels below 10%. It is noteworthy that lending from the banking system is the main source of external financing for the SMEs that participated in the survey as the sum of the options: (a) raising the limit of pre-existing working capital account (16.81%), (b) overdraft from an existing loan account (12.39 %), (c) loan with interest rate subsidy or guarantee of the Greek state or the European Investment Bank (7.08%), (d) loan without interest rate subsidy or guarantee of the Greek state or the European Investment Bank (7.08%) and (e) other bank loan (11 , 50%) accounts cumulatively 54.87% of the whole responses. If we add to these the instruments of commercial credit (7.96%) and microfinance (2.65%), the total percentage of responses rises to 65.48% which means that 2 out of 3 SMEs of the sample which answered this question state dependance on the banking system regarding their financing.

The above data as they emerged from the analysis of the research data are presented in the form of tables and diagrams below:

11	**In case you managed to have access to external finance, which of the following sources of finance did you use? Answer Yes or No. If the answer is Yes, to what extend based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much)**	**Absolute frequency**	**Percentage frequency**	**Cumulative frequency**	**Standard Deviation**	**Confidence Interval 95%**
	Raising the limit of the working capital account	19	16,81%	16,81%	1,767535857	0,324829774
	Overdraft bank loan	14	12,39%	29,20%	1,386750491	0,352168684
	Trade credit	9	7,96%	37,17%	1,125991626	0,285948331
	Leasing	5	4,42%	41,59%	2,167948339	0,55055579
	Factoring	2	1,77%	43,36%	2,828427125	0,718285996
	Corporate bank loan with interest rate subsidy or guarantee from the Greek State	8	7,08%	50,44%	1,356202682	0,344410993

	/ European Investment Bank					
	Corporate bank loan without interest rate subsidy or guarantee from the Greek State / European Investment Bank	8	7,08%	57,52%	1,603567451	0,407229882
	Other bank loan	13	11,50%	69,03%	1,330124344	0,337788335
	Venture capital	5	4,42%	73,45%	1,341640786	0,340712964
	Capital from business angels -	2	1,77%	75,22%	2,121320344	0,538714497
	Microfinancing	3	2,65%	77,88%	0,577350269	0,146619515
	Grant from a state aid program (NSRF, Development Law, European Commission grant program)	19	16,81%	94,69%	1,686887144	0,428389122
	Other, specify:	6	5,31%	100,00%	1,414213562	0,359142998
	SUM:	**113**	**100,00%**			



Taking into account the average of the sample, it appears that trade credit ranks first[146] among the options of companies (average 5.86) followed by financing of a loan without interest rate subsidy or guarantee of the Greek state or the European Investment Bank (average 5.26) and loans with interest rate subsidy or guarantee of the Greek state or the European Investment Bank (average 5.13). It is noted that all three options had a low response rate each individually (9 and 8 respectively), while loan financing with interest rate subsidy or guarantee of the Greek state or the European Investment Bank amounts to 14.16%. In the fourth place is raising the limit of working capital account (average 4.78) followed by receiving grant from a state aid program (average 4.71) and microcredit (average 4.67). This is followed by overdraft from an existing loan account with an average of 4.62, other bank loan with an average of 4.54 and financing by business angels with an average of 4.5. In the last positions are leasing with an average of 3.8 and factoring with an average of 3. Taking into account the sample mode venture capital and commercial credit are high in ranking with 7, followed by loans without interest rate subsidy or guarantee of the Greek state or of the European Investment Bank and other bank loans with 6 while the other categories marked with 5 (except overdraft which shows sample mode 4).

In terms of skewness (asymmetry), all distributions have negative value i.e., most of their values remain at the right of the average and are greater than it, except the distribution of the answer regarding the loan with an interest rate subsidy or guarantee of the Greek state or European Investment Bank which has a positive skewness i.e., most of its prices remain before the average and are lower than it. Regarding kurtosis, the distributions of overdraft, leasing and grant have positive values and are therefore subtle while in the contrary, the distributions of raising the limit of the working capital account, the commercial credit, the borrowing with interest rate or guarantee of the Greek state or of the European Investment Bank, of taking a loan without interest rate subsidy or guarantee of the Greek state or of the European Investment Bank and of other bank loans, all have a negative kurtosis coefficient i.e., they are flat. A relevant table and diagram follow:

In case you managed to have access to external finance, which of the following sources of finance did you use? Answer with a Yes or No and if the answer is Yes, to what extend based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much)	**Average**	**Median**	**Sample mode**	**Skewness**	**Kurtosis**
Raising the limit of the working capital account	4,777777778	5	5	-0,55599471	-0,85592252
Overdraft bank loan	4,615384615	5	4	-1,389776128	3,019781818
Trade credit	5,875	5	7	-0,487832913	-0,98869272
Leasing	3,8	5	4	0,422008957	1,435038479

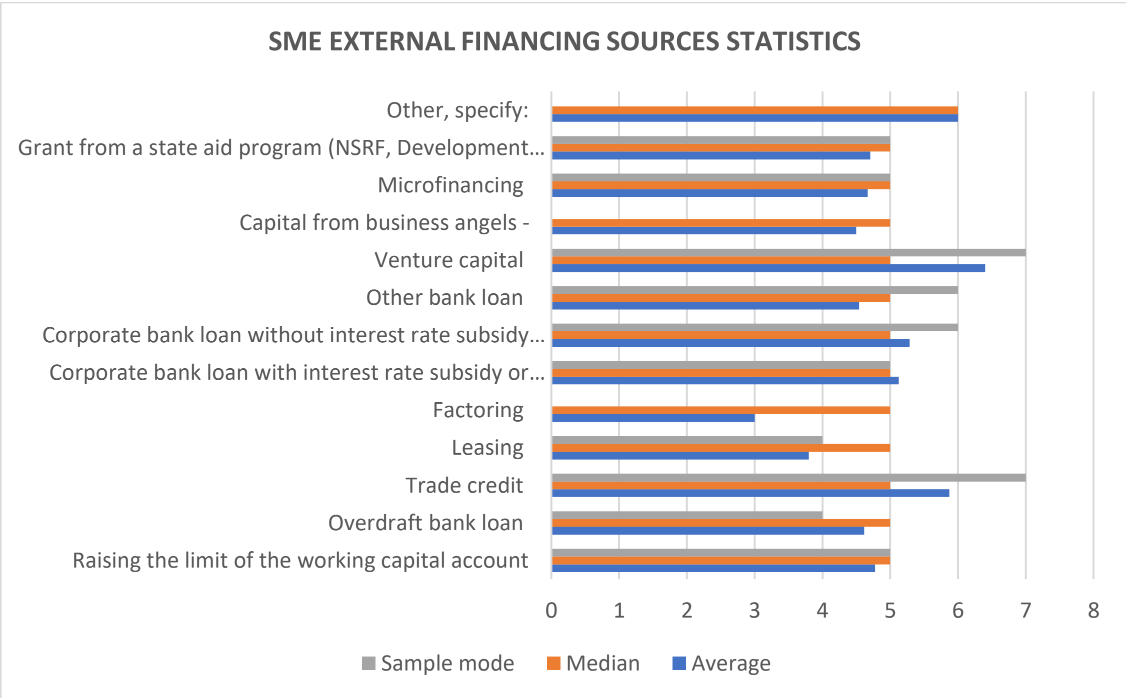
[146] Precisely, the first choice was venture capital with an average of 6.4 but the very small degree of response to it (only 5) does not allow to draw safe conclusions about the overall sample. Besides, these 5 companies have been funded by Equifund which provides venture capital to start-ups and SMEs with high growth prospects.

Factoring	3	5	na*	na*	na**
Corporate bank loan with interest rate subsidy or guarantee from the Greek State / European Investment Bank	5,125	5	5	0,164651622	-0,16574606
Corporate bank loan without interest rate subsidy or guarantee from the Greek State / European Investment Bank	5,285714286	5	6	-0,983917313	-0,86419753
Other bank loan	4,538461538	5	6	-0,473966803	-0,78370854
Venture capital	6,4	5	7	-2,236067977	5
Capital from business angels -	4,5	5	na*	na*	na*
Microfinancing	4,666666667	5	5	-1,732050808	na**
Grant from a state aid program (NSRF, Development Law, European Commission grant program)	4,705882353	5	5	-0,271435548	0,004903551
Other, specify:	6	6	na***	na***	na**

** Only two responses*

*** In Excel the type of kurtosis deducts number 3 which the limit for thin or wide kurtosis. The observations in this case were 3.*

**** 4 responses without rating but with an "X".*



The sectoral analysis and the company size analysis of the answers given to the question do not show significant deviations from the general picture of the overall answers of the sample presented above. The relevant tables are presented in the Annex.

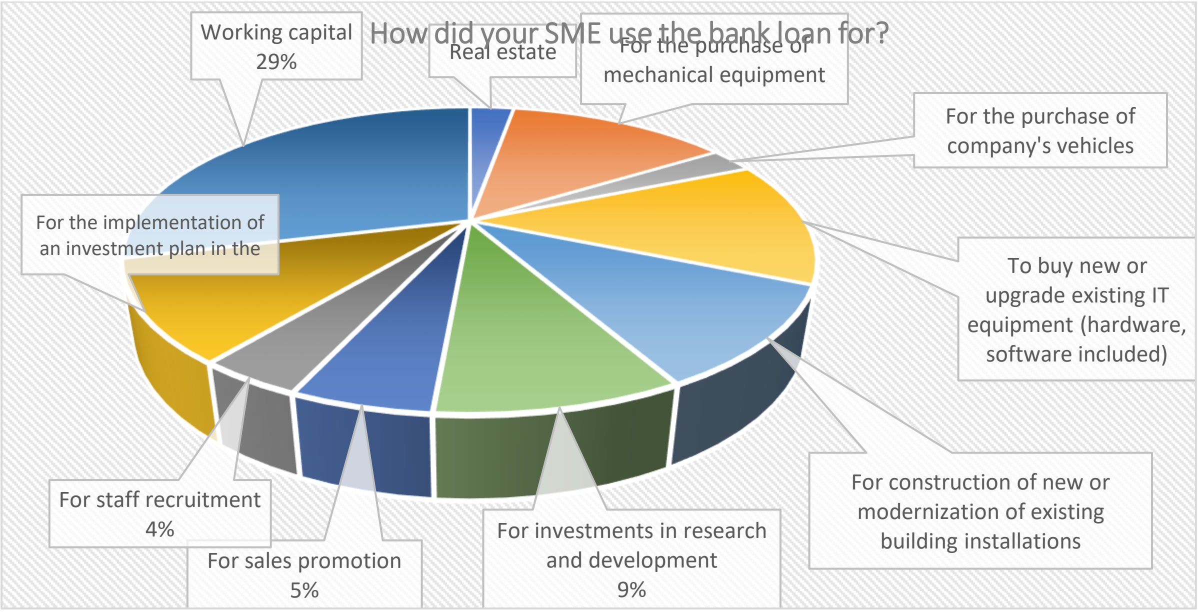
Question 12: If you used a bank loan to meet the needs of your business, why did you do it? (You can give more than one answer).

An initial remark related to the result of question 11 is that a large number of companies in the sample did not answer question 12, which leads to the conclusion that they did not have access to bank financing at all. However, the majority of the companies surveyed answered that the main reason they used a bank loan was the need to provide immediate liquidity through a working capital loan. Indeed, the percentage of answers concerning working capital in the total of answers given amounts to 28.95%. This fact is related to the increased liquidity needs of Greek SMEs due to the prolonged economic crisis which significantly reduced their revenues without a corresponding reduction in their liabilities to third parties (suppliers, banks) while their tax liabilities increased significantly in the framework of Memorandum of Understanding with country's creditors. As presented in the theoretical part of the dissertation, the provision of working capital can indeed help companies to meet their current obligations but on the other hand, it is not of a long-term development nature. The purchase of mechanical equipment follows as well as new or upgraded IT equipment at a rate of 13.16% of the total answers given to the question, respectively. In total, the market for mechanical and IT equipment accounted for 26.32% of the responses. The rest of the suggested answers were at low level.

The results of the answers to question 12 are presented below in the form of a table and pie-diagram:

12	**If you used a bank loan to meet the needs of your business, why did you do it? (You can give more than one answer).**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	Real estate	2	3,23%	2,63%	2,63%
	For the purchase of mechanical equipment	10	16,13%	13,16%	15,79%
	For the purchase of company's vehicles	2	3,23%	2,63%	18,42%
	To buy new or upgrade existing IT equipment (hardware, software included)	10	16,13%	13,16%	31,58%
	For construction of new or modernization of existing building installations	8	12,90%	10,53%	42,11%
	For investments in research and development	7	11,29%	9,21%	51,32%
	For sales promotion	4	6,45%	5,26%	56,58%
	For staff training	0	0,00%	0,00%	56,58%
	For staff recruitment	3	4,84%	3,95%	60,53%
	For the implementation of an investment plan in the framework of	8	12,90%	10,53%	71,05%

	a state aid program (NSRF, Development Law, etc.)				
	Working capital	22	35,48%	28,95%	100,00%
	Other, specify:	0	0,00%	0,00%	
	SUM:	**76**		**100,00%**	

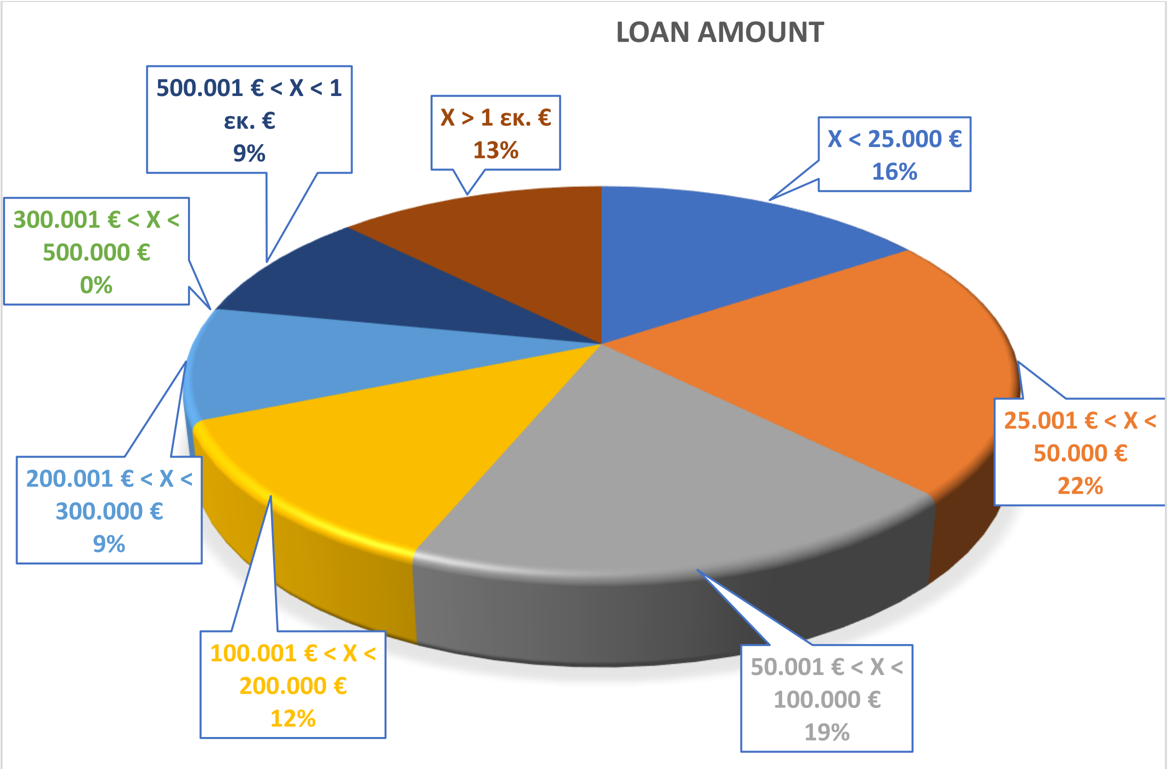


Question 13: If you have managed to receive a bank loan to cover your business needs, specify the loan amount.

The results show that among the 62 SMEs which participated in the research, 32 managed to receive a loan i.e., at a rate of 51.61%. In particular, 37.5% of the loans taken by 32 of the 62 companies in the sample were under 50,000 euros, while 56.25% were under 100,000 euros and 68.75% under 200,000 euros. Almost 6 out of 10 loans concern amounts lower than 100,000 euros. 9.38% concerns loans between 200,000 euros and 300,000 euros. The same ratio is observed in loans between 500,000 euros and 1 million euros, while loans over 1 million euros constitute 12.5% of the sample. The full details of the answers to this question are presented below:

13	**If you have managed to receive a bank loan to cover your business needs, specify the loan amount.**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**	**SMEs received loan : Total sample**
	X < 25.000 €	5	8,06%	15,63%	15,63%	51,61%
	25.001 € < X < 50.000 €	7	11,29%	21,88%	37,50%	
	50.001 € < X < 100.000 €	6	9,68%	18,75%	56,25%	
	100.001 € < X < 200.000 €	4	6,45%	12,50%	68,75%	
	200.001 € < X < 300.000 €	3	4,84%	9,38%	78,13%	
	300.001 € < X < 500.000 €	0	0,00%	0,00%	78,13%	
	500.001 € < X < 1 εκ. €	3	4,84%	9,38%	87,50%	
	X > 1 εκ. €	4	6,45%	12,50%	100,00%	

	SUM:	**32**		**100,00%**		



However, it is interesting to consider the amount of loans taken in relation to the size of the companies in the sample that received loans. The relevant study of the answers given shows that the three medium-sized companies of the sample were the ones that received loans of more than 1 million euro at a rate of 4.84% of the total sample of answers. In addition, 12 of the 15 small businesses in the sample received a loan (80% of the small businesses in the sample). These loans amounted to 19.35% of the 32 companies in the sample that received a loan, which at a rate of 66.67% range below the amount of 200,000 euro (i.e., 2 in 3 loans) while a percentage of 16.67% ranges between 200,000 euro and 300,000 euro, 8.33% between 500,000 euro and 1 million euro and also 8.33% over 1 million euro. Finally, 17 of the 44 micro enterprises in the sample received a loan (38.63% of the micro-enterprises in the sample). In particular, 29.41% of them received a loan under 25,000 euro, 35.29% received a loan between 25,000 euro and 50,000 euro and 17.64% received a loan between 50,000 euro and 100,000 euro. In total, 82.35% of micro enterprises of the sample which received a loan, managed it for amounts under 100,000 euro. From the above data what emerges is a positive correlation between the amount of loans and the size of the enterprise: the larger a company is, the larger the loan amount it receives, while the smaller it is, the smaller the loan amount it receives. Obviously, there are exceptions to every rule: in the sample there were also 2 very small companies that received a loan between 500,000 euro and 1 million euro. However, this is an important finding that needs to be taken seriously by public policy makers in order to facilitate SMEs' access to finance through state aid schemes including financial instruments. This means that programs of financial instruments should be designed focusing on the size of the enterprises in order to make the efficient distribution and absorption of the required public resources per program possible. Targeting is something that is missing from the state aid programs in Greece resulting in inefficient allocation of available resources in programs of a horizontal nature whose only criterion is the absorption of resources in nominal terms. Relevant tables by business size follow:

MEDIUM				
	Absolute frequency	**Percentage frequency**	**Medium received loan / Total Medium**	**Medium received loan / Total sample**
X < 25.000 €	0	0,00%	**100,00%**	**4,84%**
25.001 € < X < 50.000 €	0	0,00%		
50.001 € < X < 100.000 €	0	0,00%		
100.001 € < X < 200.000 €	0	0,00%		
200.001 € < X < 300.000 €	0	0,00%		
300.001 € < X < 500.000 €	0	0,00%		
500.001 € < X < 1 εκ. €	0	0,00%		
X > 1 εκ. €	3	100,00%		
	3	**100,00%**		
SMALL				
	Absolute frequency	**Percentage frequency**	**Medium received loan / Total Medium**	**Medium received loan/Total sample**
X < 25.000 €	0	0,00%	**80,00%**	**19,35%**
25.001 € < X < 50.000 €	1	8,33%		
50.001 € < X < 100.000 €	3	25,00%		
100.001 € < X < 200.000 €	4	33,33%		
200.001 € < X < 300.000 €	2	16,67%		
300.001 € < X < 500.000 €	0	0,00%		
500.001 € < X < 1 εκ. €	1	8,33%		
X > 1 εκ. €	1	8,33%		
	12	**100,00%**		
MICRO				
	Absolute frequency	**Percentage frequency**	**Medium received loan/Total Medium**	**Medium received loan/Total sample**
X < 25.000 €	5	29,41%	**38,64%**	**27,42%**
25.001 € < X < 50.000 €	6	35,29%		

50.001 € < X < 100.000 €	3	17,65%		
100.001 € < X < 200.000 €	0	0,00%		
200.001 € < X < 300.000 €	1	5,88%		
300.001 € < X < 500.000 €	0	0,00%		
500.001 € < X < 1 εκ. €	2	11,76%		
X > 1 εκ. €	0	0,00%		
	17	**100,00%**		

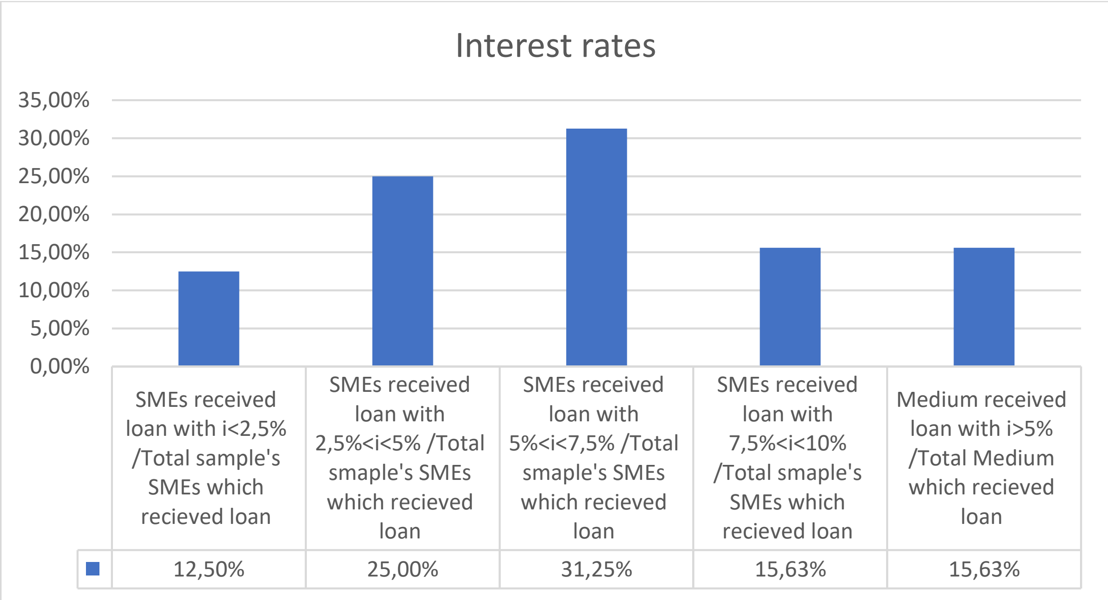
Finally, it should be noted that following questions 11 and 12 above, a large number of companies in the sample did not answer question 13, which leads to the conclusion that they did not have access to bank financing at all.

Question 14: If you have received a bank loan to meet your business needs, specify the interest rate of the loan.

This question is related to question 13 as well as question 15 which follows. Both are related to the terms of the loans taken by the companies of the sample and have received bank financing. The interest rate is one of the basic terms of a banking contract as it is essentially the profit of the bank. While determining the interest rate, the bank takes into account various factors such as the opportunity cost i.e., the alternative use of the resources provided as a loan in other options, or the credit risk that expresses the degree of uncertainty faced by the bank when it decides to provide a loan and which is directly related to the expected return: the higher the perceived credit risk, the higher the interest rate. For this reason, the bank must thoroughly examine the financial data of each company before deciding to provide a loan i.e., undertakes the so-called credit assessment (credit scoring) which is based on the actual financial data of the potential borrower. Furthermore, the problem of credit rationing might be presented when banks do not provide loans to the enterprises even they can charge them with higher interest rates and choose to finance their existing and well know clientele which could anyway receive a loan without any financial instrument program.

