RIO Country Report 2017: Greece

Research and Innovation Observatory country report series

Amanatidou, E, Damvakeraki, T, Karvounarakis, A.

2018
Executive Summary

In 2016 the Greek GDP per capita was stagnated at €16,200 and Greece recorded a Government Budget surplus equal to 0.50% of GDP although the Government debt increased from 176.8% of GDP in 2015 to 180.8%. Although the unemployment rate dropped in 2016 to 23.6% from 24.9% in 2015 it is still the highest in EU28. Greece achieved an impressive performance in attracting FDI in 2016, with total (gross) FDI inflows almost reaching €3.5 billion, increased by 82% since 2015, and €3.3 billion until November 2017. Yet, according to the World Bank's index “Doing Business 2017”, Greece ranks 61st worldwide, and according to the same index in 2018 ranks 67th. Access to finance and venture capital are areas where Greek SMEs perform well below EU average.

The total R&D intensity (GERD) increased to 0.99% of GDP in 2016 (from 0.97% in 2015). BERD presented a larger increase, i.e. from 0.32% of GDP in 2015 to 0.42%. For the first time the business sector became the largest R&D performer, outperforming the HE sector, and it contributed almost as much as the Government to the funding of the Greek R&D.

Main R&I policy challenges

Challenge 1: Stimulate innovation in an improved framework environment

The framework conditions for innovation are not favourable. Venture capital expenditures bottomed to only 1% of the EU average in 2016 (EIS 2017), the country fell one position in doing business in 2017 (from 60 to 61) and another 6 positions in 2018 (67 among 190 countries). In the ease of getting credit is ranked 72nd. (World Bank GII). A new Fund-of-Funds programme was launched in December 2016 that is managed by the European Investment Fund (EIF) with a total budget of €260m. However, financial instruments are unlikely to be enough to encourage innovation and private R&D spending. Any measure to support private R&I investment will only have lasting effects if bank lending, equity supply, and company liquidity pick up again.

Challenge 2: Transform brain drain into talent mobility and repatriation

Based on the latest EUROSTAT data the flow of emigration has more than doubled in the period 2009-2015. More than two out of three of the post-2010 emigrants are university graduates while 25% of the total outflow concerns people who hold postgraduate degrees or are graduates of medical and polytechnic schools. The brain-drain issue is recognised as a key challenge that needs appropriate measures. The recently (2016) established National Foundation for Research and Innovation (NFRI-ELIDEK) aims to address this challenge. The success remains to be seen.

Challenge 3: Strengthen specialisation and improve RIS3 implementation

RIS3 strategies have been developed both at the national and regional levels following international practice and S3 recommendations. However, the priority areas were defined very widely instead of focusing investments on few and well-defined areas reflecting specialisation. The wide consultation process that was applied along with the Entrepreneurial Discovery Process (EDP) was very much appreciated and led to increased engagement of stakeholders. At the national level 8 calls have been launched. At the regional level eight out of the thirteen regions have published 1 or 2 calls until now. Delays due to the need to comply with the new State Aid rules and the obligation to develop an electronic management platform for each call for proposals have been reported by regions as the main bottleneck.

1 https://tradingeconomics.com/greece/foreign-direct-investment
2 Participation of 190 countries
**Smart specialisation**

The Smart Specialisation strategy RIS3 was developed both at national and at regional level in the period 2013-2015. The adoption of the smart specialization strategy was accompanied by the approval of the largest Operational Programme “Restart” (EPANEK) which includes a large part of the actions outlined in the strategy.

At the national level, RIS3 places emphasis on eight sectors: Agrofood; Life Sciences & Health – Pharma; Information and Communication Technologies; Energy; Environment and Sustainable Development; Transport and Logistics; Materials – Construction; Culture - Tourism - Cultural & Creative Industries. At the regional level, thirteen RIS3 were developed following consultation processes with local stakeholders.

All calls were designed to fully match the RIS3 priorities.
JRC Mission

As the science and knowledge service of the European Commission, the Joint Research Centre’s mission is to support EU policies with independent evidence throughout the whole policy cycle.