In the present survey, out of 51.61% of SMEs in the total sample (62) that received a loan (32), only 12.5% (4 companies) had an interest rate below 2.5%, while 25% (8 companies) had an interest rate between 2.5% and 5%. In total, only 37.5% had an interest rate below 5% on their loans. In addition, 62.5% (20 companies) of SMEs surveyed had an interest rate more than 5% for their loans: 31.25% (10 companies) between 5% and 7.5%, 8.06% (5 businesses) between 7.5% and 10% and also 8.06% (5 companies) between 10% and 12.5%. These data are presented in the table below:

SMEs received loan with i<2,5% /Total sample's SMEs which received loan	SMEs received loan with 2,5%<i<5% /Total sample's SMEs which received loan	SMEs received loan with 5%<i<7,5% /Total sample's SMEs which received loan	SMEs received loan with 7,5%<i<10% /Total sample's SMEs which received loan	Medium received loan with i>5% /Total Medium which received loan	SUM
12,50%	25,00%	31,25%	15,63%	15,63%	100,00%
37,50%		62,50%			100,00%

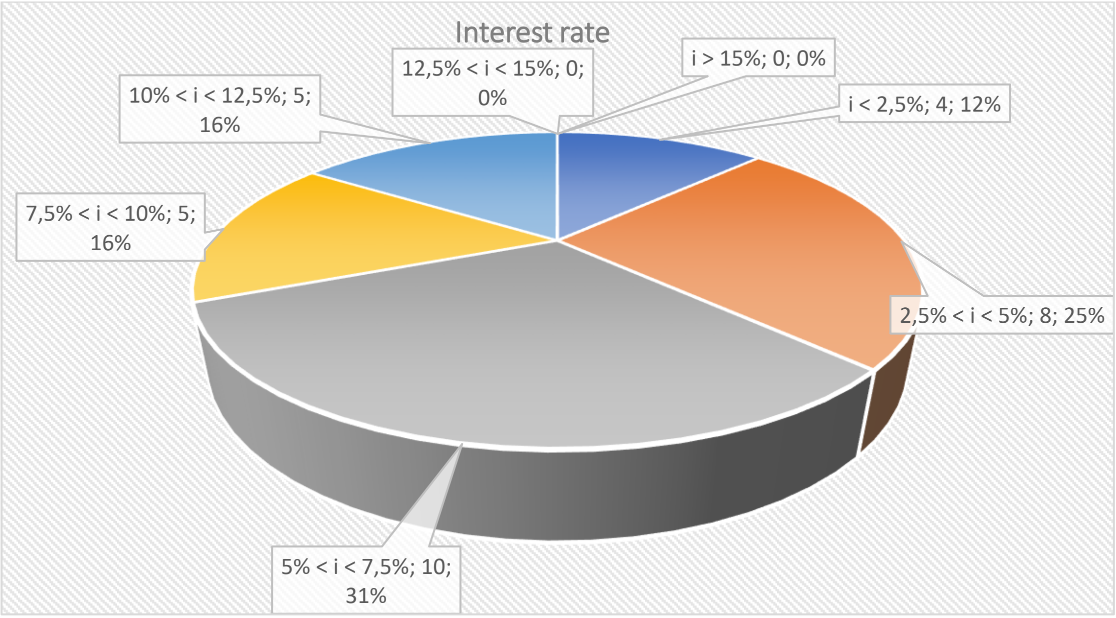


The above data show the high cost of borrowing for the sample's SMEs and are widely in line with the OECD (2020) Scoreboard for Financing SMEs and Entrepreneurship according to it the average borrowing rate of Greek SMEs formed at 4.64 % in 2018 which was the lowest of the last decade and has been steadily declining since 2012 when it was 6.87%. Although interest rates continue to fall in Greece they are among the largest in the Economic and Monetary Union (EMU) both for SMEs and large companies.

The above data are presented below in the form of tables and diagrams:

14	If you have received a bank loan to meet your business needs, specify the interest rate of the loan.	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers)	Cumulative frequency	SMEs received loan / Total sample
	i < 2,5%	4	6,45%	12,50%	12,50%	51,61%
	2,5% < i < 5%	8	12,90%	25,00%	37,50%	
	5% < i < 7,5%	10	16,13%	31,25%	68,75%	
	7,5% < i < 10%	5	8,06%	15,63%	84,38%	

	10% < i < 12,5%	5	8,06%	15,63%	100,00%	
	12,5% < i < 15%	0	0,00%	0,00%	100,00%	
	i > 15%	0	0,00%	0,00%	100,00%	
	SUM:	**32**		**100,00%**		



The results obtained from the answer of this question depending on the size of the companies are quite interesting. On the basis of these results, medium-sized companies borrow at interest rates below 5%. In small and micro enterprises, the results are different. In particular, 33.33% (4 companies) of small enterprises have borrowed at interest rates below 5% and the remaining 66.67% (8 companies) at interest rates above 5%. In addition, 29.41% of micro-enterprises (5 enterprises) have borrowed at interest rates below 5% while the remaining 70.59% (12 enterprises) have borrowed at interest rates above 5%. The data of lending rates depending on the size of the enterprises (medium, small, micro) of the sample are presented in the following tables:

MEDIUM				
	Absolute frequency	**Percentage frequency**	**Medium received loan / Total Medium**	**Medium received loan / Total sample**
i < 2,5%	1	33,33%	**100,00%**	**4,84%**
2,5% < i < 5%	2	66,67%		
5% < i < 7,5%	0	0,00%		
7,5% < i < 10%	0	0,00%		
10% < i < 12,5%	0	0,00%		
12,5% < i < 15%	0	0,00%		

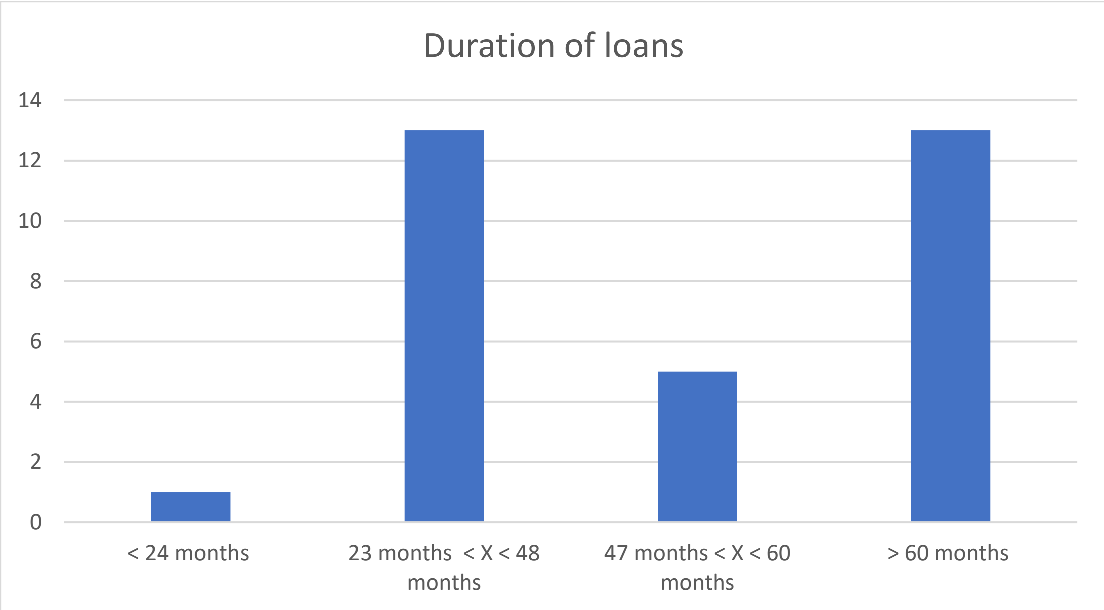
i > 15%	0	0,00%		
	3	100,00%		
SMALL				
	Absolute frequency	**Percentage frequency**	**Medium received loan/Total Small**	**Medium received loan/Total sample**
i < 2,5%	1	8,33%	**80,00%**	**19,35%**
2,5% < i < 5%	3	25,00%		
5% < i < 7,5%	4	33,33%		
7,5% < i < 10%	1	8,33%		
10% < i < 12,5%	3	25,00%		
12,5% < i < 15%	0	0,00%		
i > 15%	0	0,00%		
	12	**100,00%**		
MICRO				
	Absolute frequency	**Percentage frequency**	**Medium received loan/Total Micro**	**Medium received loan/Total sample**
i < 2,5%	2	11,76%	**38,64%**	**27,42%**
2,5% < i < 5%	3	17,65%		
5% < i < 7,5%	6	35,29%		
7,5% < i < 10%	4	23,53%		
10% < i < 12,5%	2	11,76%		
12,5% < i < 15%	0	0,00%		
i > 15%	0	0,00%		
	17	**100,00%**		

Finally, it should also be noted that following questions 11-13 above, a large number of companies in the sample did not answer question 14, which leads to the conclusion that they did not have access to bank financing at all.

Question 15: If you have received a bank loan to meet your business needs, specify the duration of the loan.

As mentioned above the question is related to question 14 and concerns one of the terms of the loans as well which in most cases indicates the purpose of the loan. For example, a loan to meet a company's current liquidity needs is usually of short-term and the bank seeks the loan to be repaid in less than 24 months or 48 months. There are also loans with a duration of more than 60 months which are usually associated with business plans for development reasons implemented by the borrowers. In the total sample of the survey concerning SMEs which received a loan, 43.75% of the loans taken have a duration of less than 48 months, while the remaining 56.25% concerns loans with a duration of more than 48 months, of which a percentage 40.63% are loans with a duration of more than 60 months. The answers of the total sample as regards the duration of the loans are presented below in the form of a table and a diagram:

15	If you have received a bank loan to meet your business needs, specify the duration of the loan	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers)	Cumulative frequency
	< 24 months	1	1,61%	3,13%	3,13%
	23 months < X < 48 months	13	20,97%	40,63%	43,75%
	47 months < X < 60 months	5	8,06%	15,63%	59,38%
	> 60 months	13	20,97%	40,63%	100,00%
	SUM:	**32**		**100,00%**	



All medium-sized businesses received a loan of more than 60 months. The fact that they are all manufacturing companies suggests that they used the loan to finance long-term operations and not just to meet current liquidity obligations as industrial companies often need to upgrade their mechanical equipment. In addition, 50% of small businesses received a loan over 60 months, while the results are different in the case of micro-enterprises, where 58.82% received a loan lasting 24 to 48 months and 23.53% a loan lasting over 60 months. The answers of the sample as regards the duration of medium-sized enterprises loans are presented below in the form of a table and a diagram:

MEDIUM				
	Absolute frequency	**Percentage frequency**	**Medium received loan/Total Medium**	**Medium received loan/Total sample**
< 24 months	0	0,00%	0,00%	0,00%
23 months < X < 48 months	0	0,00%	0,00%	0,00%

47 months < X < 60 months	0	0,00%	0,00%	0,00%
> 60 months	3	4,84%	100,00%	100,00%
	3	**4,84%**	**100,00%**	
SMALL				
	Absolute frequency	**Percentage frequency**	**Medium received loan/Total Small**	**Medium received loan/Total sample**
< 24 months	1	1,61%	8,33%	8,33%
23 months < X < 48 months	3	4,84%	25,00%	33,33%
47 months < X < 60 months	2	3,23%	16,67%	50,00%
> 60 months	6	9,68%	50,00%	100,00%
	12	**19,35%**	**100,00%**	
MICRO				
	Absolute frequency	**Percentage frequency**	**Medium received loan/Total Micro**	**Medium received loan/Total sample**
< 24 months	0	0,00%	0,00%	0,00%
23 months < X < 48 months	10	16,13%	58,82%	58,82%
47 months < X < 60 months	3	4,84%	17,65%	76,47%
> 60 months	4	6,45%	23,53%	100,00%
	17	**27,42%**	**100,00%**	

Finally, it should be noted that following the above questions 11-14, a large number of companies in the sample did not answer question 15, which leads to the conclusion that they did not have access to bank financing.

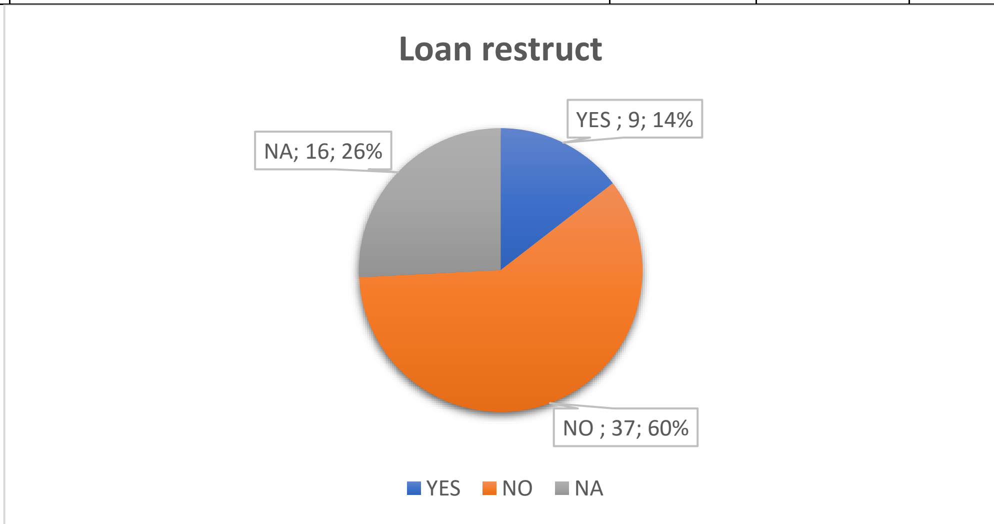
7.5.4 Results of the 4th Group of questions

This group of questions consists of quality questions 16-22 in which information is sought regarding loan restructuring and terms (questions 16-18), possible rejection of loan applications and their reasons (questions 19-21) and prioritization of the most important problems faced by the surveyed companies when submitting funding applications (question 22).

Question 16: Have you managed to restructure an old loan with the bank you collaborate with? (Answer Yes or No).

Of the companies that participated in the survey only 9 stated that they proceeded with the restructuring of an older loan which corresponds to 14.52% of the total sample. On the other hand, 37 companies stated that they did not proceed to restructuring of an older loan (59.68% of the total sample) while 16 did not answer the question (25.81%).

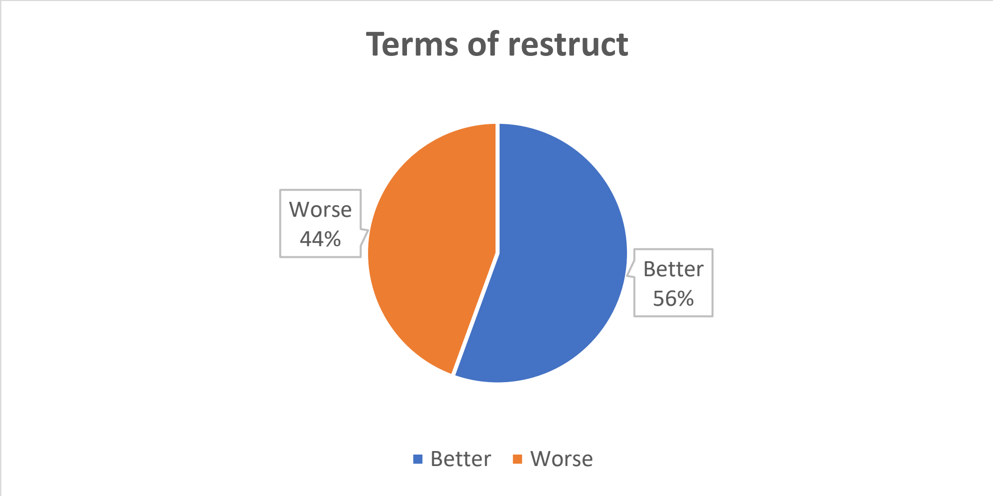
16	Have you managed to restructure an old loan with the bank you collaborate with? (Answer Yes or No).	Absolute frequency	Percentage frequency	Percentage frequency in total sample's answers
	YES	9	14,52%	19,57%
	NO	37	59,68%	
	NA	16	25,81%	
	SUM:	**62**	**100,00%**	



Question 17: If you answered YES to the above question, were the terms of the new loan (for restructuring) better or worse than the previous ones?

This question is directly related to question 16 and concerns only those companies of the sample which responded positively to question 16 i.e., they proceeded to a restructure of their previous loans. In this question, 55.56% of the answers referred to better terms of restructuring, while 44.44% referred to worse terms. The data are listed in the following table and diagram:

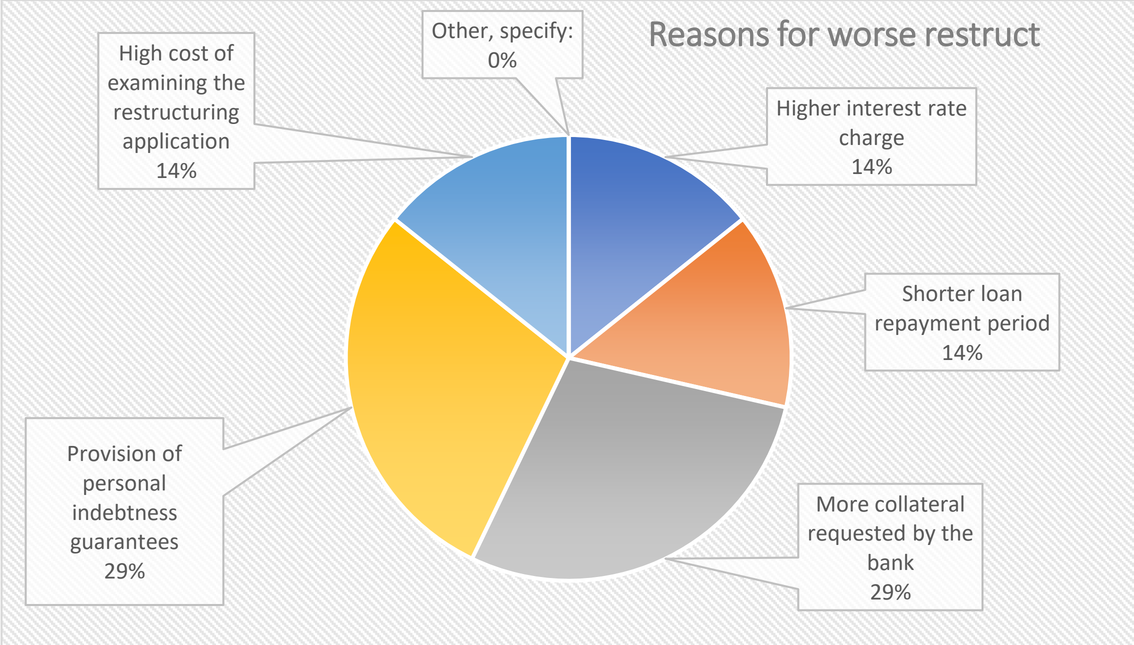
17	If you answered YES to the above question, were the terms of the new loan (for restructuring) better or worse than the previous ones?	Absolute frequency	Percentage frequency	Percentage frequency in total sample's answers
	Better	5	8,06%	55,56%
	Worse	4	6,45%	44,44%
	SUM:	**53**	**14,52%**	**100,00%**



Question 18: In case the terms of the restructured loan were worse, please specify:

This question is related to questions 16 and 17 and concerns only seven companies of the sample which answered that the terms of their loan restructuring were worse. The answers are divided among the suggested options and are presented as follows:

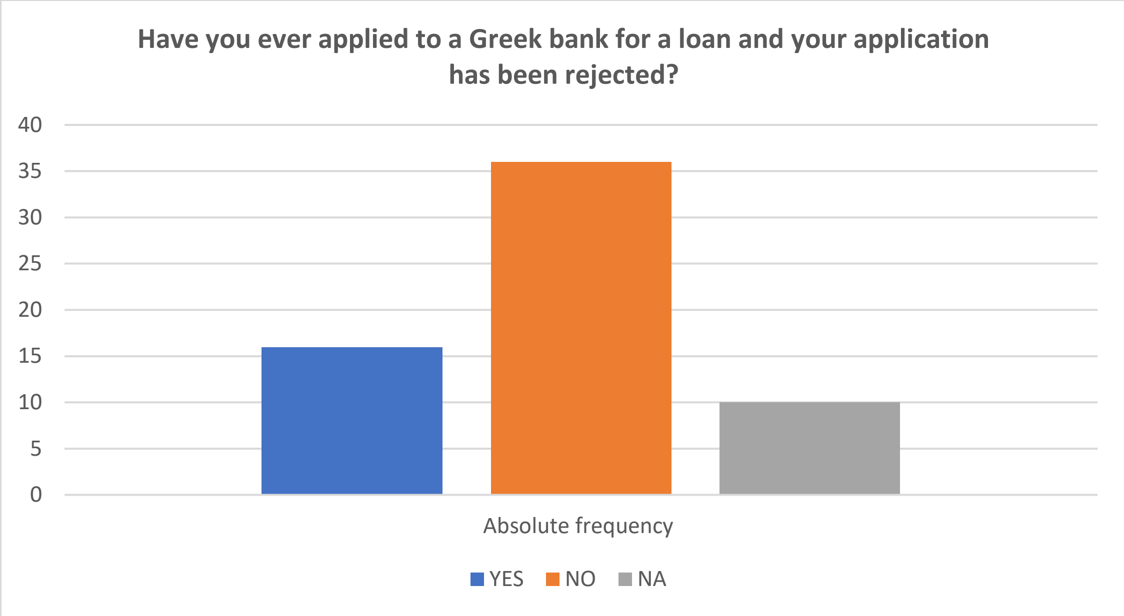
18	In case the terms of the restructured loan were worse, please specify:	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers
	Higher interest rate charge	1	1,61%	14,29%
	Shorter loan repayment period	1	1,61%	14,29%
	More collateral requested by the bank	2	3,23%	28,57%
	Provision of personal indebtness guarantees	2	3,23%	28,57%
	High cost of examining the restructuring application	1	1,61%	14,29%
	Other, specify:	0	0,00%	0,00%
	SUM:	**7**		**100,00%**



Question 19: Have you ever applied to a Greek bank for a loan and your application has been rejected?

To this question 58.06% of SMEs which participated in the survey answered negatively i.e., no application for a loan has been rejected (36 companies). On the contrary, 25.81% answered positively i.e., their application for a loan had been rejected in the past. 10 companies did not answer this question at all (16.13%). Data are presented in the following table and diagram. The non-rejection rates of the loan application are high in all categories of companies: for medium enterprises is 75%, for small 76.92% and for micro-ones 66.67%. These percentages were obtained in relation to the answers given by category of companies. The relevant tables are presented in the Annex.

19	**Have you ever applied to a Greek bank for a loan and your application has been rejected?**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	YES	16	25,81%	30,77%	30,77%
	NO	36	58,06%	69,23%	100,00%
	NA	10	16,13%	100,00%	
	SUM:	**62**	**100,00%**		

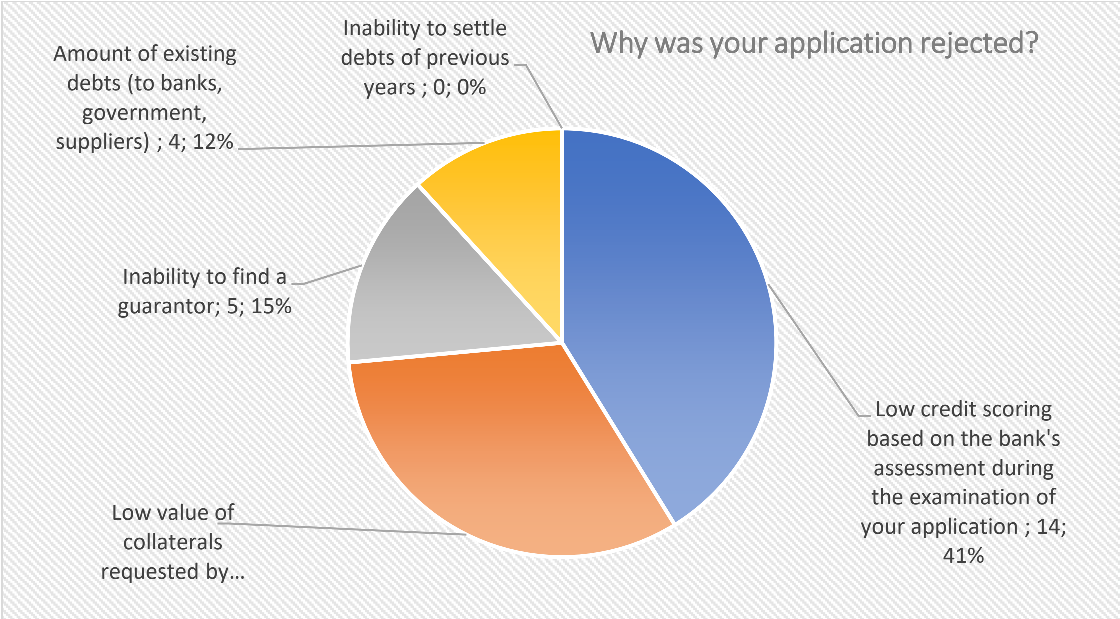


Question 20: If you answered YES to the above question, why was your application rejected? You can give more than one answer.

The main reason emerged for rejecting an application for a loan reported by SMEs who answered positively to question 19 was bank's low credit scoring (14 companies, 41.18%). Low credit rating is directly related to the decline in economic activity and Greece's GDP during the long-lasting period of prolonged economic crisis and recession. Actually, this is the main reason for the rejection of loan applications by banks and is related to the value of collaterals requested by the bank to hedge risks in case of non-compliance with the contractual obligations by the borrower which has a rate of 32.35% (11 companies). The low value of collateral is also linked to the long-term economic crisis that Greece went through during 2010-2018 and resulted in a significant decrease in the value of fixed assets (e.g., buildings, mechanical equipment) usually required by banks as hedging. The inability to find a guarantor is in the third place with a rate of 8.06% followed by the amount of existing debts of the company to third parties (banks, state, suppliers) having a rate of 6.45%. The following table includes cumulative data of the answers to the question:

20	**If you answered YES to the above question, why was your application rejected?**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	Low credit scoring based on the bank's assessment during the examination of your application	14	22,58%	41,18%	41,18%
	Low value of collaterals requested by the bank	11	17,74%	32,35%	73,53%
	Inability to find a guarantor	5	8,06%	14,71%	88,24%
	Amount of existing debts (to banks, government, suppliers)	4	6,45%	11,76%	100,00%
	Inability to settle debts of previous years	0	0,00%	0,00%	
	Other, specify:	**0**	**0,00%**	**0,00%**	

	SUM:	**34**		**100,00%**	

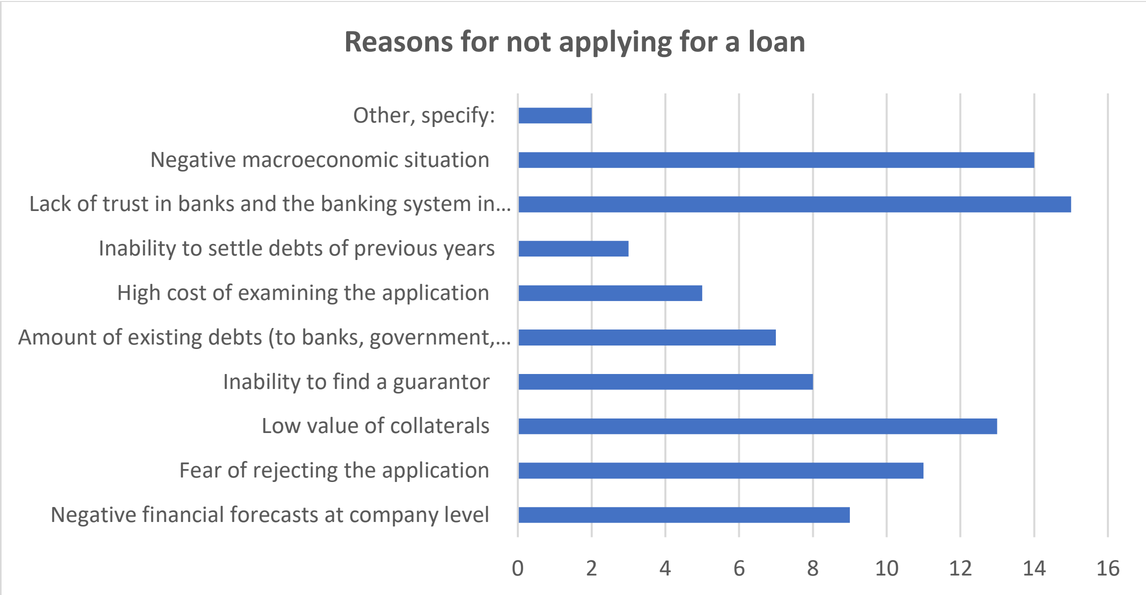


Question 21: If you did not apply for a loan, for what reason you decided so? (You can give more than one answer).

This question is addressed to those companies that did not apply for a loan in order to draw conclusions about the reasons that led them to this decision. The first reason two reasons that emerged from the survey are related to external reasons of companies which concern on the one hand, the lack of trust in banks and the banking system in general (17.24% of the answers given) and on the other hand, the negative macroeconomic situation (16.09% of the answers). The third reason is the low value of collateral at a rate of 14.94%, followed by fear of rejection which ranks fourth in a row (12.64%). The above results mean that a significant part (29.88%) of SMEs participated in the survey do not trust the Greek banking system at all for their financing. In addition, negative financial forecasts at company level (10.34%), the inability to find an individual as a guarantor (9.20%), the amount of existing debts to banks, state and suppliers (8.05%), the high cost of examining the loan application (5.75%) and finally, the inability to settle older debts (3.45%). The tables of the answers given according to companies' size are presented in the Annex and follow the results of the total sample of answers. The latter are presented in the form of a table and diagram below:

21	**If you did not apply for a loan, for what reason you decided so? (You can give more than one answer).**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	Negative financial forecasts at company level	9	14,52%	10,34%	10,34%
	Fear of rejecting the application	11	17,74%	12,64%	22,99%
	Low value of collaterals	13	20,97%	14,94%	37,93%
	Inability to find a guarantor	8	12,90%	9,20%	47,13%
	Amount of existing debts (to banks, government, suppliers)	7	11,29%	8,05%	55,17%

	High cost of examining the application	5	8,06%	5,75%	60,92%
	Inability to settle debts of previous years	3	4,84%	3,45%	64,37%
	Lack of trust in banks and the banking system in general	15	24,19%	17,24%	81,61%
	Negative macroeconomic situation	14	22,58%	16,09%	97,70%
	Other, specify:	2	3,23%	2,30%	100,00%
	SUM:	**87**		**100,00%**	



7.5.5 Results of the 5th Group of questions

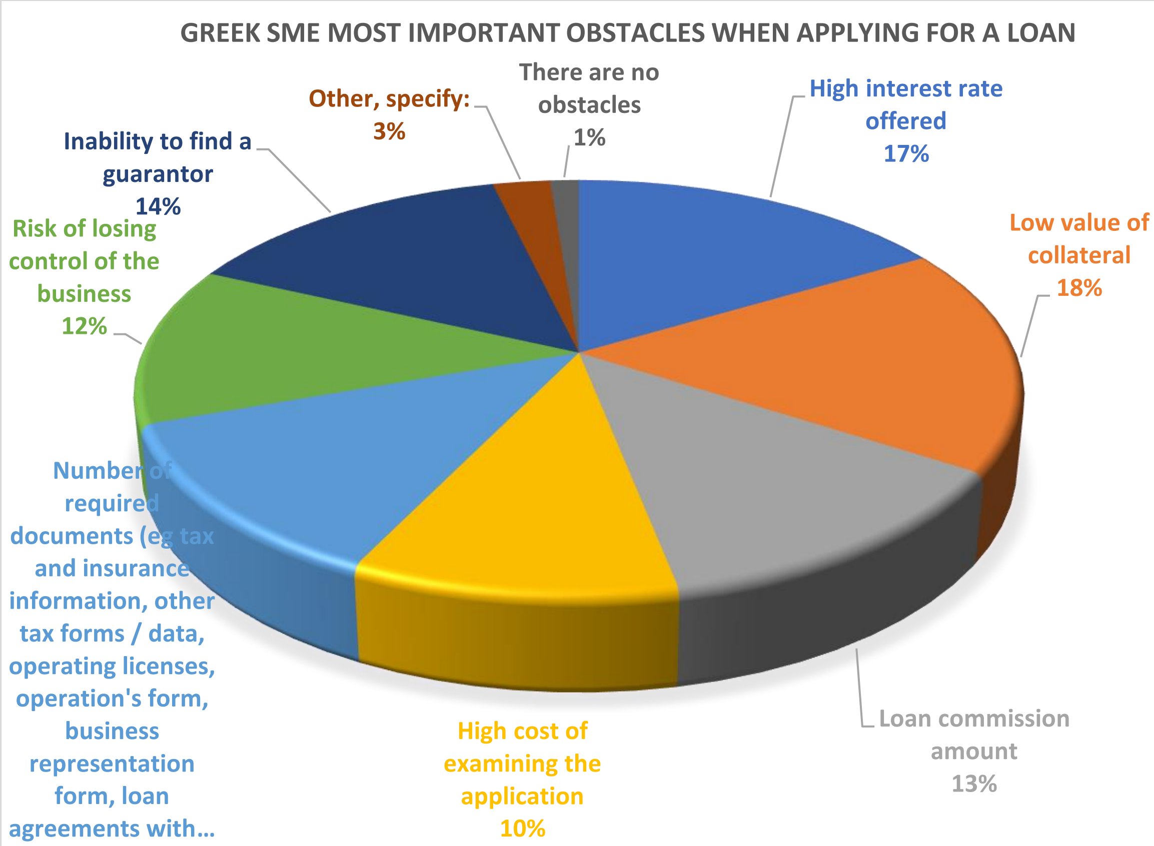
This set of questions consists of questions 22 and 23 which are based on the Likert scale (1932) and have the scope to prioritize the obstacles encountered by Greek SMEs while applying for a bank loan (question 21) as well as which financial instrument they consider as the most important for their growth in the near future (question 22).

Question 22: What do you consider to be the most important obstacle you face when applying for a loan from a Greek bank? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much).

The main obstacles faced by SMEs participated in the survey are the low value of collateral requested by banks to compensate the credit risk they undertake if they decide to provide the loan at a percentage of 17.70%, as well as the high interest rates they offer to potential borrowers (SMEs) with a percentage 16.46%. Actually, these are terms difficult to be fulfilled by the demand side (businesses). Unfortunately, the prolonged financial crisis led to a sharp decline in the value of real estate that can be used by enterprises to secure a loan which banks seek as insurance against their losses in the event of default by company's side. On the other hand, banks offer high interest rates which are of the highest among EMU member states in order to have profits at the highest level they can justifying their choice among other alternatives. However, in both cases, entrepreneurship and consequently the national economy finally lose. But banks, even in the event of default by the side of the borrower, anyway will register to their assets the properties declared by borrowers as collateral.

The inability of finding a guarantor follows with a percentage of 14.4%, a choice that prospective borrowers choose when they cannot meet the conditions set by banks to receive lending. The guarantor can be either an individual or a legal entity. But this option has further negative consequences for the national economy because it binds third party resources that could be used alternatively in investment projects for development reasons. Fourth in the rank with a rate of 12.76% is the commission for the issuance of a loan requested by banks to examine the loan application. This is followed by the bureaucracy with a rate of 12.35% i.e., banks red-tape before the provision of a loan and the fear of losing control of the business and finally, with a rate of 10.29% the high cost of examining the loan application. The details of the answers concerning the aggregate sample are presented in the table and diagram below:

	What do you consider to be the most important obstacle you face when applying for a loan from a Greek bank? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much).	**Absolute frequency**	**Percentage frequency**	**Cumulative frequency (Αθροιστική συχνότητα)**	**Standard Deviation**	**Confidence Interval 95%**
22	High interest rate offered	40	16,46%	16,46%	1,279096834	0,324829774
	Low value of collateral	43	17,70%	34,16%	1,830669646	0,46490304
	Loan commission amount	31	12,76%	46,91%	1,881986164	0,477934996
	High cost of examining the application	25	10,29%	57,20%	1,636871353	0,415687489
	Number of required documents (eg tax and insurance information, other tax forms / data, operating licenses, operation's form, business representation form, loan agreements with other banks, etc.)	30	12,35%	69,55%	2,091491961	0,531139506
	Risk of losing control of the business	30	12,35%	81,89%	2,224571408	0,564935358
	Inability to find a guarantor	35	14,40%	96,30%	1,946598909	0,494343561
	Other, specify:	6	2,47%	98,77%	0,957427108	0,243140959
	There are no obstacles	3	1,23%	100,00%	-	-
	SUM:	**243**	**100,00%**			



The sectoral analysis of the answers to the question does not show significant differences in relation to the overall sample. Nevertheless, there are some trends worth mentioning. In particular, SMEs in the service sector with even greater frequency (18.32%) highlighted the issue of high amounts of collateral required by banks as well as the level of loan commission (15.27%), while the amount of interest rate offered appears in this category lower (15.27%) than in the sample as a whole. In contrast, SMEs in the trade sector highlighted both the issue of high interest rates offered (23.08%) and the required collateral (23.08%) but at an even lower frequency (7.69%) loan's commission. Furthermore, SMEs in the manufacturing sector highlight highest interest rates offered as the most important problem with the highest frequency (18.18%) in relation to the result of the total sample while in the second place along with the high value of collateral requested is the fear of losing control of business (15.55%). In terms of business size analysis, the data are close to those of the overall sample with small differences. The results concerning the medium-sized companies in the sample are balanced between the answers given. The tables with the results by size category and sector are shown in Annex.

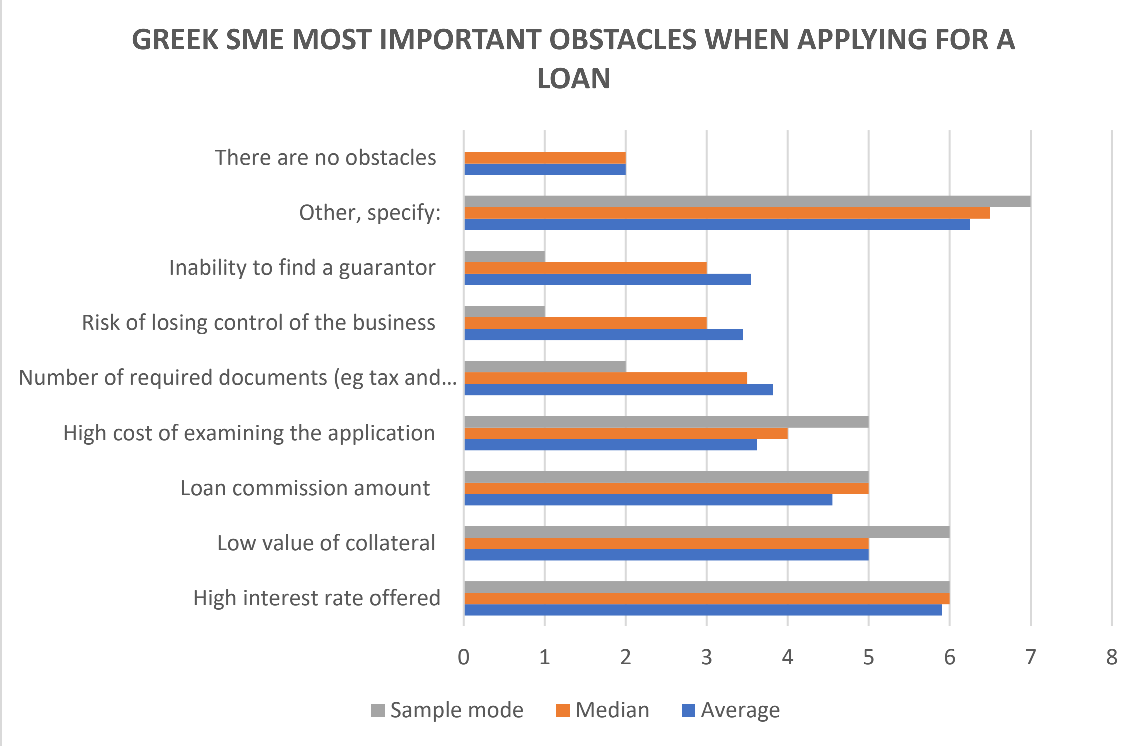
According to the average of the sample, first in the rank problem faced by SMEs of the sample is interest rates offered (average 5.9). This is in line with the OECD Scoreboard data (2020) which highlight the high average of interest rates offered to SMEs in Greece in relation to other countries of the European Union. The low value of collateral (average 5) Is in the second place followed by the commission requested by banks for the examination of loan application (average 4.6). Bank's bureaucracy with an average of 3.8 comes afterwards followed by the high cost of examining the loan application with an average of 3.6, the inability to find a guarantor with an average of 3.5 and the fear of lack of business control follows (3.44%).

In terms of skewness, the distributions of high interest rate offered, the low value of collateral, the loan supply and the high cost of examining the loan application have a negative value[147] i.e., most of their values are to the right of the respective means of allocations and are larger than these. On the contrary, as regards the distributions of bureaucracy, fear of lack of company's control and the inability to find a guarantor have a positive value i.e., most of their prices are before the respective means and are lower than them. Regarding kurtosis, the distribution of high interest rate offered is extremely positive i.e., its prices are very close to the average and it is subtle. The distribution of the low value of collateral is also positive but with a kurtosis value very close to 0, therefore it is characterized as intermediate. On the contrary, the rest of the distributions have negative values which means that they are flat i.e., their values are scattered in relation to the average. The sample mode for the first two options of the high offered interest rate and the low value of collateral is 6, followed by the commission requested by the bank and the high cost of examining the loan application (5). A relevant table and diagram follow:

What do you consider to be the most important obstacle you face when applying for a loan from a Greek bank? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much).	**Average**	**Median**	**Sample mode**	**Skewness**	**Kurtosis**
High interest rate offered	5,90625	6	6	-2,182011744	6,494761206
Low value of collateral	5	5	6	-0,976492079	0,046293543
Loan commission amount	4,551724138	5	5	-0,32812374	-0,88765374
High cost of examining the application	3,625	4	5	-0,307206914	-1,31202489
Number of required documents (eg tax and insurance information, other tax forms / data, operating licenses, operation's form, business representation form, loan agreements with other banks, etc.)	3,821428571	3,5	2	0,071428571	-1,52598535
Risk of losing control of the business	3,444444444	3	1	0,226672294	-1,56410427
Inability to find a guarantor	3,548387097	3	1	0,25540049	-1,03604892
Other, specify:*	6,25	6,5	7	-0,854563038	-1,2892562
There are no obstacles*	2	2	-	-	-

** Χαμηλό δείγμα τιμών.*

[147] In Excel the value 3 is subtracted and therefore the limit for determining the curvature in Excel is 0 instead of 3 as defined in the relevant formula (Hellenic Open University, https://www.onlineclassroom.gr/).



From the sectoral analysis of the answers to the question it is worth mentioning that SMEs in the trade sector have emerged both the high cost of examining the application (5 vs. 3.62 of the total sample) and the bureaucracy of banks at a high position in the scale (5.33 vs. 3.82 of the total sample). On the contrary, manufacturing companies ranked bureaucracy of banks in a lower position (2.71 vs. 3.82 of the total sample) as well as the fear of losing the business (2.57 vs. 3.44 of the total sample) and the inability to find a guarantor (2,57 versus 3.54 of the total sample). Companies in service sector generally follow the distributions of the sample answers with the exception of the impossibility of finding a guarantor which receives an average price higher (4.25 vs. 3.54). There were no significant deviations from the results of the aggregate sample as regards the rest of the possible answers. In the three categories of SME sectors that participated in the survey, high interest rate offered is ranked as the first problem faced by sample's SMEs based on the average while the sample mode is at high levels of the scale (5 or 6).

In terms of business size there is a convergence of the responses of micro-enterprises with those of the total sample with a slight increase in the fear of losing control of business and the inability to find a guarantor (4.16 and 4.04 versus 3.44 and 3.54 of the total sample, respectively), while in the other two categories (small, medium) significant differences are observed. In particular, the small companies of the sample while highlighting the high interest rate offered at the top of the problems with an average of 6, on the other hand they degrade the value of collateral requested by an average of 3.9 against 5 of the sample and a sample mode of 1 against 6 of the total sample. The average value of the risk of losing business (1.75 vs. 3.44 of the total sample) and the inability to find a guarantor (2.13 vs. 3.54 of the total sample) are lower as well. Furthermore, in medium-sized enterprises all the averages of the proposed answers are much lower than those of the overall sample, except the one of high interest rate offered which is still the first problem faced by the sample of medium-sized enterprises with an average of 5 versus 5.9 of the aggregate sample.

The tables of the answers to the question according to the business sector of the sample and their size are presented in Annex.

Question 23: Which of the following do you consider most important for the support and growth of your business in the near future? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very much, 7 Too much).

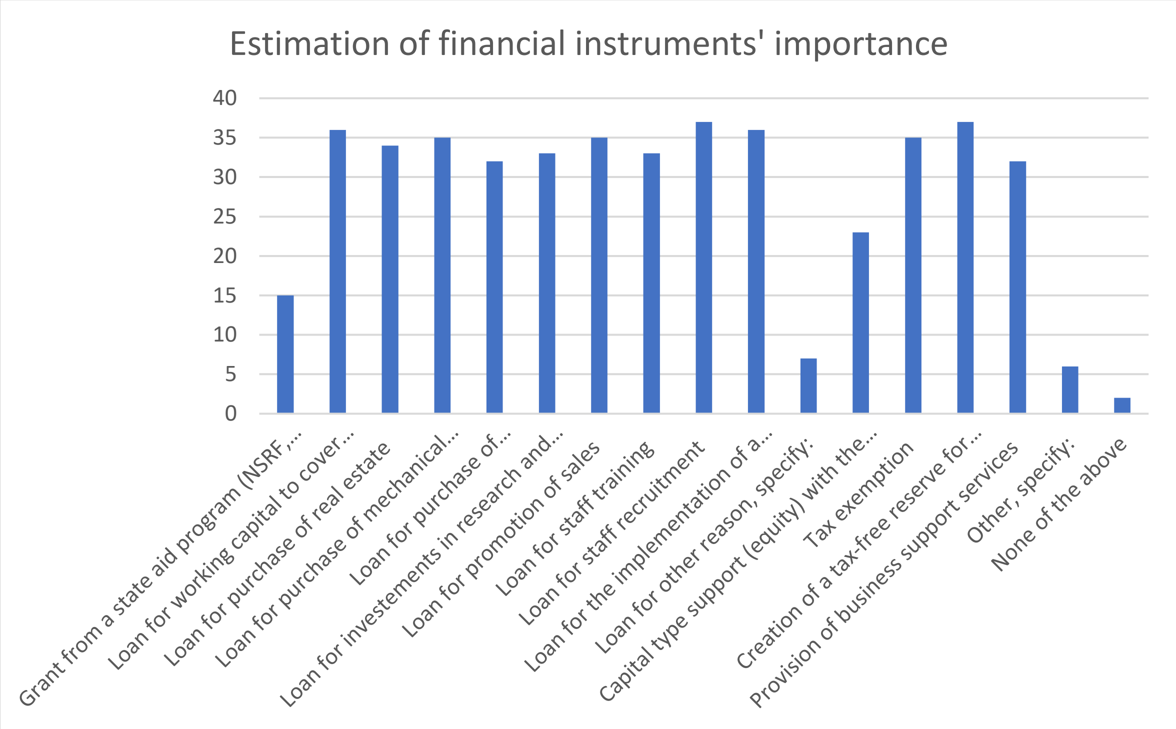
At first glance the choices of SMEs surveyed are really balanced between individual loan answers, tax incentives and business support services which ranged from 6.77% to 7.82% of total answers. The preference for receiving capital type aid (equity, venture capital) with a rate of 4.86% follows while the fact that receiving a grant amounts only 3.17% of the sample responses, is really impressive. An important reason for the low degree of preference for grants has to do with the fact that in order to implement a business plans accepted in a state aid program, companies need immediate liquidity as they receive the grant after the implementation of its approved expenditures. As economic conditions deteriorated significantly in the decade 2010-2018 and the same unfortunately happens since 2020 due to the COVID-19 pandemic, businesses and especially SMEs face significant liquidity problems so they need bank lending even to implement their business plans and to receive the corresponding grant after the implementation of the approved eligible costs.

However, by adding up the individual options related to borrowing it turns out that borrowing for all the reasons given in this question amounts to an extremely high percentage of 68.29% of sample's responses. This means that sample's SMEs, although many of them were not even became borrowers in previous years and although many of those who received loans faced high lending rates, still want to be financed with a bank loan suitable to meet their needs which, as can be seen from the individual options are quite different. If 7.61% related to the provision of short-term working capital is deducted from 68.29%, the remaining 60.68% concerns the implementation of development expenditures. Which suggests that SMEs that participated in the survey really want to proceed with the implementation of investment plans even through negative economic trends. Facilitating their funding must therefore be a political priority that will be transformed into relevant public policies. Strengthening SME financing will make a positive contribution to creating conditions for sustainable economic growth both in the short term by supporting business liquidity to meet current needs and in the context of a long - term development policy.

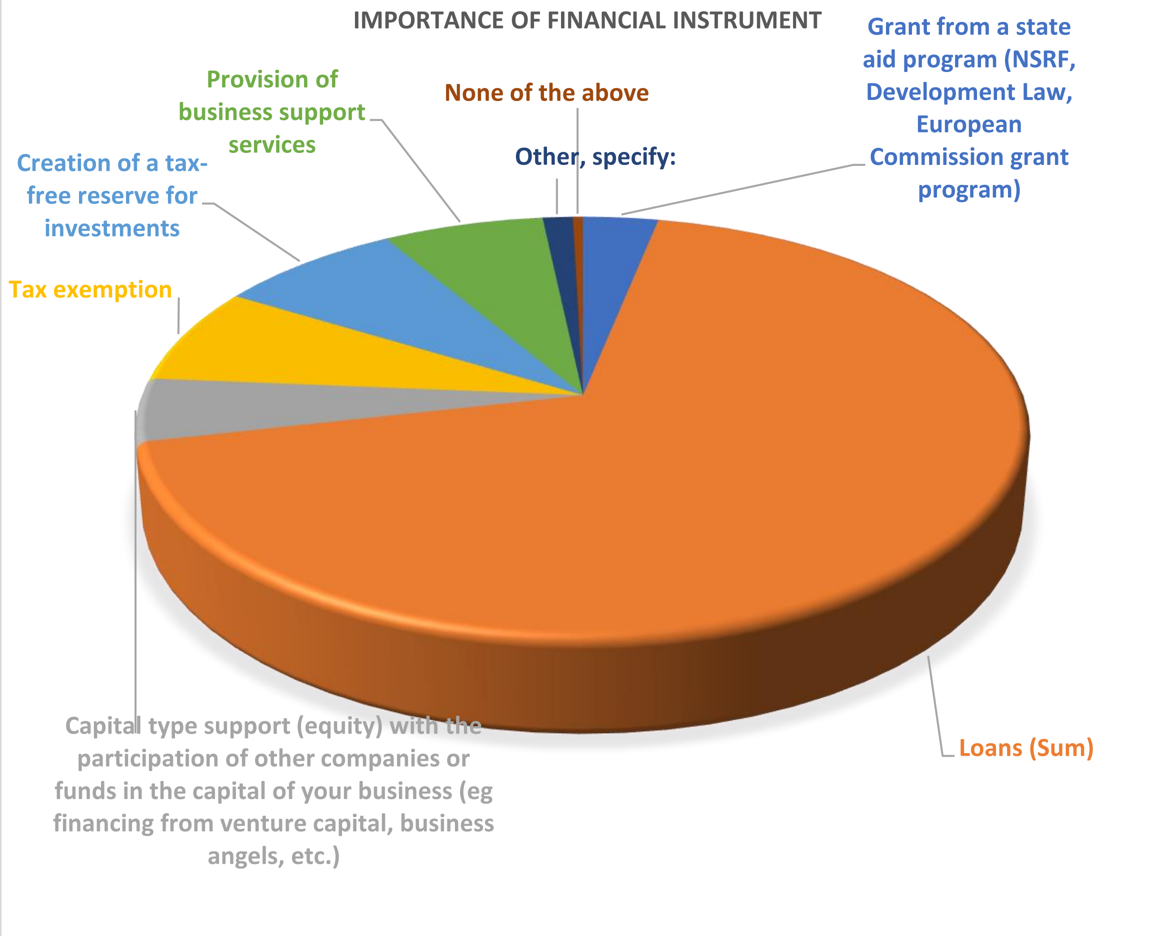
Furthermore, the sectoral analysis of sample's responses shows that 67.07% of SMEs activated in the service sector have applied for a loan of any kind. The corresponding percentage for SMEs activated in the trade sector amounts to 71.76% and for SMEs activated in the manufacturing sector is 66.36%. In addition, the analysis by size of enterprises shows that medium-sized enterprises of the sample want to take a loan of any kind at a rate of 58.62%, the small ones at a rate of 66.67% and micro-ones at a rate of 69.25%. As can be seen by the results of the aggregate sample, sectoral analysis and the analysis based on the size of the enterprises, there is a significant need for strengthening enterprises through bank lending. Relative table and diagrams follow:

23	Which of the following do you consider most important for the support and growth of your business in the near future? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much).	Absolute frequency	Percentage frequency	Cumulative frequency (Αθροιστική συχνότητα)	Standard Deviation	Confidence Interval 95%
	Grant from a state aid program (NSRF, Development Law, European Commission grant program)	15	3,17%	3,17%	1,882247896	0,478001463
	Loan for:	5	1,06%	4,23%	3,286335345	0,83457291
	Loan for working capital to cover short-term liquidity	36	7,61%	11,84%	1,848302203	0,469380871
	Loan for purchase of real estate	34	7,19%	19,03%	2,247473329	0,570751356
	Loan for purchase of mechanical equipment	35	7,40%	26,43%	1,984790654	0,504042448
	Loan for purchase of vehicles/transportation means for production reasons	32	6,77%	33,19%	1,74336299	0,442731301
	Loan for investements in research and development	33	6,98%	40,17%	2,171665037	0,551499655
	Loan for promotion of sales	35	7,40%	47,57%	1,942350965	0,493264785
	Loan for staff training	33	6,98%	54,55%	1,475608131	0,374734299
	Loan for staff recruitment	37	7,82%	62,37%	1,938676616	0,492331675
	Loan for the implementation of a business plan approved by a State-aid financing program	36	7,61%	69,98%	2,211822069	0,561697632
	Loan for other reason, specify:	7	1,48%	71,46%	1,511857892	0,383940015
	Capital type support (equity) with the participation of other companies or funds in the capital of your business (eg financing from venture capital, business angels, etc.)	23	4,86%	76,32%	2,519190415	0,639754576
	Tax exemption	35	7,40%	83,72%	2,345611634	0,59567382
	Creation of a tax-free reserve for investments	37	7,82%	91,54%	2,079861973	0,528186042
	Provision of business support services	32	6,77%	98,31%	1,883716299	0,478374368

	Other, specify:	6	1,27%	99,58%	1,966384161	0,499368074
	None of the above	2	0,42%	100,00%	-	-
	SUM:	**473**	**100,00%**			



Which of the following do you consider most important for the support and growth of your business in the near future? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much).	**Absolute frequency**	**Percentage frequency**
Grant from a state aid program (NSRF, Development Law, European Commission grant program)	15	3,17%
Loans (Sum)	**323**	**68,29%**
Capital type support (equity) with the participation of other companies or funds in the capital of your business (eg financing from venture capital, business angels, etc.)	23	4,86%
Tax exemption	35	7,40%
Creation of a tax-free reserve for investments	37	7,82%
Provision of business support services	32	6,77%
Other, specify:	6	1,27%
None of the above	2	0,42%
SUM	**473**	**100,00%**



Taking into account the average, we observe that the SMEs that participated in the survey and answered this question consider as most important for their support and growth the provision of grants with average 5.6 and sample mode 7, followed by the short-term liquidity working capital loan with sample mode 6. They are followed by the option for the creation of a tax-free reserve for future investments (average 4.7) and sample mode 7 followed by a tax reduction of an average 4.23 and sample mode 7.

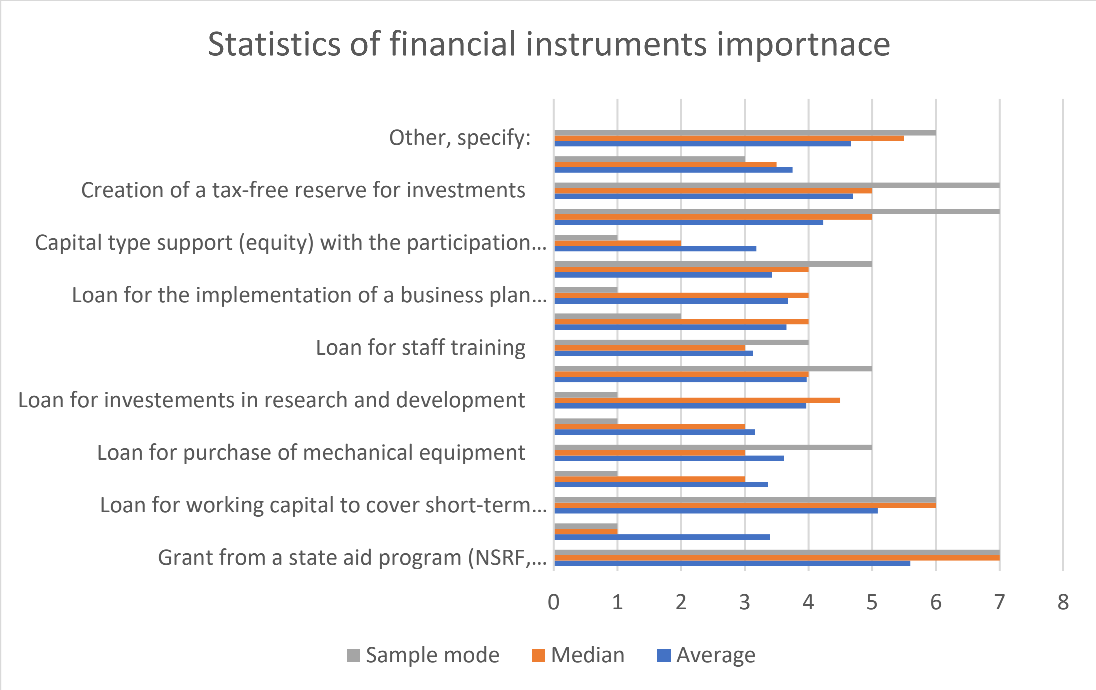
The sectoral analysis of the answers to the question shows that manufacturing SMEs consider as most important for their support and growth the provision of working capital with an average 5.2 and sample mode 5, followed by the creation of a tax-free reserve for future investments with an average 4.11 and sample mode 3, and the receipt of a grant with an average of 4. On the other hand, trade sector SMEs also highlight the receipt of short-term liquidity working capital with an average 6 and sample mode 6 together with the receipt of a grant receiving the same prices, followed by the creation of a tax-free reserve for future investments with an average 4.8 and sample mode 5. Finally, SMEs in the service sector see grants as more important with average 6 and sample mode 7, followed by the creation of a tax-free reserve for future investments with average 5.28 and sample mode 6, the reduction of taxation with average 5.13 and sample mode 5 and the receipt of short-term liquidity working capital with average 3.91 and sample mode 4.5.

The analysis according to the size of the enterprises shows that micro enterprises rank first the need to receive a grant with average 6.25 and sample mode 7 which is followed by the provision of a short-term liquidity working capital loan with average 5.11 and sample mode of 6. On the other hand, small businesses consider as most crucial the provision of short-term liquidity working capital loans with average 5.06 and sample mode 5, followed by grants with average 4.86 and sample mode 4, tax reduction with average 4.46 and sample mode 7 and the creation of a tax-free reserve for investments with average 4.58 and sample mode 7 as well. Finally, medium-sized enterprises are the first to highlight most crucial the investment in research and development with average 5.5, followed in order by the creation of a tax-free reserve for investments with average of 5, the provision of support services with average 4.5 and the receipt of a working capital loan of short-term cash with average 4.33.

The tables with the data by sector and size of companies are showed in the Annex.

Which of the following do you consider most important for the support and growth of your business in the near future? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much).	**Average**	**Median**	**Sample mode**	**Skewness**	**Kurtosis**
Grant from a state aid program (NSRF, Development Law, European Commission grant program)	5,6	7	7	-1,254703238	0,93712479
Loan for:	3,4	1	1	0,608580619	-3,33333333
Loan for working capital to cover short-term liquidity	5,088235294	6	6	-1,054831722	-0,03918698
Loan for purchase of real estate	3,363636364	3	1	0,357744163	-1,4182798
Loan for purchase of mechanical equipment	3,617647059	3	5	0,116951581	-1,4037385
Loan for purchase of vehicles/transportation means for production reasons	3,15625	3	1	0,095543593	-1,33015474
Loan for investements in research and development	3,96875	4,5	1	-0,226825824	-1,33718489
Loan for promotion of sales	3,970588235	4	5	-0,061043954	-1,09646759
Loan for staff training	3,125	3	4	-0,036143291	-1,10588222
Loan for staff recruitment	3,657142857	4	2	0,231594154	-1,1202427
Loan for the implementation of a business plan approved by a State-aid financing program	3,676470588	4	1	0,151288749	-1,4205247
Loan for other reason, specify:	3,428571429	4	5	-0,620097964	-0,809375
Capital type support (equity) with the participation of other companies or funds in the capital of your business (eg financing from venture capital, business angels, etc.)	3,181818182	2	1	0,619798937	-1,39404103
Tax exemption	4,235294118	5	7	-0,242241289	-1,4673863

Creation of a tax-free reserve for investments	4,702702703	5	7	-0,57813434	-0,9565364
Provision of business support services	3,75	3,5	3	-0,0772168	-1,23766771
Other, specify:	4,666666667	5,5	6	-1,674699946	2,66646849
None of the above	-	-	-	-	-



7.5.6 Results of the 6th group of questions

This group of questions includes questions 24-26 and aims at diagnosing the future financing needs of Greek SMEs, either with loan funds (question 24), equity or venture capital support (question 25), or with a grant. (Question 26). Informing public authorities in charge to design and implement programs to facilitate SMEs in financing their funding needs is a prerequisite for the success of these programs and the more efficient use of public resources. Most of the times, if not all at least in the case of Greece, financing of financial instrument programs is not based on the diagnosis of the real needs of the demand side but according to the resources available over time (e.g., European Structural and Investment Funds) and the availability of resources by the banking system (e.g., for co-investment funds). However, this approach that has prevailed in public policy makers leads the state to just manage the available resources without any substantial planning to meet the real needs of SMEs. What dominates among those in charge for public policy making is the logic of simply absorbing available resources instead of covering the demand side's real needs. The allegations that public funds are available to fill the financial gap created do not substantially answer the question given that, as in the case of Entrepreneurship Fund I which focused exclusively at SMEs and is presented in a special section of the dissertation, the available resources (public and private) and the total loan disbursements amount to extremely low percentages of total corporate lending. In particular, loan disbursements of all programs of the Entrepreneurship Fund I in 2016 (year of completion of the fund programs) amounted to a total of 743.5 million euro, which was only 1.54% of total lending to Greek SMEs and 0.88% of total lending to all Greek companies in 2016[148]. Respectively, the disbursements of loans of the Interim Entrepreneurship Fund in the framework of which only the action "Business Restart" of the Entrepreneurship Fund I continued to be implemented for the provision of working capital loans to the Greek SMEs, in 2019 (year of completion of the program) amounted to 121 million which accounted for only 0.3% of total lending to Greek SMEs and 0.16% of total lending to all Greek companies in 2018[149]. As can be seen from the analysis of the data, the results of these two funds which are pointed out to be the most important financial instruments for the support of Greek SMEs, were meager in terms of loan financing for this large category of companies. This proves that the loans of the Greek SMEs are in their vast majority loans that have not been provided through funds created with the co-investment of public and private funds but loans that belong to the category of traditional bank lending.

It is therefore reasonable to argue that public policies to facilitate SMES access to finance should further on base on the real needs of companies, that is to take the demand side's needs seriously and not just simply rely on assumptions about the amount of the financial gap and ways of how such gap should be filled. The 6th group of questions aims at highlighting the real demand for funds by SMEs.

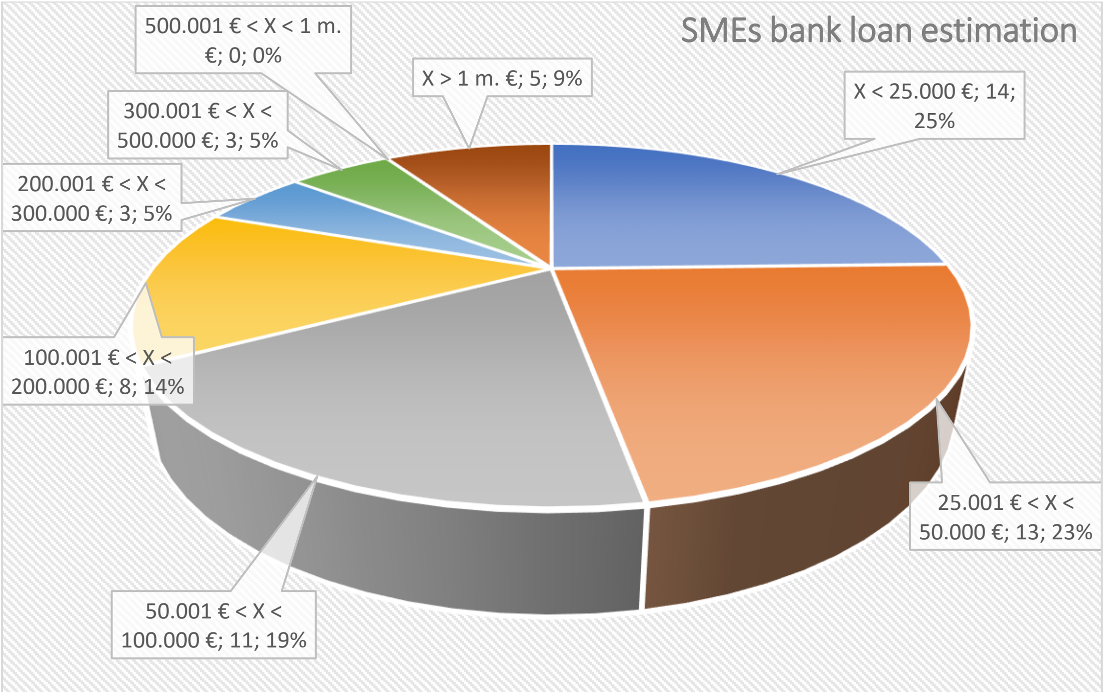
Question 24: Which amount of a bank loan do you estimate can cover your enterprise's current / short-term liquidity needs?

Question 24 gathers information on the lending needs of SMEs that participated in the survey at suggested prices. According to the answers given by 57 of the 62 SMEs in the sample, almost half of the loans (47.37%) are for amounts under 50,000 euro, while two out of three loans refer to amounts under 100,000 euro. At the same time, 30.65% of the total sample seeks for a loan of more than 100,000 euro. As will be seen below, the responses of the aggregate sample are influenced by the dominance of micro-enterprises to it. The data for the aggregate sample are presented in the following table and diagram:

24	**Which amount of a bank loan do you estimate can cover your enterprise's current / short-term liquidity needs? - Ποιο ποσό τραπεζικού δανείου εκτιμάτε ότι μπορεί να καλύψει τις τρέχουσες/βραχυπρόθεσμες ανάγκες ρευστότητας της επιχείρησής σας;**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	X < 25.000 €	14	22,58%	24,56%	24,56%
	25.001 € < X < 50.000 €	13	20,97%	22,81%	47,37%
	50.001 € < X < 100.000 €	11	17,74%	19,30%	66,67%
	100.001 € < X < 200.000 €	8	12,90%	14,04%	80,70%
	200.001 € < X < 300.000 €	3	4,84%	5,26%	85,96%

[148] See OCED (2020).
[149] As above.

	300.001 € < X < 500.000 €	3	4,84%	5,26%	91,23%
	500.001 € < X < 1 m. €	0	0,00%	0,00%	91,23%
	X > 1 m. €	5	8,06%	8,77%	100,00%
	SUM:	**57**		**100,00%**	



The analysis of the sample responses by size of companies is of great interest as different preferences are observed between the sizes. In particular, all medium-sized enterprises which belong to the manufacturing sector chose the need for a loan of more than 1 million euro. Small businesses 78.57% answered that they need a loan over 100,000 euros with the majority of answers (64.29%) to concern loans between 100,000 euro and 500,000 euro. Finally, micro enterprises at a rate of 67.5% chose the need for a loan of less than 50,000 euros while 87.5% chose a loan of less than 100,000 euro.

The differentiation presented in the sample responses between the individual categories of SMEs is an important finding that public policy makers should take into account in order to facilitate SMEs' access to finance. It seems that indeed that medium-sized enterprises have different needs than those of small and micro-enterprises where differences are presented between the latter two categories as well. The needs of SMEs largely shape the context of each financial instrument program accompanied by its purpose and budget. These elements are fundamental in order to determine each target group and based on this, to form the respective financial instruments and to determine the amount of public resources for financing each target group. Respectively, the expected results from each financial instrument will be obtained. The data concerning the needs of the individual categories of SMEs are presented in the following tables:

MEDIUM

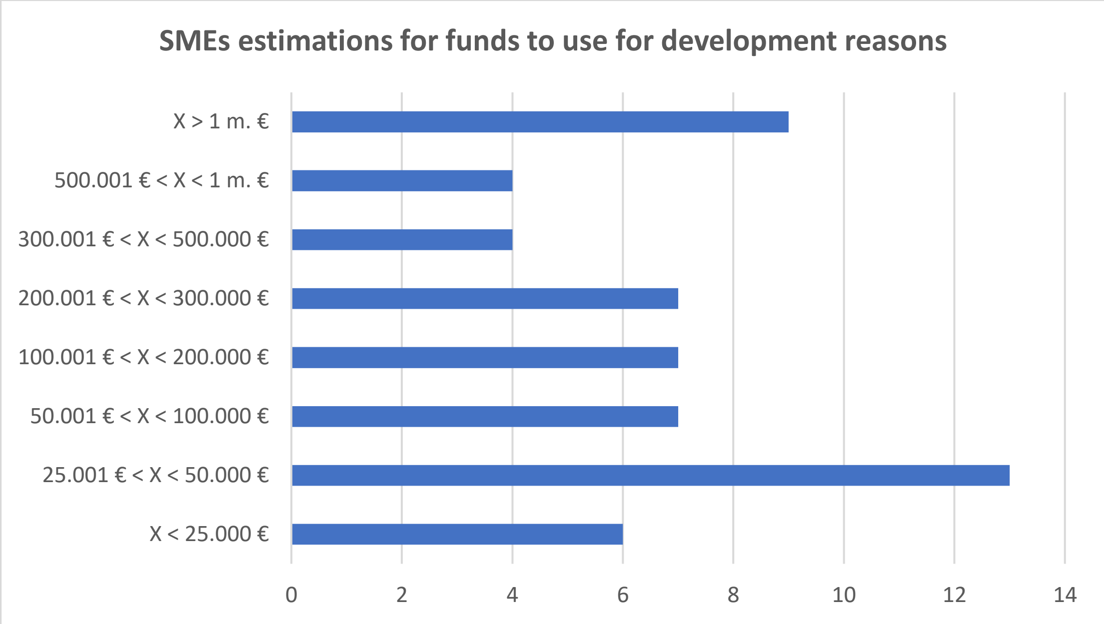
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	0	0,00%	0,00%	0,00%
25.001 € < X < 50.000 €	0	0,00%	0,00%	0,00%
50.001 € < X < 100.000 €	0	0,00%	0,00%	0,00%
100.001 € < X < 200.000 €	0	0,00%	0,00%	0,00%
200.001 € < X < 300.000 €	0	0,00%	0,00%	0,00%
300.001 € < X < 500.000 €	0	0,00%	0,00%	0,00%
500.001 € < X < 1 m. €	0	0,00%	0,00%	0,00%
X > 1 m. €	3	4,84%	100,00%	100,00%
	3		**100,00%**	
SMALL				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	0	0,00%	0,00%	0,00%
25.001 € < X < 50.000 €	0	0,00%	0,00%	0,00%
50.001 € < X < 100.000 €	3	4,84%	21,43%	21,43%
100.001 € < X < 200.000 €	6	9,68%	42,86%	64,29%
200.001 € < X < 300.000 €	1	1,61%	7,14%	71,43%
300.001 € < X < 500.000 €	2	3,23%	14,29%	85,71%
500.001 € < X < 1 m. €	0	0,00%	0,00%	85,71%
X > 1 m. €	2	3,23%	14,29%	100,00%
	14		**100,00%**	
MICRO				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	14	22,58%	35,00%	35,00%
25.001 € < X < 50.000 €	13	20,97%	32,50%	67,50%
50.001 € < X < 100.000 €	8	12,90%	20,00%	87,50%

100.001 € < X < 200.000 €	2	3,23%	5,00%	92,50%
200.001 € < X < 300.000 €	2	3,23%	5,00%	97,50%
300.001 € < X < 500.000 €	1	1,61%	2,50%	100,00%
500.001 € < X < 1 m. €	0	0,00%	0,00%	
X > 1 m. €	0	0,00%	0,00%	
	40		**100,00%**	

Question 25: Which amount of bank loan or equity support do you think can meet the future growth needs of your business?

This question aims to obtain information on the financing needs of SMEs in order to develop their activities. The analysis of the answers shows that 45.61% of the SMEs that participated in the survey and answered this question chose their financing with a loan or equity for amounts under 100,000 euro, while the remaining 54.39% stated that for the development of its activities needs more than 100,000 euro. It is characteristic that only 33.33% of the sample i.e., 1 in 3 companies answered that for this purpose (development of activities) an amount of less than 50,000 euro is needed, while 15.79% answered that they need amounts of more than 1 million euro. The data of the answers are presented below in the form of a table and diagram:

25	**Which amount of bank loan or equity support do you think can meet the future growth needs of your business? - Ποιο ποσό τραπεζικού δανείου ή ενίσχυσης κεφαλαιακού τύπου (equity) εκτιμάτε ότι μπορεί να καλύψει τις μελλοντικές αναπτυξιακές ανάγκες της επιχείρησής σας;**	**Absolute frequency**	**Percentage frequency per proposed answer**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	X < 25.000 €	6	9,68%	10,53%	10,53%
	25.001 € < X < 50.000 €	13	20,97%	22,81%	33,33%
	50.001 € < X < 100.000 €	7	11,29%	12,28%	45,61%
	100.001 € < X < 200.000 €	7	11,29%	12,28%	57,89%
	200.001 € < X < 300.000 €	7	11,29%	12,28%	70,18%
	300.001 € < X < 500.000 €	4	6,45%	7,02%	77,19%
	500.001 € < X < 1 m. €	4	6,45%	7,02%	84,21%
	X > 1 m. €	9	14,52%	15,79%	100,00%
	SUM:	**57**		**100,00%**	



The analysis of the sample responses by size of companies in this question is of great interest as there are different preferences between sizes. In particular, all medium-sized enterprises which belong to the manufacturing sector also chose primarily that they need to obtain a loan or capital of business participations over 1 million euro. In addition, none of the small companies of the sample selected amounts below 50,000 euro. On the contrary, 92.86% of small businesses answered that they need a loan over 100,000 euro with the majority of the answers (57.14%) answering that for development purposes they need a loan or venture capital funds over 500,000 euro. Finally, 47.5% of micro-enterprises chose to need a loan or venture capital of less than 50,000 euro, while 40% range between 100,000 euro and 300,000 euro to finance the development of their activities. The results by size of companies are presented in the following table:

MEDIUM				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
	0	0,00%	0,00%	0,00%
X < 25.000 €	0	0,00%	0,00%	0,00%
25.001 € < X < 50.000 €	0	0,00%	0,00%	0,00%
50.001 € < X < 100.000 €	0	0,00%	0,00%	0,00%
100.001 € < X < 200.000 €	0	0,00%	0,00%	0,00%
200.001 € < X < 300.000 €	0	0,00%	0,00%	0,00%
300.001 € < X < 500.000 €	0	0,00%	0,00%	0,00%

500.001 € < X < 1 m. €	3	4,84%	100,00%	100,00%
X > 1 m. €	**3**		**100,00%**	
SMALL				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	0	0,00%	0,00%	0,00%
25.001 € < X < 50.000 €	0	0,00%	0,00%	0,00%
50.001 € < X < 100.000 €	1	1,61%	7,14%	7,14%
100.001 € < X < 200.000 €	1	1,61%	7,14%	14,29%
200.001 € < X < 300.000 €	3	4,84%	21,43%	35,71%
300.001 € < X < 500.000 €	1	1,61%	7,14%	42,86%
500.001 € < X < 1 m. €	4	6,45%	28,57%	71,43%
X > 1 m. €	4	6,45%	28,57%	100,00%
	14		**100,00%**	
MICRO				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	6	9,68%	15,00%	15,00%
25.001 € < X < 50.000 €	13	20,97%	32,50%	47,50%
50.001 € < X < 100.000 €	6	9,68%	15,00%	62,50%
100.001 € < X < 200.000 €	6	9,68%	15,00%	77,50%
200.001 € < X < 300.000 €	4	6,45%	10,00%	87,50%
300.001 € < X < 500.000 €	3	4,84%	7,50%	95,00%
500.001 € < X < 1 m. €	0	0,00%	0,00%	95,00%
X > 1 m. €	2	3,23%	5,00%	100,00%
	40		**100,00%**	

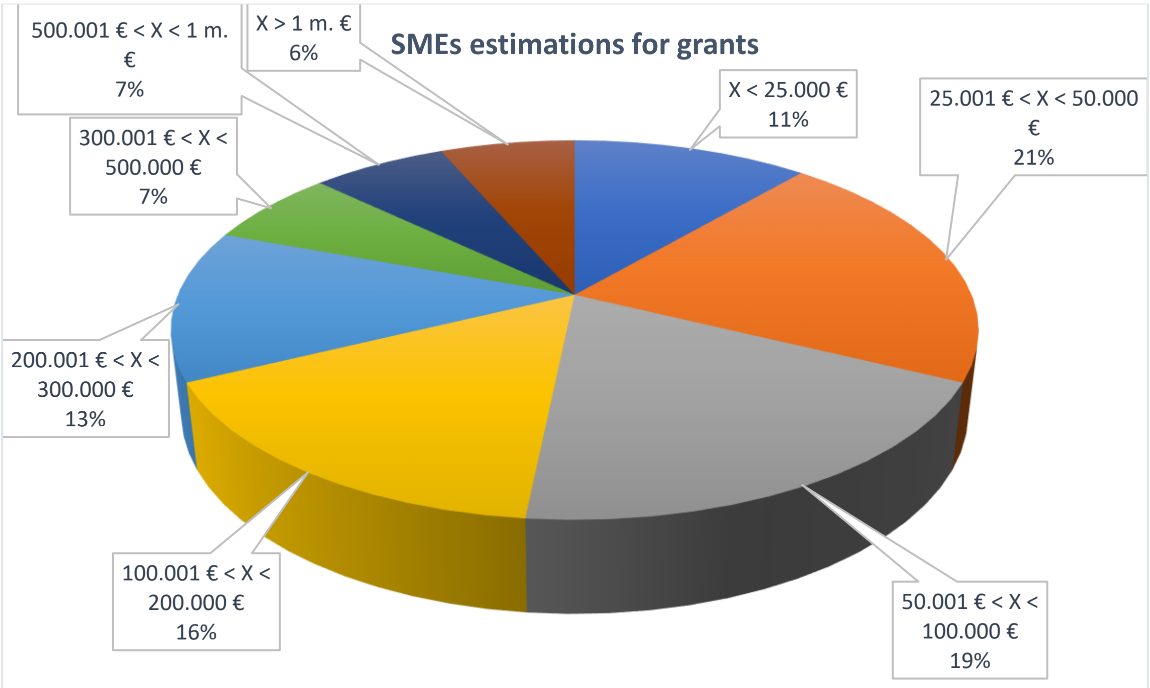
As can be seen in the case of financing the development of the business activities of the SMEs that participated in the sample, there is a significant variation about the amounts requested depending on the size of the companies. The differentiation presented in the sample responses between the sub-categories of SMEs is an important finding that should be taken into account by policy makers to facilitate SMEs' access to finance.

Question 26: In case you decide to submit a proposal for approval in a State-aid program (NSRF, Development Law) in the form of grant for the implementation of an investment plan, which is the amount you wish to receive as a grant?

This question intends to provide information on the amount of grants that sample's SMEs wish to receive. It is noted that grants are associated in several cases with the implementation of business plan by companies. According to the European Commission's Regional Aid Charter, companies are entitled to a certain percentage of aid depending on their Gross National Product, which increases by 10% for medium-sized enterprises and by 20% for small and micro-enterprises.

The answers of the total sample show that 32.26% of the companies in the sample wish to receive state aid with a grant of less than 50,000 euro, while 51.61% an amount below 100,000 euro. 19.3% of sample's companies stated that they would prefer to receive a grant between 100,000 euro - 300,000 euro. The data of the total sample are presented in the following table and diagram:

26	**In case you decide to submit a proposal for approval in a State-aid program (NSRF, Development Law) in the form of grant for the implementation of an investment plan, which is the amount you wish to receive as a grant?**	**Absolute frequency**	**Percentage frequency in total sample's answers**	**Cumulative frequency**
	X < 25.000 €	7	11,29%	11,29%
	25.001 € < X < 50.000 €	13	20,97%	32,26%
	50.001 € < X < 100.000 €	12	19,35%	51,61%
	100.001 € < X < 200.000 €	10	16,13%	67,74%
	200.001 € < X < 300.000 €	8	12,90%	80,65%
	300.001 € < X < 500.000 €	4	6,45%	87,10%
	500.001 € < X < 1 m. €	4	6,45%	93,55%
	X > 1 m. €	4	6,45%	100,00%
	SUM:	**62**	**100,00%**	



There are also differences in each category in terms of business size. Specifically, sample's medium-sized enterprises wish to receive a grant for amounts over 500,000 euro, while small enterprises at a rate of 33.33% (one in three) seek a grant amount between 50,000 euro and 200,000 euro. In addition, 66.67% (two out of three) want a grant of more than 200,000 euro, while 60% of them state that they need a grant for amounts from 200,000 euro to 500,000 euro. On the other hand, 45.45% of micro-enterprises want to receive a subsidy under 50,000 euro, 68.18% under 100,000 euro and 84.09% under 200,000 euro while 45.45% ask for loans from 50,000 euro to 300,000 euro. These amounts correspond to intentions for the implementation of business plans in the future. However, in order business plans to be implemented, SMEs need to be supported with external finance at least in the short term, so the appropriate financial instruments must be designed to facilitate their access to finance. It is understood that the role of public policy is extremely important towards this direction as facilitating SMEs' access to finance through appropriate for each size financial instruments will help significantly both in meeting current liquidity needs and in implementing investment projects with growth impact to the economy. The results by size regarding the desired grant amount are presented in the table below:

MEDIUM				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	0	0,00%	0,00%	0,00%
25.001 € < X < 50.000 €	0	0,00%	0,00%	0,00%
50.001 € < X < 100.000 €	0	0,00%	0,00%	0,00%

100.001 € < X < 200.000 €	0	0,00%	0,00%	0,00%
200.001 € < X < 300.000 €	0	0,00%	0,00%	0,00%
300.001 € < X < 500.000 €	0	0,00%	0,00%	0,00%
500.001 € < X < 1 m. €	1	1,61%	33,33%	33,33%
X > 1 m. €	2	3,23%	66,67%	100,00%
	3		**100,00%**	
SMALL				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	0	0,00%	0,00%	0,00%
25.001 € < X < 50.000 €	0	0,00%	0,00%	0,00%
50.001 € < X < 100.000 €	2	3,23%	13,33%	13,33%
100.001 € < X < 200.000 €	3	4,84%	20,00%	33,33%
200.001 € < X < 300.000 €	5	8,06%	33,33%	66,67%
300.001 € < X < 500.000 €	2	3,23%	13,33%	80,00%
500.001 € < X < 1 m. €	2	3,23%	13,33%	93,33%
X > 1 m. €	1	1,61%	6,67%	100,00%
	15		**100,00%**	
MICRO				
	Absolute frequency	Percentage frequency per proposed answer	Percentage frequency in total sample's answers	Cumulative frequency
X < 25.000 €	7	11,29%	15,91%	15,91%
25.001 € < X < 50.000 €	13	20,97%	29,55%	45,45%
50.001 € < X < 100.000 €	10	16,13%	22,73%	68,18%
100.001 € < X < 200.000 €	7	11,29%	15,91%	84,09%
200.001 € < X < 300.000 €	3	4,84%	6,82%	90,91%
300.001 € < X < 500.000 €	2	3,23%	4,55%	95,45%
500.001 € < X < 1 m. €	1	1,61%	2,27%	97,73%
X > 1 m. €	1	1,61%	2,27%	100,00%

	44		**100,00%**	

7.6 Conclusions of the empirical research

Statistical analysis of the sample shows that access to finance remains a significant problem for Greek SMEs. It might not rank first in comparison with other problems SMEs face such as taxation or bureaucracy but obviously it is one of the major ones regarding sample's analysis both by size and by sector. The most popular financial instruments are those funded by the European Structural Investment Funds mainly because of their extensive use and the Greek State's substantive experience in managing European sources for regional development and cohesion. Manufacturing companies are better informed about financial instruments than trade and service companies as well as medium and small enterprises in comparison to micro-enterprises.

The main way in which SMEs tried to face limited or no access to finance was with their own resources, a choice which leads to negative consequences in terms of business development and therefore to a serious anti-growth effect. Withdrawing resources which could be used either to cover current liabilities or development plans results in a domino effect with particularly negative spiral effects on the economy. Furthermore, when searching ways to address limited access to finance, SMEs lead to a reduction in number of employees and consequently to a reduction in consumer spending and the repayment of employees' current and future tax and loan liabilities.

It becomes clear that facilitating SMEs' access to finance leads to positive effects on the overall economy because it prevents the occurrence of negative social consequences such as bankruptcies, unemployment, underemployment and furthermore, helps SMEs to step on future business plans for their development. Appropriate public policy measures to facilitate SMEs access to finance should be a priority especially for governments of countries which have gone through major economic crises like Greece. Such measures should be taken in a general framework which supports the development of entrepreneurship. The latter should be faced as a crucial factor for economic stabilization, social and regional cohesion and sustainable development. Financial instruments could play a vital role for the support of entrepreneurship by eliminating barriers for SMEs' access to finance. At the same time, the State should run beyond and not staying back from developments. Actually, when addressing the problem of SMEs financing, the State should create the right financing conditions for the development of entrepreneurship and SMEs through the design of financial instruments which should be channeled into the economy through a well-designed mechanism.

In such context, the State should take the initiative in collaboration with a specialized public development bank. The latter should not only operate additionally to the banking system by using it to provide its subsidized loans. Instead, it might be more effective to operate in parallel, both complementary and under certain circumstances competitively to the banking system, especially regarding financial instruments focused on SMEs which have limited access to finance. Competitiveness should not be pursued to deal exclusively around how to make profits (Marois T., 2020) but rather about gaining a market share concerning loans of SMEs which are already struggling to find financing from private banks. The problem is even more acute in times of crises when the public sector can absorb a significant part of the shocks to the economy through public growth banks. The pandemic forced governments, even those with a strict neoliberal economic approach, to re-schedule their programs towards a direction of expansionary fiscal policies. Public development banks can play a key role both to the recovery and the development of national economies by providing the necessary financial instruments based on State's guarantees to those enterprises which face barriers to finance, mainly SMEs. However, the State must commit itself in the long run to taking on a significant part of the uncertainty posed by the support of SMEs and determine - in collaboration with the public development bank - the selection criteria of SMEs which will become beneficiaries, as well as the relevant decision-making process with full transparency and the required accountability to the democratic institutions and parliamentary. In such model, the State should not just act as a mediator between SMEs and banks but its role remains totally substantial to define the appropriate business support framework to enhance business financing through financial instruments.

Such need arises as well from the fact that a large number of companies do not have access to external financing at all. Nevertheless, it is noteworthy that lending from the banking system is the main source of external financing for the SMEs participated in the survey which widely used working capital and other forms of short-term lending to address their liabilities. This fact is strongly related to the increased liquidity needs of Greek SMEs due to the economic crisis which significantly reduced their revenues without a corresponding reduction in their liabilities to third parties (suppliers, banks) while their tax liabilities increased significantly in the framework of three Memorandum of Understanding the country signed with its creditors. Although working capital can help businesses to meet their current obligations its short-term character, it reduces the possibilities for development prospects.

More than half of the loans of the companies in the sample concern amounts under 100,000 euros. However, there are significant differences by size of business. In particular, it seems that medium-sized companies have received loans of more than 1 million euros without restrictions. Moreover, 80% of small businesses managed to have access to finance while 2 out of 3 loans of small enterprises concerned amounts under 200,000 euros. On the contrary, only 1 in 3 micro enterprises were able to access financing while the vast majority of their loans were under 100,000 euros. A positive correlation between the amount of loans and the size of the enterprise emerges: the larger a company is, the larger amount of loan it receives, while the smaller it is, the smaller amount of loan it receives. This is an important finding that needs to be taken seriously by public policy makers in order to facilitate SMEs' access to finance through state aid schemes including financial instruments. This means that programs of financial instruments would be more effective if designed by focusing on the size of the enterprises. Indeed, targeting by size could prevent the inefficient allocation of available resources and create a favorable environment for SMEs to receive finance according their real needs.

Low credit scoring by banks is the main reason emerged for rejecting an application for a loan reported by SMEs. It is strongly related to the decline of economic activity in Greece's GDP during the economic crisis and is one of the main reasons for the rejection of loan applications by banks. It must be addressed by governments as well, in order to create better conditions for businesses to access finance. This means that governments should become less risk-averse supporting SMEs' access to finance to address the negative consequences of economic crises.

Lack of trust in banks, fear of rejection and low value of collateral are the main reasons Greek SMEs mentioned for not applying for a loan. Furthermore, SMEs' main obstacles are the low value of collateral as well as the high interest rates. Because of the severe economic crisis that Greece went through the value of real estate which can be used as hedging from banks declined sharply. On the other hand, banks continue to offer high interest rates, the highest among EMU member states, to SMEs and prefer to lend their clientele activating with a risk averse attitude. This conclusion is in line with the hypothesis of European Commission (2018) in its effort to explain the decline of new lending in Greece occurred since 2010 according to OECD (2020). But the problem of limited access to finance still remains for SMEs, entrepreneurship and consequently the national economy.

It is impressive that, despite the fact that many of sample's SMEs never had access to finance, a vast majority of them are willing to receive a bank loan. SMEs which participated in the survey claim that they are willing to proceed to the implementation of investment plans even through the negative economic trends imposed by the current health safety measures against the pandemic. But demand exceeds supply of finance in financial markets creating a typical example of credit rationing: SMEs are willing to receive loans at a prevailing level of interest rate but banks are not willing to lend them. Therefore, facilitating access to finance for enterprises should become political priority and public policies in this field should focus on creating conditions for sustainable economic growth both in the short term by supporting business liquidity to meet current needs and in the context of a long - term development policy.

The differentiation occurred about the preferences for certain types of public aid between the individual categories of SMEs, is an important finding that public policy makers should take into account in order to facilitate SMEs' access to finance. Indeed, medium-sized enterprises have different needs in terms of loan, equity or grant than those of small and micro-enterprises where differences are presented between the latter two categories as well. Actually, medium enterprises need higher support (in the sample more than 1 million euro) than small companies (more than 100.000 euro) and much more than micro-ones (less than 100.000 euro). Moreover, manufacturing SMEs have different needs than those of trade or services sector. The first consider the provision of working capital as the most important instrument for their growth followed by the creation of tax-free reserves for future investments, as well as grants. Similar needs have SMEs in the trade sector while those activated in services sector consider grants as the most important for their growth followed by the creation of tax-free reserves for future investments and the reduction of taxation. Consequently, the needs of SMEs according their size and sector should largely shape the context of each financial instrument program accompanied by its purpose and budget.

8. Conclusions

Financial instruments have been developed widely during the last decade, especially after the global economic crisis of 2008-2009 which affected negatively access to external finance for enterprise across the world. Despite the fact that financial instruments used by governments mainly in the form of programs for the support of entrepreneurship, there is a lack of an in-depth consideration regarding what they represent and how they are used as a policy instrument. In addition, not much academic work has systematically examined so far, the economic rationale for this recently developed policy area and this justifies the fact that there is no clear definition regarding financial instruments in the literature. In terms of public policy and taking into account that the provision of financial instruments is highly engaged with the public sector, they have been addressed just as programs considering generally public policy as a branch of programs, projects and activities.

Up to date financial instruments have been justified to cover financial market failures in relation to the promotion of SMEs productive investments. Furthermore, they have been successfully categorized to debt, equity or alternative instruments but they have not been treated as a mechanism of public policy making. As regards European Union, financial instruments have been seen mainly as State-aid programs in the framework of regional policies and in terms of ESIF. This dissertation highlights the fact that the provision of such instruments is based on the interaction between public and private sectors actors and provides the following extensive definition: *Financial instruments constitute a public policy mechanism to tackle market failures which collects public and private sources aiming to facilitate access to finance for enterprises, mainly SMEs, enhance entrepreneurship at any stage, shape markets and guide investments towards the expansion of entrepreneurial activities.* This definition describes financial instruments as a mechanism which aims to address market failures in SMEs financing, enhance entrepreneurship, shape markets and guide investments in a sustainable economic development perspective. As regards SMEs, statistics in national and European level clearly show that their role is fundamental for economic development and social cohesion. Such evidence is more powerful in countries like Greece whose economy Is dominated by SMEs in terms of nominal number, employment and added value to the national economy. The fact that SMEs face significant barriers to receive external financing makes it quite clear that financial instrument policy measures and programs should focus on SMEs and entrepreneurship.

The role of public policy is vital towards this direction. State's agencies involved in the design of financial instruments should first avoid overlapping and then start behave as representatives of one actor: The State. In order to advance their effectiveness as regards public policy planning and implementation, they should avoid any conflicts between them. Indeed, in the Greek case, specific public services hold great power in relation to other agencies involved in the design and implementation of financial instrument programs. Such power springs for several reasons such as because they are charged to manage a big amount of resources for development reasons or they have become management authorities of ERDF resources or they are placed close to political decision-making centers.

However, the dominant role in the Greek case is kept by actors which belong to the private sector: banks which seem to have the greatest bargaining power. But the paradox in the Greek case still remains: banks which are responsible for excluding a large number of SMEs from access to finance are called upon to address what they are mainly responsible for: the limited access of a significant number of companies, mainly SMEs, to finance. Consequently, as regards Greece such evolution leads us to assume a public policy model which is mainly pluralistic and less corporatist in an international multi-level decision making environment which academically has been defined as "political coordination" (or "social dialogue"). Transforming Greek State to have more active role in the decision-making process regarding interventions to enhance entrepreneurship and SMEs access to finance through financial instruments, may lead to an effective corporatist public policy model in the era of political coordination imposed by the unique international organization management system of the European Union.

Governments should consider entrepreneurship and SMEs as substantial factors for economic stabilization, social and regional cohesion and sustainable development, so financial instruments could play a vital role towards this direction. In the case of financial instruments governments should start running beyond evolutions rather than avoid remaining just a mediator between banks and SMEs as the pluralistic policy making model proposes. Actually, they should demonstrate the right conditions for the development of entrepreneurship and SMEs by creating the appropriate regulatory and policy framework, an integral part of which must be the development of effective financial instruments programs. Their primal objective should focus on how to avoid phenomena concerning loans based on financial instruments which eventually and according to the experience so far were not directed to those enterprises which really needed to have access to finance, but mainly to those companies which would have obtained a loan anyway i.e., with or without a financial instrument program.

The use of financial instruments with the consequent mobilization of public and private resources combined with traditional forms of non-repayable State aid - subsidies/grants - is one of the necessary conditions[150] to create a favorable environment for economic growth through boosting entrepreneurship, both at EU level as well as in the case of Greece. To this end, it is important for governments to develop the appropriate framework for designing and implementing the necessary policies to facilitate access of Greek enterprises, especially SMEs, financing sources and help them meet their real needs according to their stage of development. In order to contribute substantially to the development of sustainable economic growth, it is necessary to implement them in a strategic policy framework where the state will not just cover market failures but will enlighten its role as a co-investor in taking up a significant part of risk and uncertainty associated with the implementation of long-term and innovative investment plans. Modern trends of business administration and economics of innovation and entrepreneurship sciences have been oriented towards this direction[151]. Financial instruments could play a key role towards sustainable growth, economic development and social cohesion. Thus, financial instruments' purpose should not be only to increase enterprises' liquidity and cover their needs in the short term. On the contrary, they should be designed in the framework of appropriate public policies aiming to improve the production base of the economy through investments with a long-term visibility.

Public development banks can play a vital role to the development of national economies by providing the necessary financial instruments to SMEs which face limited or no access to

[150] Other conditions: regulation of non-performing business loans, stabilization of the tax system, simplification of licensing procedures, business scheduling, design of full-time employment policies, etc.
[151] Mazzucato M. (2013).

finance. It would be more effective to operate both complementary but also competitively to the banking system especially, when supporting those SMEs facing constantly barriers to external finance. Unfortunately, a large number of SMEs do not have access to external financing at all. Nevertheless, it is noteworthy that lending from the banking system remains a main source of external financing for the SMEs. A public development bank by using public sources in the form of State' guarantees can contribute to the SMEs' decompression from the unbearable financing conditions that banks force them to accept when they apply for a loan, such as high interest rates and high valued assets requested as collaterals.

Limited access to finance remains a major problem for SMEs across several countries. Despite the fact that remarkable policy actions alleviated it during the years after global economic crisis of 2008, access to finance is counted as serious problem especially, during the pandemic. As regards Greece, access to finance remains a significant problem for Greek SMEs despite the fact that lacks behind compared to taxation and bureaucracy. The most popular financial instruments are those funded by the European Structural Investment Funds. Financing operational activities with own resources by SMEs facing limited or even no access to finance leads to negative consequences in terms of business development and therefore to a serious anti-growth effect. On the contrary, facilitating SMEs' access to finance leads to positive economic and social effects because it prevents the occurrence of negative consequences such as bankruptcies, unemployment, underemployment and supports SMEs to proceed to future development plans.

The Greek experience is quite discouraging. Although interest rates continue to fall in Greece, they are among the largest in the Economic and Monetary Union (EMU) both for SMEs and large companies. This proves the approach of Greek banks to achieve the highest possible profits and to reduce potential losses even during the long-term economic crisis faced by the country in the period 2010-2018. To a large extent, this approach is related to the very high stock of Non-Performing Loans (NPLs) created due to the unrestrained credit expansion observed in Greece before the outbreak of the global financial crisis in 2008-2009 and still remain high at almost 40% of the total amount of loans (Pissaridis et al, 2020). However, the charging of high interest rates in a prolonged period during which the lending rates of central banks are negative and therefore commercial banks can borrow from central banks and international financial markets with very favorable terms, has a strong anti-growth effect and creates disincentives for companies to borrow. At the same time, it creates particularly high liabilities for businesses, especially SMEs, in a period of new economic crisis due to policy measures taken to deal with the COVID-19 virus pandemic.

Furthermore, Greek SMEs which manage to have access to finance are charged with high interest rates by Greek Banks following in most cases a very strict credit assessment procedure. This is a process that must be done in accordance with the financial rules which however, gives a lot of room for maneuver to the banks in the decision-making process regarding the provision of a loan, without at the same time being obliged to follow any rules of transparency. Banks on the contrary, make extensive use of the excuse of banking secrecy of financial information processed during the credit rating process in order, not to be accountable to any authority for their decisions, other than the national central banks to which they refer solely for compliance with rules concerning mainly their capital adequacy. This tactic is followed by banks even when they co-invest their funds with public sources to create funds to provide finance to businesses through financial products based on financial instruments. If we take as an example the low degree of penetration of the Entrepreneurship

Fund's financial instruments to the Greek SMEs, this is one of the main reasons for the failure of the financial instruments programs that have been implemented so far, at least in the case of Greece. Unfortunately, the Greek banking system is solely interested in securing profitability and its objectives do not coincide with those of public policy to facilitate access to finance for all businesses and especially SMEs. This conflict of interests and goals between the public and private sector is one of the main factors for the failure of financial instruments in the case of Greece. Alternatively, a dynamic development bank which will compete with the private banking system for the provision of funds to SMEs and implement the financial instrument programs itself without the interference of the banking system, possess a lot of chances to finally achieve the goal of facilitating SMEs' access to finance. In this case however, the development bank as a public authority must operate strictly according to the principles of transparency and accountability to the competent state institutions (Parliament, Ministry for Development and Finance) and the national central bank.

Low credit scoring reported in the research as the main reason for rejecting loan application by SMEs. Lack of trust in banks, fear of rejection and low value of collateral mentioned as the main reasons by Greek SMEs justifying their decision for not applying for a loan. Furthermore, SMEs' main obstacles are the low value of collateral as well as high interest rates. To overcome such barriers for SMEs financing, governments should become less risk-averse supporting SMEs' access to finance to address the negative consequences of economic crises. Such approach requires an expansionary fiscal policy which will provide the necessary public funds for the appropriate financial instruments which will enhance SMEs access to finance combined with risk assurance policies in the long-term. Because of the exceeding demand for financing, the provision of loans accompanied with financial instruments is expected to stimulate the economic activity and further boost economic development. SMEs can immediately absorb the increased supply of finance, thus boosting the economic growth. It is noteworthy that research showed that a vast majority of SMEs are willing to receive a bank loan despite the fact that many of them never had access to finance. Taking into account that, despite the remarkable efforts to enhance SMEs access to finance through financial instruments in Greece, demand still exceeds supply in financial markets, thus increasing credit rationing. Indeed, SMEs are willing to receive loans at a prevailing level of interest rate but banks are not willing to lend them. Therefore, facilitating SMEs access to finance with appropriate financial instruments should become political priority aiming at economic development and social cohesion.

In addition, research showed that there are significant differences by size of businesses regarding the requested amount of loans. These different preferences indicate a positive correlation between the amount of loans and the size of the enterprise emerges: the larger a company is, the larger amount of loan it receives, while the smaller it is, the smaller amount of loan it receives. This means that financial instruments programs should focus to cover SMEs real needs according to firm size, thus preventing inefficient allocation of available public sources. Moreover, significant differences occurred between enterprises activated in different economic sectors. Research showed that manufacturing companies have different needs than those which belong to the trade or services sector. Actually, manufacturing companies consider the provision of working capital as the most important financial instrument for their growth. Trade sector's SMEs mentioned similar needs while those activated in services sector consider grants as the most important instrument for their growth. Therefore, the needs of SMEs according the sector they are activated in should also shape the context of each financial instrument program i.e., its purpose, targets and budget.

The results of the dissertation's research help defining each target group, thus forming the respective financial instruments for each one and last but not least, determining the level of public resources for financing each target group. It is therefore crucial to design public policies for the facilitation of SMEs access to finance according the needs of the demand side. Such approach stands against the chase of trying to fill an unspecified financial gap created by market failures because of differences between the demand and supply of finance. Actually, being proactive by designing the appropriate financial instruments according the size and the sector of enterprises, is indeed a better alternative than trying just to fill the financial gap's black hole. Towards this direction, the State should adopt a more active approach by taking a significant share of the risk in supporting SMEs financing with the appropriate financial instruments by size and sector. Such support should have a long-term horizon foreseeing a mandatory repayment of government's capital spent through the banking system which must reinvest funds to new financial instruments for SMEs according a larger future proportion by its side. In this way, State's resources will not be wasted without targeting and the allocation of funds will be ensured in a continuous manner and on a long-term basis. The State should return by adding more capital to the basket when funds start becoming Insufficient in order to avoid the prevailing of new market failures. Thus, a financing cycle will start again from the beginning and so on. Indeed, such an approach may serve an expansionary fiscal policy definitely so much needed during periods of economic crises, preventing though the creation of deficits because private sector i.e., banks will be called upon to cover the rest of the capital for financing SMEs by acting reversely. More public funds will be offered in the beginning of the financing cycle keeping interest rates low while reversely, more private funds will be offered gradually at later stages when interest rates could be increased but no more than a cap rate certainly settled below the average market interest rate. Such an approach could provide a constant solution to the problem of limited access to finance faced by a big majority of SMEs especially, in periods of economic and financial crises. The development of a new social contract between the State, banks and social stakeholders is appropriate with the scope to enhance public and private sector collaboration based on a mutual beneficial basis which will allow public intervention to prevent market failures and create an environment for a crowding-in rather than a crowding-out effect as regards investments. In such framework, financial instruments would become a major component for economic resilience and development.

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ANNEX

Tables per each question of the research

1	Number of employees - Αριθμός εργαζομένων			Frequency	Percentage frequency
		0-2	MICRO 1	24	38,71%
		3-5	MICRO 2	10	16,13%
		6-9	MICRO 3	10	16,13%
			MICRO SUM:	**44**	**70,97%**
		10-49	**SMALL**	15	24,19%
		50-249	**MEDIUM**	3	4,84%
			TOTAL SUM:	**62**	**100,00%**

2	Turnover of last year - Κύκλος εργασιών προηγούμενου έτους				Frequency	Percentage frequency	Cumulative frequency
		Κ.Ε. < 50.000 €		MICRO 1	16	25,81%	25,81%
		50.001 € < Κ.Ε. < 100.000 €		MICRO 2	12	19,35%	45,16%
		100.001 € < Κ.Ε. < 500.000 €		MICRO 3	14	22,58%	67,74%
		500.001 € < Κ.Ε. < 2 εκ. €		MICRO 4	10	16,13%	83,87%
				MICRO SUM:	**52**	**83,87%**	
		2 εκ. € < Κ.Ε. < 10 εκ. €		**SMALL**	8	12,90%	96,77%
		Κ.Ε. > 10 εκ. €		**MEDIUM**	2	3,23%	100,00%
				TOTAL SUM:	**62**	**100,00%**	

3.				**OTHER PERFECTURE**								
Perfecture of enterprises - Νομός έδρας της επιχείρησης	**ATTICA - ATTIKH**	**THESSALONIKI - ΘΕΣΣΑΛΟΝΙΚΗ**	**EVROS - ΕΒΡΟΣ**	**MESSINIA - ΜΕΣΣΗΝΙΑ**	**KORINTHIA - ΚΟΡΙΝΘΙΑ**	**KARPENISI - ΚΑΡΠΕΝΗΣΙ**	**ACHAIA - ΑΧΑΪΑ**	**ARKADIA - ΑΡΚΑΔΙΑ**	**LESVOS - ΛΕΣΒΟΣ**	**VIOTIA - ΒΟΙΩΤΙΑ**	**IOANNINA - ΙΩΑΝΝΙΝΑ**	**TOTAL SUM**
	42	**11**	1	1	1	1	1	1	1	1	1	**62**
	67,74%	**17,74%**	**14,52%**									**100,00%**
			1,61%	**1,61%**	**1,61%**	**1,61%**	**1,61%**	**1,61%**	**1,61%**	**1,61%**	**1,61%**	

				SERVICES - ΥΠΗΡΕΣΙΕΣ	MANUFACTURING - ΜΕΤΑΠΟΙΗΣΗ	COMMERCE - ΕΜΠΟΡΙΟ	CONSTRUCTIONS - ΚΑΤΑΣΚΕΥΕΣ	TOTAL
4	**Object of activity (Indicate your activity and, if you know, the main in terms of revenue Activity Code (KAD) up to 4 digits) - Αντικείμενο δραστηριότητας (Αναφέρετε τη δραστηριότητά σας και, αν γνωρίζετε, τον κύριο από πλευράς εσόδων Κωδικό Αντικειμένου Δραστηριότητας (ΚΑΔ) έως και 4 ψηφία)**		62	36	11	11	4	62
			62	58,06%	17,74%	17,74%	6,45%	100,00%

5	**Years of operation - Έτη λειτουργίας της επιχείρησης**	**Frequency**	**Percentage frequency**	**Cumulative frequency**
	0-2	7	11,29%	11,29%
	2-5	9	14,52%	25,81%
	5-10	9	14,52%	40,32%
	>10	37	59,68%	100,00%
		62	**100,00%**	

				Frequency	Percentage frequency	Cumulative frequency
6	**Legal form of enterprise - Νομική μορφή της επιχείρησης**	Self employed - Ατομική επιχείρηση	18	29,03%	29,51%	29,51%
		Equal Partneship - Ο.Ε. (Ομόρρυθμη Εταιρεία)	2	3,23%	3,28%	32,79%
		Unequal Partnership - Ε.Ε. (Ετερόρρυθμη Εταιρεία)	4	6,45%	6,56%	39,34%
		Limited Company - Ε.Π.Ε. (Εταιρεία Περιορισμένης Ευθύνης)	10	16,13%	16,39%	55,74%
		S.A. - Α.Ε. (Ανώνυμη Εταιρεία)	15	24,19%	24,59%	80,33%
		Private Capital Company - I.K.E (Ιδιωτική Κεφαλαιουχική Επιχείρηση)	9	14,52%	14,75%	95,08%
		Partnership - Συνεταιρισμός	0	0,00%	0,00%	95,08%
		Freelancing - Ελεύθερο επάγγελμα	4	6,45%	6,56%	101,64%
		Other, specify - Άλλο, προσδιορίστε:	0	0,00%	0,00%	
			62	**100,00%**		

7	**In case of Ltd. or SA, what is the percentage of foreign capital (third party funds) in the shareholding structure of the company? - Σε περίπτωση Ε.Π.Ε. ή Α.Ε., ποιο είναι το ποσοστό των ξένων κεφαλαίων (κεφάλαια τρίτων) στη μετοχική σύνθεση της επιχείρησης;**	**0%**	**20%**	**99,90%**	**NA**
		49	1	1	11

8	Prioritize the following problems for your business based on a scale of 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much). Ιεραρχήστε τα παρακάτω προβλήματα για την επιχείρησή σας με βάση την κλίμακα 1-7 (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτριο, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency (Σχετική συχνότητα)	Cumulative frequency (Αθροιστική συχνότητα)	Average (Μέσος Όρος)	(Median (Μέση τιμή - Διάμεσος)	Standard Deviation (Τυπική απόκλιση)	Devation (Απόκλιση)	Variance (Διακύμανση)	Sample mode (Επικρατούσα τιμή)	Range (Εύρος τιμών)	Confidence Interval 95% (Διάστημα εμπιστοσύνης 95%)	Lower limit (Κάτω άκρο)	Upper limit (Άνω άκρο)	1	2	3	4	5	6	7	X	No answer	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	6 (%)	7 (%)	Skewness (Ασυμμετρία)	Kurtosis (Κύρτωση)
	Finding customers - Εύρεση πελατών	54	11,09%	11,09%	4,092592593	4	1,845632463	180,537037	3,406359189	4	6	0,468702884	3,623889708	4,56129547	7	4	8	13	8	8	6	0	8	12,96%	7,41%	14,81%	24,07%	14,81%	14,81%	11,11%	-0,140844817	-0,867673597
	Competition - Ανταγωνισμός	57	11,70%	22,79%	4,392857143	4	1,744378727	167,3571429	3,042857143	6	6	0,44298925	3,949867893	4,835846393	3	5	11	11	7	12	7	1	5	5,36%	8,93%	19,64%	19,64%	12,50%	21,43%	12,50%	-0,144357363	-0,964208099
	Access to external finance (bank finance, equity) - Πρόσβαση σε εξωτερική χρηματοδότηση (τραπεζικός δανεισμός, κεφαλαιακή ενίσχυση)	59	12,11%	34,91%	4,508474576	5	2,06258025	246,7457627	4,254237288	7	6	0,523797306	3,98467727	5,032271883	8	4	6	8	13	5	15	0	3	13,56%	6,78%	10,17%	13,56%	22,03%	8,47%	25,42%	-0,366392525	-1,042647487
	Operational costs (rent, electricity, phone, internet etc) - Λειτουργικό Κόστος (ενοίκια, ηλεκτρική ενέργεια, τηλέφωνο, internet κλπ)	55	11,29%	46,20%	4,481481481	5	1,450318647	111,4814815	2,103424179	5	5	0,368311973	4,113169509	4,849793454	0	7	6	12	17	7	5	1	7	0,00%	12,96%	11,11%	22,22%	31,48%	12,96%	9,26%	-0,135239982	-0,624484177
	Salary cost (including pension) - Μισθολογικό κόστος (περιλαμβανομένων των ασφαλιστικών εισφορών)	51	10,47%	56,67%	5,254901961	5	1,440043572	103,6862745	2,07372549	6	5	0,365702592	4,889199369	5,620604553	0	3	4	6	13	14	11	0	11	0,00%	5,88%	7,84%	11,76%	25,49%	27,45%	21,57%	-0,677094471	-0,244780108
	Taxes - Φορολογία	60	12,32%	68,99%	6	7	1,474936811	124	2,175438596	7	6	0,374563816	5,625436184	6,374563816	1	2	3	1	6	15	30	2	2	1,72%	3,45%	5,17%	1,72%	10,34%	25,86%	51,72%	-1,800826972	2,733376353
	Bureaucracy - Γραφειοκρατία	51	10,47%	79,47%	5,224489796	6	1,884866332	170,5306122	3,552721088	7	6	0,478666421	4,745823374	5,703156217	3	4	3	3	7	14	15	2	11	6,12%	8,16%	6,12%	6,12%	14,29%	28,57%	30,61%	-1,000303515	-0,162708675
	Availability of specialized staff or experienced managers - Διαθεσιμότητα εξειδικευμένου προσωπικού ή έμπειρων managers	49	10,06%	89,53%	4,166666667	5	1,754427025	144,6666667	3,078014184	5	6	0,44554104	3,721125627	4,612207707	4	7	5	7	16	4	5	1	13	8,33%	14,58%	10,42%	14,58%	33,33%	8,33%	10,42%	-0,240739707	-0,80059268
	Economic / Political stability - Οικονομική / Πολιτική σταθερότητα	50	10,27%	99,79%	5,1875	5	1,671491244	131,3125	2,793882979	7	6	0,424479295	4,763020705	5,611979295	2	2	4	5	12	10	13	2	12	4,17%	4,17%	8,33%	10,42%	25,00%	20,83%	27,08%	-0,851847798	0,105078083
	Other, specify - Άλλο, προσδιορίστε:	1	0,21%	100,00%	7	7	#ΔΙΑΙΡ/0!	0	#ΔΙΑΙΡ/0!	#Δ/Υ	0	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	0	0	0	0	0	0	1	0	61	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!

9	Are you familiar with any of the following financial instrument programs to enhance the liquidity of Greek small and medium-sized enterprises in the context of public policies to support entrepreneurship? Answer Yes or No. - Γνωρίζετε κάποιο από τα παρακάτω προγράμματα χρηματοδοτικών εργαλείων για την ενίσχυση της ρευστότητας των ελληνικών μικρομεσαίων επιχειρήσεων στο πλαίσιο δημόσιων πολιτικών στήριξης της επιχειρηματικότητας; Απαντήστε με Ναι ή Όχι.		Absolute frequency (Απόλυτη συχνότητα)	YES (NAI)	NO (OXI)	NA	SUM	YES (%)	NO (%)	NA (%)
		HELLENIC DEVELOPMENT BANK S.A. (ex Gurantee Fund for SMEs and Hellenic Fund for Entrepreneurship and Development S.A.) - ΕΛΛΗΝΙΚΗ ΑΝΑΠΤΥΞΙΑΚΗ ΤΡΑΠΕΖΑ (πρώην ΕΤΕΑΝ Α.Ε., ΤΕΜΠΜΕ Α.Ε.)	21	15	6	41	62	24,19%	9,68%	66,13%
		- Entrepreneurship Fund I (TEPIX I): Programs "Business Restart", "Guarantee Fund", "Extroversion", "Island Tourist Entrepreneurship" - Ταμείο Επιχειρηματικότητας Ι (ΤΕΠΙΧ Ι): Προγράμματα «Επιχειρηματική Επανεκκίνηση», «Ταμείο Εγγυοδοσίας», «Εξωστρέφεια», «Νησιωτική Τουριστική Επιχειρηματικότητα»	58	38	20	4	62	61,29%	32,26%	6,45%
		- Interim Entrepreneurship Fund (INTERMEDIATE TEPIX): Program "Business Restart, 2nd phase" - Ενδιάμεσο Ταμείο Επιχειρηματικότητας (ΕΝΔΙΑΜΕΣΟ ΤΕΠΙΧ): Πρόγραμμα	57	16	41	5	62	25,81%	66,13%	8,06%

		«Επιχειρηματική Επανεκκίνηση, 2η φάση»								
		- Entrepreneurship Fund II (TEPIX II): "Business Financing" Program - Ταμείο Επιχειρηματικότητας ΙΙ (ΤΕΠΙΧ ΙΙ): Πρόγραμμα «Επιχειρηματική Χρηματοδότηση»	60	34	26	2	62	54,84%	41,94%	3,23%
		COSME/Competitiveness SMEs 2014-2020 - Πρόγραμμα Ευρωπαϊκής Επιτροπής COSME/Competitiveness SMEs 2014-2020	35	7	28	27	62	11,29%	45,16%	43,55%
		- Loan Guarantee Facility	53	10	43	9	62	16,13%	69,35%	14,52%
		- Equity Facility for Growth	53	9	44	9	62	14,52%	70,97%	14,52%
		HORIZON 2020 - Πρόγραμμα Ευρωπαϊκής Επιτροπής HORIZON 2020	36	16	20	26	62	25,81%	32,26%	41,94%
		- InnovFin SME Guarantee Facility	54	10	44	8	62	16,13%	70,97%	12,90%
		- InnovFin Equity	52	8	44	10	62	12,90%	70,97%	16,13%
		EaSI/Employment and Social Inclusion 2014-2020 - Πρόγραμμα Ευρωπαϊκής Επιτροπής EaSI/Employment and Social Inclusion 2014-2020:	33	2	31	29	62	3,23%	50,00%	46,77%
		- Microfinance - Μικροπιστώσεις	53	6	47	9	62	9,68%	75,81%	14,52%

		EQUIFUND (provision of equity/venture capital in seed, start-up, scale-up / growth stages) of Greek NSRF 2014-2020) - Ταμείο EQUIFUND (παροχή επιχειρηματικών κεφαλαίων σε στάδια seed, start-up, scale-up/growth) του ΕΣΠΑ 2014-2020	51	21	30	11	62	33,87%	48,39%	17,74%
		Crowdfunding	58	23	35	4	62	37,10%	56,45%	6,45%
		Other, specify - Άλλο, προσδιορίστε:	0							
			674							

11	In case you managed to have access to external finance, which of the following sources of finance did you use? Answerwith a Yes or No and if the answer is Yes, to what extend based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much) - Σε περίπτωση που είχατε πρόσβαση σε εξωτερική χρηματοδότηση, ποιες από τις παρακάτω πηγές χρηματοδότησης χρησιμοποιήσατε (απαντήστε με Ναι ή Όχι) και αν ναι, σε ποιο βαθμό; (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτρια, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency (Σχετική συχνότητα)	Cumulative frequency (Αθροιστική συχνότητα)	Average (Μέσος Όρος)	Median (Μέση τιμή - Διάμεσος)	Standard Deviation (Τυπική απόκλιση)	Devation (Απόκλιση)	Variance (Διακύμανση)	Sample mode (Επικρατούσα τιμή)	Range (Εύρος τιμών)	Confidence Interval 95% (Διάστημα εμπιστοσύνης 95%)	Lower limit (Κάτω άκρο)	Upper limit (Άνω άκρο)	1	2	3	4	5	6	7	X	NA (No answer)	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	6 (%)	7 (%)	Skewness (Ασυμμετρία)	Kurtosis (Κύρτωση)
	Raising the limit of the working capital account - Αύξηση ορίου αλληλόχρεου λογαριασμού κεφαλαίου κίνησης	19	16,81%	16,81%	4,777777778	5	1,767535857	53,11111111	3,124183007	5	6	0,324829774	4,452948004	5,102607551	0	4	0	2	5	4	3	1	43	0,00%	22,22%	0,00%	11,11%	27,78%	22,22%	16,67%	-0,55599471	-0,855922515
	Overdraft bank loan - Τραπεζικό δάνειο υπερανάληψης (overdraft)	14	12,39%	29,20%	4,615384615	5	1,386750491	23,07692308	1,923076923	4	5	0,352168684	4,263215932	4,967553299	1	0	0	5	3	4	0	1	48	7,69%	0,00%	0,00%	38,46%	23,08%	30,77%	0,00%	-1,389776128	3,019781818
	Trade credit - Εμπορική πίστωση (trade credit)	9	7,96%	37,17%	5,875	5	1,125991626	8,875	1,267857143	7	3	0,285948331	5,589051669	6,160948331	0	0	0	1	2	2	3	1	53	0,00%	0,00%	0,00%	12,50%	25,00%	25,00%	37,50%	-0,487832913	-0,98869272
	Leasing - Χρηματοδοτική μίσθωση (leasing)	5	4,42%	41,59%	3,8	5	2,167948339	18,8	4,7	4	6	0,55055579	3,24944421	4,35055579	1	0	1	2	0	0	1	0	57	20,00%	0,00%	20,00%	40,00%	0,00%	0,00%	20,00%	0,422008957	1,435038479
	Factoring - Πρακτορεία επιχειρηματικών απαιτήσεων (factoring)	2	1,77%	43,36%	3	5	2,828427125	8	8	#Δ/Υ	4	0,718285996	2,281714004	3,718285996	1	0	0	0	1	0	0	0	60	50,00%	0,00%	0,00%	0,00%	50,00%	0,00%	0,00%	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!
	Corporate bank loan with interest rate subsidy or guarantee from the Greek State / European Investment Bank - Τραπεζικό επιχειρηματικό δάνειο με επιδότηση επιτοκίου ή εγγύηση Ελληνικού Δημοσίου/ Ευρωπαϊκής Τράπεζας Επενδύσεων	8	7,08%	50,44%	5,125	5	1,356202682	12,875	1,839285714	5	4	0,344410993	4,780589007	5,469410993	0	0	1	1	4	0	2	0	54	0,00%	0,00%	12,50%	12,50%	50,00%	0,00%	25,00%	0,164651622	-0,165746065
	Corporate bank loan without interest rate subsidy or guarantee from the Greek State / European Investment Bank - Τραπεζικό επιχειρηματικό δάνειο χωρίς επιδότηση επιτοκίου ή εγγύηση Ελληνικού Δημοσίου/ Ευρωπαϊκής Τράπεζας Επενδύσεων	8	7,08%	57,52%	5,285714286	5	1,603567451	15,42857143	2,571428571	6	4	0,407229882	4,878484404	5,692944168	0	0	2	0	0	4	1	1	54	0,00%	0,00%	28,57%	0,00%	0,00%	57,14%	14,29%	-0,983917313	-0,864197531
	Other bank loan - Άλλο τραπεζικό δάνειο	13	11,50%	69,03%	4,538461538	5	1,330124344	21,23076923	1,769230769	6	4	0,337788335	4,200673204	4,876249873	0	1	2	3	3	4	0	0	49	0,00%	7,69%	15,38%	23,08%	23,08%	30,77%	0,00%	-0,473966803	-0,783708541
	Venture capital - Κεφάλαια επιχειρηματικού κινδύνου (venture capital)	5	4,42%	73,45%	6,4	5	1,341640786	7,2	1,8	7	3	0,340712964	6,059287036	6,740712964	0	0	0	1	0	0	4	0	57	0,00%	0,00%	0,00%	20,00%	0,00%	0,00%	80,00%	-2,236067977	5
	Capital from business angels - Κεφάλαια από επενδυτές - επιχειρηματικούς αγγέλους (business angels)	2	1,77%	75,22%	4,5	5	2,121320344	4,5	4,5	#Δ/Υ	3	0,538714497	3,961285503	5,038714497	0	0	1	0	0	1	0	0	60	0,00%	0,00%	50,00%	0,00%	0,00%	50,00%	0,00%	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!
	Microfinancing - Μικροπιστώσεις (microfinance)	3	2,65%	77,88%	4,666666667	5	0,577350269	0,666666667	0,333333333	5	1	0,146619515	4,520047152	4,813286182	0	0	0	1	2	0	0	0	59	0,00%	0,00%	0,00%	33,33%	66,67%	0,00%	0,00%	-1,732050808	#ΔΙΑΙΡ/0!
	Grant from a state aid program (NSRF, Development Law, European Commission grant program) - Επιχορήγηση από πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος, πρόγραμμα επιχορηγήσεων της Ευρωπαϊκής Επιτροπής)	19	16,81%	94,69%	4,705882353	5	1,686887144	45,52941176	2,845588235	5	6	0,428389122	4,277493231	5,134271475	1	0	3	3	6	0	4	2	43	5,88%	0,00%	17,65%	17,65%	35,29%	0,00%	23,53%	-0,271435548	0,004903551
	Other, specify - Άλλο, προσδιορίστε:	6	5,31%	100,00%	6	6	1,414213562	2	2	#Δ/Υ	2	0,359142998	5,640857002	6,359142998	0	0	0	0	1	0	1	4	56	0,00%	0,00%	0,00%	0,00%	50,00%	0,00%	50,00%	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!
		113	**100,00%**																															

12	If you used a bank loan to meet the needs of your business, why did you do it? (You can give more than one answer). - Σε περίπτωση που χρησιμοποιήσατε τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, για ποιο σκοπό το κάνατε; (Μπορείτε να δώσετε περισσότερες από μία απαντήσεις).		Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
		Real estate - Για αγορά ακίνητης περιουσίας	2	3,23%	2,63%	2,63%
		For the purchase of mechanical equipment - Για αγορά μηχανολογικού εξοπλισμού	10	16,13%	13,16%	15,79%
		For the purchase of company's vehicles - Για αγορά μεταφορικών μέσων	2	3,23%	2,63%	18,42%
		To buy new or upgrade existing IT equipment (hardware, software included) - Για αγορά νέου ή αναβάθμιση υφιστάμενου εξοπλισμού πληροφορικής (περιλαμβάνονται hardware, software)	10	16,13%	13,16%	31,58%
		For construction of new or modernization of existing building installations - Για ανέγερση νέων ή εκσυγχρονισμό υφιστάμενων κτιριακών εγκαταστάσεων	8	12,90%	10,53%	42,11%
		For investments in research and development - Για επένδυση σε έρευνα και ανάπτυξη	7	11,29%	9,21%	51,32%
		For sales promotion - Για προώθηση πωλήσεων	4	6,45%	5,26%	56,58%
		For staff training - Για εκπαίδευση προσωπικού	0	0,00%	0,00%	56,58%
		For staff recruitment - Για πρόσληψη προσωπικού	3	4,84%	3,95%	60,53%

		For the implementation of an investment plan in the framework of a state aid program (NSRF, Development Law, etc.) - Για την υλοποίηση επενδυτικού σχεδίου ενταγμένου σε πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος κλπ)	8	12,90%	10,53%	71,05%
		Working capital - Κεφάλαιο κίνησης	22	35,48%	28,95%	100,00%
		Other, specify - Άλλο, προσδιορίστε:	0	0,00%	0,00%	
			76		**100,00%**	

							MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)			
13	If you have manged to recieve a bank loan to cover your business needs, specify the loan amount. - Σε περίπτωση που έχετε λάβει τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, προσδιορίστε το ποσό του δανείου.	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	SMEs received loan/Total sample (Αναλογία επιχειρήσεων που έλαβαν δάνειο προς το σύνολο του δείγματος)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Medium received loan/Total Medium (Αναλογία μεσαίων επιχειρήσεων που έλαβαν δάνειο προς το σύνολο των μεσαίων επιχειρήσεων του δείγματος)	Medium received loan/Total sample (Αναλογία μεσαίων επιχειρήσεων που έλαβαν δάνειο προς το σύνολο του δείγματος)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Small received loan/Total sample's Small (Αναλογία μικρών επιχειρήσεων που έλαβαν δάνειο προς το σύνολο των μικρών επιχειρήσεων του δείγματος)	Small received loan/Total sample (Αναλογία μικρών επιχειρήσεων που έλαβαν δάνειο προς το σύνολο του δείγματος)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Micro received loan/Total sample's Micro (Αναλογία πολύ μικρών επιχειρήσεων που έλαβαν δάνειο προς το σύνολο των πολύ μικρών επιχειρήσεων του δείγματος)	Micro received loan/Total sample (Αναλογία πολύ μικρών επιχειρήσεων που έλαβαν δάνειο προς το σύνολο του δείγματος)
	X < 25.000 €	5	8,06%	15,63%	15,63%	51,61%	0	0,00%	100,00%	4,84%	0	0,00%	80,00%	19,35%	5	8,06%	38,64%	27,42%
	25.001 € < X < 50.000 €	7	11,29%	21,88%	37,50%		0	0,00%			1	1,61%			6	9,68%		
	50.001 € < X < 100.000 €	6	9,68%	18,75%	56,25%		0	0,00%			3	4,84%		33,33%	3	4,84%		82,35%
	100.001 € < X < 200.000 €	4	6,45%	12,50%	68,75%		0	0,00%			4	6,45%		50,00%	0	0,00%		
	200.001 € < X < 300.000 €	3	4,84%	9,38%	78,13%		0	0,00%			2	3,23%			1	1,61%		5,88%
	300.001 € < X < 500.000 €	0	0,00%	0,00%	78,13%		0	0,00%			0	0,00%			0	0,00%		
	500.001 € < X < 1 εκ. €	3	4,84%	9,38%	87,50%		0	0,00%			1	1,61%		16,67%	2	3,23%		11,76%
	X > 1 εκ. €	4	6,45%	12,50%	100,00%		3	4,84%		100,00%	1	1,61%			0	0,00%		
		32		**100,00%**			**3**	4,84%			**12**	**19,35%**			**17**			

							MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)								
14	If you have received a bank loan to meet your business needs, specify the interest rate of the loan. - Σε περίπτωση που έχετε λάβει τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, προσδιορίστε το επιτόκιο του δανείου.	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	SMEs received loan/Total sample (Αναλογία επιχειρήσεων που έλαβαν δάνειο προς το σύνολο του δείγματος)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Medium received loan with i<2,5% /Total sample's Medium which recieved loan (Αναλογία μεσαίων επιχειρήσεων που έλαβαν δάνειο με i<2,5% προς το σύνολο των μεσαίων επιχειρήσεων του δείγματος που έλαβαν δάνειο)	Medium received loan with 2,5%<i<5% /Total sample's Medium which recieved loan (Αναλογία μεσαίων επιχειρήσεων που έλαβαν δάνειο με 2,5%<i<5% προς το σύνολο των μεσαίων επιχειρήσεων του δείγματος που έλαβαν δάνειο)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Small received loan with i<5% /Total sample's Small which recieved loan (Αναλογία μικρών επιχειρήσεων που έλαβαν δάνειο με i<5% προς το σύνολο των μικρών επιχειρήσεων του δείγματος που έλαβαν δάνειο)	Small received loan with i>5% /Total sample's Small which recieved loan (Αναλογία μικρών επιχειρήσεων που έλαβαν δάνειο με i>5% προς το σύνολο των μικρών επιχειρήσεων του δείγματος που έλαβαν δάνειο)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Micro received loan with i<5% /Total sample's Micro which recieved loan (Αναλογία πολύ μικρών επιχειρήσεων που έλαβαν δάνειο με i<5% προς το σύνολο των πολύ μικρών επιχειρήσεων του δείγματος που έλαβαν δάνειο)	Micro received loan with i>5% /Total sample's Micro which recieved loan (Αναλογία πολύ μικρών επιχειρήσεων που έλαβαν δάνειο με i>5% προς το σύνολο των πολύ μικρών επιχειρήσεων του δείγματος που έλαβαν δάνειο)	SMEs received loan with i<2,5% /Total sample's SMEs which recieved loan (Αναλογία ΜμΕ που έλαβαν δάνειο με i<2,5% προς το σύνολο των ΜμΕ του δείγματος που έλαβαν δάνειο)	SMEs received loan with 2,5%<i<5% /Total smaple's SMEs which recieved loan (Αναλογία ΜμΕ που έλαβαν δάνειο με 2,5%<i<5% προς το σύνολο των ΜμΕ του δείγματος που έλαβαν δάνειο)	SMEs received loan with 5%<i<7,5% /Total smaple's SMEs which recieved loan (Αναλογία ΜμΕ που έλαβαν δάνειο με 5%<i<7,5% προς το σύνολο των ΜμΕ του δείγματος που έλαβαν δάνειο)	SMEs received loan with 7,5%<i<10% /Total smaple's SMEs which recieved loan (Αναλογία ΜμΕ που έλαβαν δάνειο με 7,5%<i<10% προς το σύνολο των ΜμΕ του δείγματος που έλαβαν δάνειο)	Medium received loan with i>5% /Total Medium which recieved loan (Αναλογία μεσαίων επιχειρήσεων που έλαβαν δάνειο με i>5% προς το σύνολο των μεσαίων επιχειρήσεων του δείγματος που έλαβαν δάνειο)
	i < 2,5%	4	6,45%	12,50%	12,50%	51,61%	1	1,61%	33,33%	66,67%	1	1,61%	33,33%	66,67%	2	3,23%	29,41%	70,59%	12,50%	25,00%	31,25%	15,63%	15,63%
	2,5% < i < 5%	8	12,90%	25,00%	37,50%	32,26%	2	3,23%			3	4,84%			3	4,84%			37,50%		62,50%		
	5% < i < 7,5%	10	16,13%	31,25%	68,75%	62,50%	0	0,00%			4	6,45%			6	9,68%							
	7,5% < i < 10%	5	8,06%	15,63%	84,38%	31,25%	0	0,00%			1	1,61%			4	6,45%							
	10% < i < 12,5%	5	8,06%	15,63%	100,00%		0	0,00%			3	4,84%		33,33%	2	3,23%		35,29%					
	12,5% < i < 15%	0	0,00%	0,00%	100,00%	0,625	0	0,00%			0	0,00%			0	0,00%							
	i > 15%	0	0,00%	0,00%	100,00%	0,3125	0	0,00%			0	0,00%			0	0,00%							
		32		**100,00%**			**3**	**4,84%**			**12**	**19,35%**			**17**	**27,42%**							

						MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)			
15	If you have received a bank loan to meet your business needs, specify the duration of the loan, - Σε περίπτωση που έχετε λάβει τραπεζικό δάνειο για την κάλυψη αναγκών της επιχείρησής σας, προσδιορίστε τη χρονική διάρκεια του δανείου.	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	< 24 months (μήνες)	1	1,61%	3,13%	3,13%	0	0,00%	0,00%	0,00%	1	1,61%	8,33%	8,33%	0	0,00%	0,00%	0,00%
	24 months (μήνες) < X < 48 (μήνες)	13	20,97%	40,63%	43,75%	0	0,00%	0,00%	0,00%	3	4,84%	25,00%	33,33%	10	16,13%	58,82%	58,82%
	48 (μήνες) < X < 60 (μήνες)	5	8,06%	15,63%	59,38%	0	0,00%	0,00%	0,00%	2	3,23%	16,67%	50,00%	3	4,84%	17,65%	76,47%
	> 60 months (μήνες)	13	20,97%	40,63%	100,00%	3	4,84%	100,00%	100,00%	6	9,68%	50,00%	100,00%	4	6,45%	23,53%	100,00%
		32		**100,00%**		**3**	**4,84%**	**100,00%**		**12**	**19,35%**	**100,00%**		**17**	**27,42%**	**100,00%**	

						MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)			
16	Have you managed to restructure an old loan with the bank you collaborate with? (Answer Yes or No). - Έχετε προχωρήσει σε αναδιάρθρωση παλαιότερου/ων δανείου/ων με την τράπεζα με την οποία συνεργάζεστε; (Απαντήστε με Ναι ή Όχι).	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	YES (ΝΑΙ)	9	14,52%	19,57%	19,57%	2	3,23%	40,00%	40,00%	1	1,61%	7,69%	7,69%	6	9,68%	20,00%	20,00%
	NO (ΟΧΙ)	38	61,29%	82,61%	102,17%	1	1,61%	20,00%	60,00%	13	20,97%	100,00%	107,69%	24	38,71%	80,00%	100,00%
		15	24,19%			0	0,00%	0,00%		0	0,00%	0,00%		0	0,00%		
		62	**100,00%**	**102,17%**		**3**	**4,84%**	**60,00%**		**14**	**22,58%**	**107,69%**		**30**	**48,39%**	**100,00%**	

						MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)			
17	If you answered YES to the above question, were the terms of the new loan (for restructuring) better or worse than the previous ones? - Αν απαντήσατε ΝΑΙ στην παραπάνω ερώτηση, οι όροι του νέου δανείου (για αναδιάρθρωση) ήταν καλύτεροι ή χειρότεροι από τους προηγούμενους;	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	Better (Καλύτεροι)	5	8,06%	41,67%	41,67%	1	1,61%	50,00%	50,00%	0	0,00%	0,00%	0,00%	4	6,45%	66,67%	66,67%
	Worse (Χειρότεροι)	4	6,45%	33,33%	75,00%	1	1,61%	50,00%	100,00%	1	1,61%	100,00%	100,00%	2	3,23%	33,33%	100,00%
		53	**14,52%**	**75,00%**		**2**	**3,23%**	**100,00%**		**1**	**1,61%**	**100,00%**		**6**	**9,68%**	**100,00%**	

						MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)			
18	In case the terms of the restructured loan were worse, please specify: - Σε περίπτωση που οι όροι του δανείου που αναδιαρθρώθηκε ήταν χειρότεροι, διευκρινίστε σχετικά:	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	Higher interest rate charge - Χρέωση υψηλότερου επιτοκίου	1	1,61%	14,29%	14,29%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	1	1,61%	33,33%	33,33%
	Shorter loan repayment period - Μικρότερη περίοδος αποπληρωμής δανείου	1	1,61%	14,29%	28,57%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	1	1,61%	33,33%	66,67%
	More collateral requested by the bank - Περισσότερες εμπράγματες εξασφαλίσεις	2	3,23%	28,57%	57,14%	0	0,00%	0,00%	0,00%	2	3,23%	66,67%	66,67%	0	0,00%	0,00%	66,67%
	Provision of personal indebtness guarantees - Πρόβλεψη ενοχικών εξασφαλίσεων	2	3,23%	28,57%	85,71%	1	1,61%	100,00%	100,00%	0	0,00%	0,00%	66,67%	1	1,61%	33,33%	100,00%
	High cost of examining the restructuring application - Υψηλό κόστος εξέτασης της αίτησης αναδιάρθρωσης	1	1,61%	14,29%	100,00%	0	0,00%	0,00%	100,00%	1	1,61%	33,33%	100,00%	0	0,00%	0,00%	
	Other, specify: - Άλλο, προσδιορίστε:	0	0,00%	0,00%		0	0,00%	0,00%		0	0,00%	0,00%		0	0,00%	0,00%	
		7	**11,29%**	**100,00%**		**1**	**1,61%**	**100,00%**		**3**	**4,84%**	**100,00%**		**3**	**4,84%**		

						MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)			
19	Have you ever applied to a Greek bank for a loan and your application has been rejected? - Έχετε υποβάλει αίτηση σε ελληνική τράπεζα για χορήγηση τραπεζικού δανείου για την κάλυψη των αναγκών της επιχείρησής σας, η οποία έχει απορριφθεί;	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	YES (ΝΑΙ)	16	25,81%	30,77%	30,77%	1	1,61%	25,00%	25,00%	3	4,84%	23,08%	23,08%	12	19,35%	33,33%	33,33%
	NO (ΟΧΙ)	36	58,06%	69,23%	100,00%	2	3,23%	50,00%	75,00%	10	16,13%	76,92%	100,00%	24	38,71%	66,67%	100,00%
		10	16,13%			0	0,00%			0	0,00%	0,00%		0	0,00%	0,00%	
		62	**100,00%**	**100,00%**		**3**	**4,84%**	**75,00%**		**13**	**20,97%**	**100,00%**		**36**	**58,06%**	**100,00%**	

						MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)			
20	If you answered YES to the above question, why was your application rejected? (You can give more than one answer). - Σε περίπτωση που απαντήσατε ΝΑΙ στην παραπάνω ερώτηση, για ποιο λόγο απορρίφθηκε η αίτησή σας; (Μπορείτε να δώσετε περισσότερες από μία απαντήσεις).	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	Low credit scoring based on the bank's assessment during the examination of your application - Χαμηλή πιστοληπτική ικανότητα βάσει αξιολόγησης (credit scoring) που έκανε η τράπεζα κατά την εξέταση της αίτησής σας	14	22,58%	41,18%	41,18%	1	1,61%	25,00%	25,00%	3	4,84%	60,00%	60,00%	10	16,13%	40,00%	40,00%
	Low value of collaterals requested by the bank - Χαμηλή αξία εμπράγματων εξασφαλίσεων δανείου (collaterals) που σας ζητήθηκαν	11	17,74%	32,35%	73,53%	1	1,61%	25,00%	50,00%	1	1,61%	20,00%	80,00%	9	14,52%	36,00%	76,00%
	Inability to find a guarantor - Αδυναμία εύρεσης εγγυητή	5	8,06%	14,71%	88,24%	1	1,61%	25,00%	75,00%	0	0,00%	0,00%	80,00%	4	6,45%	16,00%	92,00%
	Amount of existing debts (to banks, government, suppliers) - Ύψος υφιστάμενων οφειλών (προς τράπεζες, δημόσιο, προμηθευτές)	4	6,45%	11,76%	100,00%	1	1,61%	25,00%	100,00%	1	1,61%	20,00%	100,00%	2	3,23%	8,00%	100,00%
	Inability to settle debts of previous years - Αδυναμία ρύθμισης οφειλών παρελθόντων ετών	0	0,00%	0,00%		0	0,00%	0,00%		0	0,00%	0,00%		0	0,00%	0,00%	
	Other, specify: - Άλλο, προσδιορίστε:	0	0,00%	0,00%		0	0,00%	0,00%		0	0,00%	0,00%		0	0,00%	0,00%	
		34	**54,84%**			**4**	**6,45%**	**100,00%**		**5**	**8,06%**	**100,00%**		**25**	**40,32%**	**100,00%**	

						MEDIUM (ΜΕΣΑΙΕΣ)				SMALL (ΜΙΚΡΕΣ)				MICRO (ΠΟΛΥ ΜΙΚΡΕΣ)					
21	If you did not apply for a loan, for what reason you decided so? (You can give more than one answer). - Σε περίπτωση που δεν υποβάλετε αίτηση για λήψη δανείου, για ποιο λόγο δεν το κάνατε; (Μπορείτε να δώσετε περισσότερες από μία απαντήσεις).	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Percentage of Small enterprises responses	Percentage of Micro enterprises responses
	Negative financial forecasts at company level - Αρνητικές οικονομικές προβλέψεις σε επίπεδο επιχείρησης	9	14,52%	10,34%	10,34%	0	0,00%	-	-	3	4,84%	33,33%	33,33%	6	9,68%	7,69%	7,69%	10,34%	89,66%
	Fear of rejecting the application - Φόβος απόρριψης της αίτησης	11	17,74%	12,64%	22,99%	0	0,00%	-	-	2	3,23%	22,22%	55,56%	9	14,52%	11,54%	19,23%		
	Low value of collaterals - Χαμηλή αξία εμπράγματων εξασφαλίσεων δανείου (collaterals)	13	20,97%	14,94%	37,93%	0	0,00%	-	-	1	1,61%	11,11%	66,67%	12	19,35%	15,38%	34,62%		
	Inability to find a guarantor - Αδυναμία εύρεσης εγγυητή	8	12,90%	9,20%	47,13%	0	0,00%	-	-	0	0,00%	0,00%	66,67%	8	12,90%	10,26%	44,87%		
	Amount of existing debts (to banks, government, suppliers) - Ύψος υφιστάμενων οφειλών (προς τράπεζες, δημόσιο, προμηθευτές)	7	11,29%	8,05%	55,17%	0	0,00%	-	-	1	1,61%	11,11%	77,78%	6	9,68%	7,69%	52,56%		
	High cost of examining the application - Υψηλό κόστος εξέτασης της αίτησης	5	8,06%	5,75%	60,92%	0	0,00%	-	-	0	0,00%	0,00%	77,78%	5	8,06%	6,41%	58,97%		
	Inability to settle debts of previous years - Αδυναμία ρύθμισης οφειλών παρελθόντων ετών	3	4,84%	3,45%	64,37%	0	0,00%	-	-	1	1,61%	11,11%	88,89%	2	3,23%	2,56%	61,54%		
	Lack of trust in banks and the banking system in general - Έλλειψη εμπιστοσύνης προς τις τράπεζες και το τραπεζικό σύστημα, γενικότερα	15	24,19%	17,24%	81,61%	0	0,00%	-	-	0	0,00%	0,00%	88,89%	15	24,19%	19,23%	80,77%		
	Negative macroeconomic situation - Αρνητική μακροοικονομική συγκυρία	14	22,58%	16,09%	97,70%	0	0,00%	-	-	1	1,61%	11,11%	100,00%	13	20,97%	16,67%	97,44%		
	Other, specify: - Άλλο, προσδιορίστε:	2	3,23%	2,30%	100,00%	0	0,00%	-	-	0	0,00%	0,00%		2	3,23%	2,56%	100,00%		
		87	**140,32%**	**100,00%**		**0**	**0,00%**			**9**	**14,52%**	**100,00%**		**78**	**125,81%**	**100,00%**			

22	What do you consider to be the most important obstacle you face when applying for a loan from a Greek bank? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much). - Ποιο θεωρείτε ως το σημαντικότερο εμπόδιο που αντιμετωπίζετε όταν αιτείστε να λάβετε δάνειο από κάποια ελληνική τράπεζα; Απαντήστε με βάση την κλίμακα: 1-7 (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτρια, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency (Σχετική συχνότητα)	Cumulative frequency (Αθροιστική συχνότητα)	Average (Μέσος Όρος)	Median (Μέση τιμή - Διάμεσος)	Standard Deviation (Τυπική απόκλιση)	Devation (Απόκλιση)	Variance (Διακύμανση)	Sample mode (Επικρατούσα τιμή)	Range (Εύρος τιμών)	Confidence Interval 95% (Διάστημα εμπιστοσύνης 95%)	Lower limit (Κάτω άκρο)	Upper limit (Άνω άκρο)	1	2	3	4	5	6	7	X	NA (No answer)	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	6 (%)	7 (%)	Skewness (Ασυμμετρία)	Kurtosis (Κύρτωση)
	High interest rate offered - Υψηλό προσφερόμενο επιτόκιο	40	16,46%	16,46%	5,91	6	1,279096834	50,72	1,636088710	6	6	0,324829774	5,581420226	6,231079774	1	0	1	0	6	13	11	8	22	2,56%	0,00%	2,56%	0,00%	15,38%	33,33%	28,21%	-2,182011744	6,494761206
	Low value of collateral - Χαμηλή αξία εμπράγματων εξασφαλίσεων	43	17,70%	34,16%	5,00	5	1,830669646	124,00	3,351351351	6	6	0,464903040	4,535096960	5,464903040	3	3	1	3	10	10	8	5	19	7,89%	7,89%	2,63%	7,89%	26,32%	26,32%	21,05%	-0,976492079	0,046293543
	Loan commission amount - Ύψος προμήθειας δανείου	31	12,76%	46,91%	4,55	5	1,881986164	99,17	3,541871921	5	6	0,477934996	4,073789142	5,029659134	2	3	4	3	8	3	6	2	31	6,90%	10,34%	13,79%	10,34%	27,59%	10,34%	20,69%	-0,32812374	-0,887653745
	High cost of examining the application - ψηλό κόστος εξέτασης της αίτησης	25	10,29%	57,20%	3,63	4	1,636871353	61,63	2,679347826	5	5	0,415687489	3,209312511	4,040687489	3	5	2	4	8	2	0	1	37	12,50%	20,83%	8,33%	16,67%	33,33%	8,33%	0,00%	-0,307206914	-1,312024891
	Number of required documents (eg tax and insurance information, other tax forms / data, operating licenses, operation's form, business representation form, loan agreements with other banks, etc.) - Αριθμός ζητούμενων δικαιολογητικών (π.χ. φορολογική και ασφαλιστική ενημερότητα, λοιπά φορολογικά έντυπα/στοιχεία, άδειες λειτουργίας, καταστατικό, έντυπο εκπροσώπησης επιχείρησης, συμβάσεις δανείων με άλλες τράπεζες κλπ.)	30	12,35%	69,55%	3,82	3,5	2,091491961	118,11	4,374338624	2	6	0,531139506	3,290289065	4,352568078	4	7	3	1	5	5	3	2	32	14,29%	25,00%	10,71%	3,57%	17,86%	17,86%	10,71%	7,14%	-1,525985352
	Risk of losing control of the business - Κίνδυνος απώλειας ελέγχου της επιχείρησης	30	12,35%	81,89%	3,44	3	2,224571408	128,67	4,948717949	1	6	0,564935358	2,879509087	4,009379802	9	2	4	2	2	6	2	3	32	33,33%	7,41%	14,81%	7,41%	7,41%	22,22%	7,41%	0,226672294	-1,564104271
	Inability to find a guarantor - Αδυναμία εύρεσης εγγυητή	35	14,40%	96,30%	3,55	3	1,946598909	113,68	3,789247312	1	6	0,494343561	3,054043536	4,042730657	6	5	5	4	6	2	3	4	27	19,35%	16,13%	16,13%	12,90%	19,35%	6,45%	9,68%	0,25540049	-1,036048917
	Other, specify: - Άλλο, προσδιορίστε:	6	2,47%	98,77%	6,25	6,5	0,957427108	2,75	0,916666667	7	2	0,243140959	6,006859041	6,493140959	0	0	0	0	1	1	2	2	56	0,00%	0,00%	0,00%	0,00%	25,00%	25,00%	50,00%	-0,854563038	-1,289256198
	There are no obstacles - Δεν υπάρχουν εμπόδια	3	1,23%	100,00%	2,00	2	#ΔΙΑΙΡ/0!	0,00	#ΔΙΑΙΡ/0!	#Δ/Υ	0	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	0	1	0	0	0	0	0	2	59	0,00%	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!

23	Which of the following do you consider most important for the support and growth of your business in the near future? Answer based on the following scale: 1-7 (1 Not at all, 2 Very little, 3 A little, 4 Moderate, 5 Enough, 6 Very, 7 Too much). - Ποιο από τα παρακάτω εκτιμάτε ως σημαντικότερο για την υποστήριξη και την ανάπτυξη της επιχείρησής σας στο άμεσο μέλλον; Απαντήστε με βάση την κλίμακα: 1-7 (1 Καθόλου, 2 Πολύ λίγο, 3 Λίγο, 4 Μέτριο, 5 Αρκετά, 6 Πολύ, 7 Πάρα πολύ).	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency (Σχετική συχνότητα)	Cumulative frequency (Αθροιστική συχνότητα)	Average (Μέσος Όρος)	Median (Μέση τιμή - Διάμεσος)	Standard Deviation (Τυπική απόκλιση)	Devation (Απόκλιση)	Variance (Διακύμανση)	Sample mode (Επικρατούσα τιμή)	Range (Εύρος τιμών)	Confidence Interval 95% (Διάστημα εμπιστοσύνης 95%)	Lower limit (Κάτω άκρο)	Upper limit (Άνω άκρο)	1	2	3	4	5	6	7	X	NA (No answer)	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	6 (%)	7 (%)	Skewness (Ασυμμετρία)	Kurtosis (Κύρτωση)
	Grant from a state aid program (NSRF, Development Law, European Commission grant program) - Επιχορήγηση από πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος, πρόγραμμα επιχορηγήσεων της Ευρωπαϊκής Επιτροπής)	15	3,17%	3,17%	5,6	7	1,882247896	49,6	3,542857143	7	6	0,478001463	5,121998537	6,078001463	1	0	1	2	2	1	8	0	47	6,67%	0,00%	6,67%	13,33%	13,33%	6,67%	53,33%	-1,254703238	0,93712479
	Loan for: - Δάνειο για:	5	1,06%	4,23%	3,4	1	3,286335345	43,2	10,8	1	6	0,83457291	2,56542709	4,23457291	3	0	0	0	0	0	2	0	57	60,00%	0,00%	0,00%	0,00%	0,00%	0,00%	40,00%	0,608580619	-3,333333333
	Working capital to cover short-term liquidity - Κεφάλαιο κίνησης για κάλυψη βραχυπρόθεσμης ρευστότητας	36	7,61%	11,84%	5,088235294	6	1,848302203	112,7352941	3,416221034	6	6	0,469380871	4,618854423	5,557616166	2	4	1	1	7	12	7	2	26	5,88%	11,76%	2,94%	2,94%	20,59%	35,29%	20,59%	-1,054831722	-0,039186981
	Purchase of real estate - Αγορά ακίνητης περιουσίας	34	7,19%	19,03%	3,363636364	3	2,247473329	161,6363636	5,051136364	1	6	0,570751356	2,792885007	3,93438772	11	5	1	5	3	4	4	1	28	33,33%	15,15%	3,03%	15,15%	9,09%	12,12%	12,12%	0,357744163	-1,4182798
	Purchase of mechanical equipment - Αγορά μηχανολογικού εξοπλισμού	35	7,40%	26,43%	3,617647059	3	1,984790654	128,0294118	3,879679144	5	6	0,504042448	3,113604611	4,121689507	6	7	5	1	8	5	2	1	27	17,65%	20,59%	14,71%	2,94%	23,53%	14,71%	5,88%	0,116951581	-1,403738505
	Purchase of vehicles/transportation means for production reasons - Αγορά μεταφορικών μέσων	32	6,77%	33,19%	3,15625	3	1,74336299	94,21875	3,039314516	1	5	0,442731301	2,713518699	3,598981301	9	3	6	5	6	3	0	0	30	28,13%	9,38%	18,75%	15,63%	18,75%	9,38%	0,00%	0,095543593	-1,330154744
	Investements in research and development - Επένδυση σε έρευνα και ανάπτυξη	33	6,98%	40,17%	3,96875	4,5	2,171665037	150,96875	4,869959677	1	6	0,551499655	3,417250345	4,520249655	9	1	1	5	8	3	5	1	29	28,13%	3,13%	3,13%	15,63%	25,00%	9,38%	15,63%	-0,226825824	-1,337184889
	Promotion of sales - Προώθηση πωλήσεων	35	7,40%	47,57%	3,970588235	4	1,942350965	124,9705882	3,786987522	5	6	0,493264785	3,47732345	4,46385302	5	4	5	5	7	4	4	1	27	14,71%	11,76%	14,71%	14,71%	20,59%	11,76%	11,76%	-0,061043954	-1,09646759
	Staff training - Εκπαίδευση προσωπικού	33	6,98%	54,55%	3,125	3	1,475608131	67,5	2,177419355	4	5	0,374734299	2,750265701	3,499734299	6	6	5	9	5	1	0	1	29	18,75%	18,75%	15,63%	28,13%	15,63%	3,13%	0,00%	-0,036143291	-1,105882219
	Staff recruitment -Πρόσληψη προσωπικού	37	7,82%	62,37%	3,657142857	4	1,938676616	125,8857143	3,702521008	2	6	0,492331675	3,164811182	4,149474532	5	8	3	8	3	5	3	2	25	14,29%	22,86%	8,57%	22,86%	8,57%	14,29%	8,57%	0,231594154	-1,120242695
	Implementation of a business plan approved by a State-aid financing program - Εκτέλεση επενδυτικού σχεδίου ενταγμένου σε πρόγραμμα κρατικής ενίσχυσης	36	7,61%	69,98%	3,676470588	4	2,211822069	161,4411765	4,892156863	1	6	0,561697632	3,114772957	4,23816822	9	4	3	5	4	4	5	2	26	26,47%	11,76%	8,82%	14,71%	11,76%	11,76%	14,71%	0,151288749	-1,420524698
	Other, specify: - Άλλο σκοπό (προσδιορίστε)	7	1,48%	71,46%	3,428571429	4	1,511857892	13,71428571	2,285714286	5	4	0,383940015	3,044631414	3,812511443	1	1	1	2	2	0	0	0	55	14,29%	14,29%	14,29%	28,57%	28,57%	0,00%	0,00%	-0,620097964	-0,809375
	Capital type support (equity) with the participation of other companies or funds in the capital of your business (eg financing from venture capital, business angels, etc.) - Ενίσχυση κεφαλαιακού τύπου (equity) με συμμετοχή άλλων επιχειρήσεων ή funds στο κεφάλαιο της επιχείρησής σας (π.χ. χρηματοδότηση από venture capital, business angels κλπ.)	23	4,86%	76,32%	3,181818182	2	2,519190415	133,2727273	6,346320346	1	6	0,639754576	2,542063606	3,821572758	10	2	2	0	3	0	5	1	39	45,45%	9,09%	9,09%	0,00%	13,64%	0,00%	22,73%	0,619798937	-1,394041029
	Tax exemption - Φορολογική απαλλαγή	35	7,40%	83,72%	4,235294118	5	2,345611634	176,1176471	5,336898396	7	6	0,59567382	3,639620298	4,830967937	8	1	5	2	5	5	8	1	27	23,53%	2,94%	14,71%	5,88%	14,71%	14,71%	23,53%	-0,242241289	-1,467386305
	Creation of a tax-free reserve for investments - Δημιουργία αφορολόγητου αποθεματικού για επενδύσεις	37	7,82%	91,54%	4,702702703	5	2,079861973	155,7297297	4,325825826	7	6	0,528186042	4,174516661	5,230888745	5	1	6	2	6	8	9	0	25	13,51%	2,70%	16,22%	5,41%	16,22%	21,62%	24,32%	-0,57813434	-0,956536403
	Provision of business support services - Παροχή υπηρεσιών υποστήριξης (Business support services)	32	6,77%	98,31%	3,75	3,5	1,883716299	110	3,548387097	3	6	0,478374368	3,271625632	4,228374368	6	2	8	3	5	7	1	0	30	18,75%	6,25%	25,00%	9,38%	15,63%	21,88%	3,13%	-0,0772168	-1,237667712
	Other, specify: - Άλλο, προσδιορίστε:	6	1,27%	99,58%	4,666666667	5,5	1,966384161	19,33333333	3,866666667	6	5	0,499368074	4,167298593	5,16603474	1	0	0	1	1	3	0	0	56	16,67%	0,00%	0,00%	6,67%	6,67%	20,00%	0,00%	-1,674699946	2,66646849
	None of the above - Κανένα από τα παραπάνω	2	0,42%	100,00%	#ΔΙΑΙΡ/0!	#ΑΡΙΘ!	#ΔΙΑΙΡ/0!	#ΑΡΙΘ!	#ΔΙΑΙΡ/0!	#Δ/Υ	0	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	0	0	0	0	0	0	0	2	60	M	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!	#ΔΙΑΙΡ/0!
		473	**100,00%**																													

24	Which amount of a bank loan do you estimate can cover your enterprise's current / short-term liquidity needs? - Ποιο ποσό τραπεζικού δανείου εκτιμάτε ότι μπορεί να καλύψει τις τρέχουσες/βραχυπρόθεσμες ανάγκες ρευστότητας της επιχείρησής σας;	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	X < 25.000 €	14	22,58%	24,56%	24,56%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	14	22,58%	35,00%	35,00%
	25.001 € < X < 50.000 €	13	20,97%	22,81%	47,37%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	13	20,97%	32,50%	67,50%
	50.001 € < X < 100.000 €	11	17,74%	19,30%	66,67%	0	0,00%	0,00%	0,00%	3	4,84%	21,43%	21,43%	8	12,90%	20,00%	87,50%
	100.001 € < X < 200.000 €	8	12,90%	14,04%	80,70%	0	0,00%	0,00%	0,00%	6	9,68%	42,86%	64,29%	2	3,23%	5,00%	92,50%
	200.001 € < X < 300.000 €	3	4,84%	5,26%	85,96%	0	0,00%	0,00%	0,00%	1	1,61%	7,14%	71,43%	2	3,23%	5,00%	97,50%
	300.001 € < X < 500.000 €	3	4,84%	5,26%	91,23%	0	0,00%	0,00%	0,00%	2	3,23%	14,29%	85,71%	1	1,61%	2,50%	100,00%
	500.001 € < X < 1 εκ. €	0	0,00%	0,00%	91,23%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	85,71%	0	0,00%	0,00%	
	X > 1 εκ. €	5	8,06%	8,77%	100,00%	3	4,84%	100,00%	100,00%	2	3,23%	14,29%	100,00%	0	0,00%	0,00%	
		57	**91,94%**	**100,00%**		**3**	**4,84%**			**14**	**22,58%**	**100,00%**		**40**	**64,52%**	**100,00%**	

25	Which amount of bank loan or equity support do you think can meet the future growth needs of your business? - Ποιο ποσό τραπεζικού δανείου ή ενίσχυσης κεφαλαιακού τύπου (equity) εκτιμάτε ότι μπορεί να καλύψει τις μελλοντικές αναπτυξιακές ανάγκες της επιχείρησής σας;	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	X < 25.000 €	6	9,68%	10,53%	10,53%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	6	9,68%	15,00%	15,00%
	25.001 € < X < 50.000 €	13	20,97%	22,81%	33,33%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	13	20,97%	32,50%	47,50%
	50.001 € < X < 100.000 €	7	11,29%	12,28%	45,61%	0	0,00%	0,00%	0,00%	1	1,61%	7,14%	7,14%	6	9,68%	15,00%	62,50%
	100.001 € < X < 200.000 €	7	11,29%	12,28%	57,89%	0	0,00%	0,00%	0,00%	1	1,61%	7,14%	14,29%	6	9,68%	15,00%	77,50%
	200.001 € < X < 300.000 €	7	11,29%	12,28%	70,18%	0	0,00%	0,00%	0,00%	3	4,84%	21,43%	35,71%	4	6,45%	10,00%	87,50%
	300.001 € < X < 500.000 €	4	6,45%	7,02%	77,19%	0	0,00%	0,00%	0,00%	1	1,61%	7,14%	42,86%	3	4,84%	7,50%	95,00%
	500.001 € < X < 1 εκ. €	4	6,45%	7,02%	84,21%	0	0,00%	0,00%	0,00%	4	6,45%	28,57%	71,43%	0	0,00%	0,00%	95,00%
	X > 1 εκ. €	9	14,52%	15,79%	100,00%	3	4,84%	100,00%	100,00%	4	6,45%	28,57%	100,00%	2	3,23%	5,00%	100,00%
		57	**91,94%**	**100,00%**		**3**	**4,84%**			**14**	**22,58%**	100,00%		**40**	**64,52%**	**100,00%**	

26	In case you decide to submit a proposal for approval in a State-aid program (NSRF, Development Law) in the form of a grant for the implementation of an investment plan, which is the amount you wish to receive as a grant? - Σε περίπτωση που αποφασίσετε να υποβάλετε πρόταση για ένταξη σε πρόγραμμα κρατικής ενίσχυσης (ΕΣΠΑ, Αναπτυξιακός Νόμος) με τη μορφή της επιχορήγησης για την υλοποίηση επενδυτικού σχεδίου, ποιο είναι το ύψος του ποσού που επιθυμείτε να λάβετε ως επιχορήγηση;	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)	Absolute frequency (Απόλυτη συχνότητα)	Percentage frequency per proposed answer (Σχετική συχνότητα ανά προτεινόμενη απάντηση)	Percentage frequency in total sample's answers (Σχετική συχνότητα στο σύνολο των απαντήσεων του δείγματος)	Cumulative frequency (Αθροιστική συχνότητα)
	X < 25.000 €	7	11,29%	11,29%	11,29%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	7	11,29%	15,91%	15,91%
	25.001 € < X < 50.000 €	13	20,97%	20,97%	32,26%	0	0,00%	0,00%	0,00%	0	0,00%	0,00%	0,00%	13	20,97%	29,55%	45,45%
	50.001 € < X < 100.000 €	12	19,35%	19,35%	51,61%	0	0,00%	0,00%	0,00%	2	3,23%	13,33%	13,33%	10	16,13%	22,73%	68,18%
	100.001 € < X < 200.000 €	10	16,13%	16,13%	67,74%	0	0,00%	0,00%	0,00%	3	4,84%	20,00%	33,33%	7	11,29%	15,91%	84,09%
	200.001 € < X < 300.000 €	8	12,90%	12,90%	80,65%	0	0,00%	0,00%	0,00%	5	8,06%	33,33%	66,67%	3	4,84%	6,82%	90,91%
	300.001 € < X < 500.000 €	4	6,45%	6,45%	87,10%	0	0,00%	0,00%	0,00%	2	3,23%	13,33%	80,00%	2	3,23%	4,55%	95,45%
	500.001 € < X < 1 εκ. €	4	6,45%	6,45%	93,55%	1	1,61%	33,33%	33,33%	2	3,23%	13,33%	93,33%	1	1,61%	2,27%	97,73%
	X > 1 εκ. €	4	6,45%	6,45%	100,00%	2	3,23%	66,67%	100,00%	1	1,61%	6,67%	100,00%	1	1,61%	2,27%	100,00%
		62	**100,00%**	**100,00%**		**3**	**4,84%**	**100,00%**		**15**	**24,19%**	**100,00%**		**44**	**70,97%**	**100,00%**	